

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

Link Named Newest AMS Administrator

On November 3, James E. Link was appointed as Administrator of the Agricultural Marketing Service (AMS), an agency within the U.S. Department of Agriculture under which Federal milk marketing orders are administered. Link will direct several marketing programs that facilitate the efficient marketing of U.S. agricultural products, including food, fiber and specialty crops. He also will be responsible for procuring commodities, including fruits and vegetables, meat, poultry, fish and egg products, for the national school lunch and other Federal food and nutrition programs. AMS is part of USDA's Marketing and Regulatory Programs, which works to ensure a productive and competitive global marketplace for U.S. agricultural products. Prior to this appointment, he served as administrator (*continued on Page 4*)

Southern Dairy Conference Announcement

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

National Dairy Board Appointments

Agriculture Secretary Ed Schafer has announced the appointment of eight new members and reappointment of five incumbents to the National Dairy Promotion and Research Board. The appointees will serve three-year terms, November 1, 2008 through October 31, 2011. They include Larry B. Jaggars of Glendale, Kentucky and William R. D. Anglin, of Bentonville, Arkansas.

The National Dairy Promotion and Research Board administers a coordinated program of promotion, research and nutrition education financed by a 15-cent per hundredweight assessment on milk commercially marketed by dairy farmers.

Uniform Price Falls

The uniform price in Fulton County, GA, was \$18.95 per hundredweight of milk at 3.5 percent butterfat for the month of October. The uniform price is \$1.68 lower than the previous month and is \$4.41 less than October of last year.

Class I utilization was 73.62 percent in October, a decrease of 0.93 percent compared with the previous month and an increase of 3.04 percent compared to October of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in September was 15.12 billion pounds, an increase of 1.7 percent from September 2007 and a decrease of 4.0 percent when compared with August 2008.

Total cheese output (excluding cottage cheese) was 795 million pounds, 2.3 percent above September 2007 but 3.1 percent below August 2008. Butter production was 121 million pounds, 7.4 percent above September 2007 and 4.8 percent above August 2008. Nonfat dry milk powder production was 86.3 million pounds in September, 4.0% percent lower than September 2007 and 23.8% percent lower than August 2008 on a daily average basis. Dry whey production was 83.2 million pounds in September, a 5.7 percent decrease from September of last year and a 1.9 percent decline from August 2008 on a daily average basis. The milk-feed price ratio was 2.12 in October, up 0.23 points from last month.

Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for October 2008 were made for \$3,369,954.60. Since the available balance was \$1,243,294.50, eligible claims were paid at the rate of approximately \$0.37 on the dollar.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.80%	8,539,892	\$1.7451	\$ 14,902,965.54
Class I Differential at Location				283,682.35
Class II Butterfat	26.18%	5,479,569	\$1.8577	10,179,395.32
Class III Butterfat	16.24%	3,398,542	\$1.8507	6,289,681.67
Class IV Butterfat	16.78%	3,512,440	\$1.8507	6,500,472.71
Total Butterfat	100.00%	20,930,443		\$ 38,156,197.59

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.8230

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	74.88%	406,322,850	\$9.76 /cwt.	\$ 39,657,110.13
Class I Butterfat	40.80%	8,539,892	\$1.7451 /lb.	14,902,965.54
Class I Differential at Location		414,862,742		13,884,336.60
Total Class I Milk	73.62%	414,862,742		\$ 68,444,412.27
Class II Skim Milk	9.86%	53,475,177	\$10.46 /cwt.	\$ 5,593,503.51
Class II Butterfat	26.18%	5,479,569	\$1.8577 /lb.	10,179,395.32
Total Class II Milk	10.46%	58,954,746		\$ 15,772,898.83
Class III Skim Milk	11.30%	61,309,558	\$10.97 /cwt.	\$ 6,725,658.54
Class III Butterfat	16.24%	3,398,542	\$1.8507 /lb.	6,289,681.67
Total Class III Milk	11.48%	64,708,100		\$ 13,015,340.21
Class IV Skim Milk	3.96%	21,489,550	\$7.40 /cwt.	\$ 1,590,226.67
Class IV Butterfat	16.78%	3,512,440	\$1.8507 /lb.	6,500,472.71
Total Class IV Milk	4.44%	25,001,990		\$ 8,090,699.38
Producer Milk	100.00%	563,527,578		\$ 105,323,350.69

Adjustments

Overage and Other Source	\$22,408.29
Inventory Adjustments	\$48,855.92
Producer butterfat at uniform butterfat price	(\$38,156,197.59)
Location Adjustments to Producers	\$3,499,720.22
1/2 Unobligated Balance in P.S.F.	\$225,651.03

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 13,07854	\$70,963,788.56
	\$ 0.04854	\$263,381.86

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

\$13.03

Uniform Price per cwt. (Fulton County, Georgia)

