

# FLORIDA Fluid Milk Report

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Florida Marketing Area  
Federal Order No. 6



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

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## USDA Issues Recommended Decision to Adjust Mideast Order

The USDA has announced a recommended decision to adopt amendments to the Class I price surface of the Mideast milk marketing order. This decision is based on testimony and evidence given at a public hearing held in Cincinnati, Ohio, on August 19-20, 2008. This decision recommends adoption of amendments that would adjust the Class I pricing surface in certain counties within the geographical marketing area of the Mideast order.

Interested persons have until March 16, 2009 to file comments in response to this decision, which was published in the January 14, 2009 edition of the Federal Register.

You may send your comments via the Federal eRulemaking portal at [www.regulations.gov](http://www.regulations.gov).

## USDA Terminates Price Formula Proceedings

The USDA has announced the termination of a proceeding on proposed amendments to modify the formulas used to determine Class I and Class II prices in all Federal milk marketing orders.

In response to a proposal by the National Milk Producers Federation to reconsider altering the pricing formulas for Class I and Class II milk, the USDA held a hearing December 11-15, 2006 in Pittsburgh, Pennsylvania. The USDA has terminated the proceeding because the evidence presented at the hearing was neither compelling nor provided a basis to make a reasoned decision for recommending adoption or denial of the proposal.

The termination notice was published in the December 24, 2008 Federal Register and is available at [www.fmmatlanta.com](http://www.fmmatlanta.com) under 'What's New'.

## Southern Dairy Conference Announcement

The 35th Annual Southern Dairy Conference is scheduled for January 28-29, 2009 in Atlanta, Georgia. For more, visit [www.areg.caes.uga.edu](http://www.areg.caes.uga.edu).

## Uniform Price Tumbles

The uniform price in Hillsborough County, Florida, was \$18.88 per hundredweight for milk at 3.5 percent butterfat for the month of December. This represents a decrease of \$2.37 compared with the previous month and an decrease of \$4.56 from December 2007.

Class I utilization was 84.48 percent in December, an increase of 0.68 percent when compared with the previous month and an increase of 2.26 percent when compared with December of last year.

## National Dairy Situation

The USDA estimates that the total U.S. production of milk in November was 15.18 billion pounds, an increase of 1.1 percent from November 2007 and an increase of 0.7 percent when compared with October 2008 on a daily average basis. Total cheese output (excluding cottage cheese) was 826 million pounds, 1.3 percent above November 2007 but 2.1 percent below October 2008. Butter production was 134 million pounds, 2.2 percent above November 2007 and 2.8 percent above October 2008.

Nonfat dry milk powder production was 135 million pounds in November, 34.8% percent higher than November 2007 and 15.3% percent higher than October 2008 on a daily average basis. Dry whey production was 84.6 million pounds in November, a 9.7 percent decrease from November 2007 and a 2.6 percent increase from last month 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 1.97 in December.

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

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	49.21%	4,806,429	\$1.7925	\$ 8,615,524.01
Class I Differential at Location				268,227.96
Class II Butterfat	30.90%	3,017,759	\$1.3068	3,943,607.47
Class III Butterfat	3.74%	365,016	\$1.2998	474,447.80
Class IV Butterfat	16.15%	1,577,352	\$1.2998	2,050,242.14
<b>Total Butterfat</b>	<b>100.00%</b>	<b>9,766,556</b>		<b>\$ 15,352,049.38</b>
<b>Uniform Butterfat Price per lb. (Hillsborough County, Florida):</b>			<b>\$1.5719</b>	

**Calculation of Uniform Skim Milk Price**

<b>Producer Milk</b>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	85.83%	218,802,765	\$9.49 /cwt.	\$ 20,764,382.41
Class I Butterfat	49.21%	4,806,429	\$1.7925 /lb.	8,615,524.01
Class I Differential at Location		223,609,194		12,474,323.08
<b>Total Class I Milk</b>	<b>84.48%</b>	<b>223,609,194</b>		<b>\$ 41,854,229.50</b>
Class II Skim Milk	6.18%	15,744,681	\$6.88 /cwt.	\$ 1,083,234.05
Class II Butterfat	30.90%	3,017,759	\$1.3068 /lb.	3,943,607.47
<b>Total Class II Milk</b>	<b>7.09%</b>	<b>18,762,440</b>		<b>\$ 5,026,841.52</b>
Class III Skim Milk	1.90%	4,851,567	\$11.12 /cwt.	\$ 539,494.25
Class III Butterfat	3.74%	365,016	\$1.2998 /lb.	474,447.80
<b>Total Class III Milk</b>	<b>1.97%</b>	<b>5,216,583</b>		<b>\$ 1,013,942.05</b>
Class IV Skim Milk	6.09%	15,523,448	\$6.01 /cwt.	\$ 932,959.23
Class IV Butterfat	16.15%	1,577,352	\$1.2998 /lb.	2,050,242.14
<b>Total Class IV Milk</b>	<b>6.46%</b>	<b>17,100,800</b>		<b>\$ 2,983,201.37</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>264,689,017</b>		<b>\$ 50,878,214.44</b>

**Adjustments**

Overage and Other Source	\$2,159.65
Inventory Adjustments	\$140.48
Producer butterfat at uniform butterfat price	(\$15,352,049.38)
Location Adjustments to Producers	(\$182,367.82)
1/2 Unobligated Balance in P.S.F	\$109,512.03
<b>Adjusted Pool Value</b>	<b>\$ 13.90839</b>
Reserve for Producer Settlement Func	<b>\$ 0.04839</b>
	<b>\$35,455,609.40</b>
	\$123,356.32

**Uniform Skim Milk Price per cwt. (Hillsborough County, Florida):** **\$13.