\$18.95*

* 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 %
	OCT 2008	NOV 2008	SEP 2008	OCT 2008	OCT 2008
Appalachian (Charlotte)	\$ 18.93	\$ 20.73	\$ 20.23	\$ 18.49	73.57%
Arizona (Phoenix)	\$ 19.28	\$ 21.08	\$ 17.66	\$ 16.59	37.49%
Central (Kansas City)	\$ 18.93	\$ 20.73	\$ 17.44	\$ 16.30	41.14%
Florida (Tampa)	\$ 20.93	\$ 22.73	\$ 22.39	\$ 20.42	86.98%
Mideast (Cleveland)	\$ 18.93	\$ 20.73	\$ 18.05	\$ 16.80	50.70%
Northeast (Boston)	\$ 20.18	\$ 21.98	\$ 18.90	\$ 17.44	47.40%
Pacific Northwest (Seattle)	\$ 18.83	\$ 20.63	\$ 17.07	\$ 15.49	45.55%
Southeast (Atlanta)	\$ 19.33	\$ 21.13	\$ 20.63	\$ 18.95	73.62%
Southwest (Dallas)	\$ 19.93	\$ 21.73	\$ 18.46	\$ 17.26	67.64%
Upper Midwest (Chicago)	\$ 18.73	\$ 20.53	\$ 16.85	\$ 17.02	18.30%

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

Receipts:	October 2008	October 2007
Producer Milk		
Class I	414,862,742	412,257,886
Class II	58,954,746	58,110,712
Class III	64,708,100	99,544,704
Class IV	25,001,990	14,208,264
Total Producer Milk	<u>563,527,578</u>	<u>584,121,566</u>
Average Butterfat Test	3.71%	3.68%
Percent of Producer Milk in Class I	73.62%	70.58%
Daily Average Receipts	18,178,309	18,842,631
Other Source Milk		
Class I	9,467,439	19,826,721
Class II	6,113,911	24,667,562
Class III	2,042,703	4,022,584
Class IV	5,535,717	11,508,565
Total Other Source Milk	<u>23,159,770</u>	<u>60,025,432</u>
Overage		
Class I	0	0
Class II	9,210	33,621
Class III	185	0
Class IV	22,370	0
Total Overage	<u>31,765</u>	<u>33,621</u>
Opening Inventory		
Class I	35,931,377	32,520,992
Class II	2,627,526	2,715,281
Class III	53,012	5,933,917
Class IV	15,392,581	17,608,274
Total Opening Inventory	<u>54,004,496</u>	<u>58,778,464</u>
Total Receipts	640,723,609	702,959,083
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	38,423,877	31,954,152
Route Disposition Class I	407,798,040	420,116,680
Shrinkage	3,641,909	4,643,696
Transfers & Diversions to Nonpool	10,397,732	7,891,071
Total Class I Utilization	<u>460,261,558</u>	<u>464,605,599</u>
Average Butterfat Test	2.04%	2.06%
Daily Average Utilization	14,847,147	14,987,277
Class II Utilization		
Nonfluid Used To Produce	1,741,971	1,635,666
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	39,287,420	44,351,979
Total Class II Utilization	<u>26,676,002</u>	<u>39,539,531</u>
Average Butterfat Test	9.62%	8.71%
Class III Utilization		
Shrinkage	0	8,420,153
Transfers & Diversions to Nonpool Used To Produce/Other Uses	66,804,000	95,569,692
Total Class III Utilization	<u>0</u>	<u>5,511,360</u>
Average Butterfat Test	66,804,000	109,501,205
Class IV Utilization		
Inventory	12,725,262	24,565,331
Nonfluid Used To Fortify	1,513,590	1,676,744
Shrinkage	7,808,811	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	19,265,274	17,083,028
Total Class IV Utilization	<u>4,639,721</u>	<u>0</u>
Average Butterfat Test	45,952,658	43,325,103
Total Utilization	10.25%	11.23%
	640,723,609	702,959,083

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2008 is \$18.95 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.03 per hundredweight plus 3.5 times the uniform butterfat price of \$1.8230 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 October, Class I use, which is primarily bottled or packaged fluid milk, accounted for 74.88% of all producer skim milk (priced to handlers at \$9.76 per hundredweight, plus the Class I differential, see page 2) and 40.80% of producer butterfat (priced to handlers at \$1.7451 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.86% of all producer skim milk (\$10.46 per hundredweight) and 26.18% of producer butterfat (\$1.8577 per pound). Class III use, mostly milk used to produce cheese, accounted for 11.30% of all producer skim milk (\$10.97 per hundredweight) and 16.24% of producer butterfat (\$1.8507 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.96% of all producer skim milk (\$7.40 per hundredweight) and 16.78% of producer butterfat (\$1.8507 per pound).

Receipts of producer milk during October 2008 totaled 563.5 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 October 2008. Class I route disposition in the area totaled 436.9 million pounds in September 2008.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
September 2008		
Whole Milk	137,629,832	31.50%
Fat Free Milk	51,135,152	11.70%
Lowfat Milk (incl. 1%)	35,805,325	8.20%
Reduced Fat Milk (incl. 2%)	155,179,461	35.52%
Cultured Fluid Milk (incl. Buttermilk)	8,872,170	2.03%
Flavored Drinks and Milk	48,275,275	11.05%
Total Disposition in Marketing Area	436,897,215	100.00%
Total Disposition by Pool Plants	343,962,734	78.73%
Total Disposition by Nonpool Plants	92,934,481	21.27%
Total Disposition in Marketing Area	436,897,215	100.00%

Link Named Newest AMS Administrator

(Continued from Page 1) of USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) since 2005.

"Jim Link's experience as a rancher, businessman and educator will be an asset in his new role at AMS, where he will help to market U.S. agricultural products in domestic and international markets," said Agriculture Under Secretary for Marketing and Regulatory Programs Bruce Knight. "His background and service make Jim well suited to continue to enhance the economic opportunities available to U.S. agricultural producers."

Link has a bachelor's degree in business administration from Emporia State University and an MBA from Texas Christian University. Link and his wife, Karin, have been in the cattle business for most of their adult lives, most recently as owners of the Link Cattle Company of Crowley, Texas. He and his wife have two sons and four grandchildren.

Link replaces former AMS Administrator Lloyd Day, who had held the position since August 2005.

USDA Announces Final Rule to Establish a Dairy Forward Pricing Program

The USDA has announced a final rule establishing the Dairy Forward Pricing Program as directed by the Food, Conservation and Energy Act of 2008 (a.k.a The Farm Bill). This program will allow milk producers and cooperative associations to voluntarily enter into forward price contracts with milk handlers for milk used for non-fluid purposes. The program exempts handlers regulated under the Federal milk order program from paying producers and cooperative associations the minimum Federal order price for milk under forward contract.

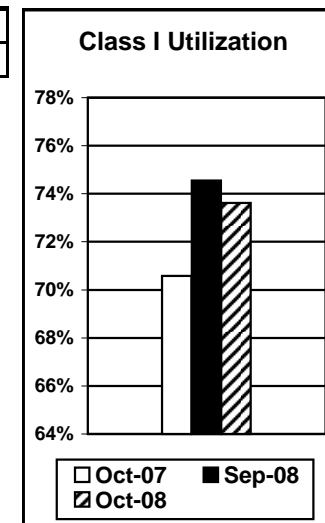
The final rule appeared in the October 31, 2008 Federal Register. For additional information contact: John R. Mengel, Chief Economist, at (202) 720-4664, or e-mail address: john.mengel@usda.gov.

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 2007	\$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	\$1.8577	\$16.60	\$10.97	\$1.8507	\$17.06	\$ 7.40	\$1.8507	\$13.62	\$ 13.03	\$1.8230	\$18.95
Nov	\$15.09	\$1.8768	\$21.13	\$8.52											

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 2007	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%
Sep	536,598	2,933	400,017	74.55%	52,644	9.81%	61,540	11.47%	22,397	4.17%
Oct	563,528	3,000**	414,863	73.62%	58,955	10.46%	64,708	11.48%	25,002	4.44%



* 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

November 2008 through January 2009

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
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
JAN 2009	02/11/09	02/12/09	02/13/09	01/26/09	01/26/09	02/13/09	02/17/09

** The base rate for making partial payments in Fulton County, GA for November will be \$17.06 per hundredweight. This is 90 percent of the preceding month's uniform price of \$18.95 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- 464 November 10, 2008

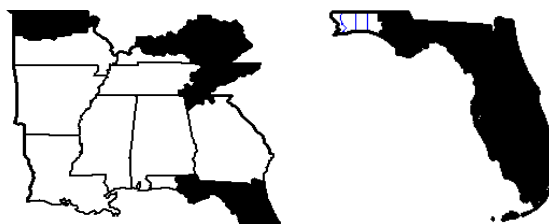
Milk production forecasts for 2008 and 2009 are increased slightly from last month. Cow number forecasts are unchanged from last month. Forecast 2008 milk per cow is raised from last month due to higher-than-expected August and September estimates. Lower expected feed prices in 2009 should support slightly higher growth in milk per cow although gains are expected to remain below historical rates of increase. Weaker international markets will boost domestic supplies. Skim solids stocks for 2009 are reduced as domestic use of skims is forecast higher albeit at lower prices. Sales of nonfat dry milk (NDM) to the CCC are forecast for 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. Weak international demand and relatively large supplies of NDM are expected to result in sharply lower forecast NDM prices. Although relatively weak expected demand could pressure butter prices, relatively higher values of Class III products versus Class IV products may encourage milk to flow to cheese production, tightening butter supplies and supporting prices. Cheese prices are lowered reflecting larger expected supplies of cheese. Whey prices are forecast lower than last month on weaker demand. The all milk price is forecast lower this month, averaging \$18.30 to \$18.40 in 2008 and \$15.30 to \$16.20 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.



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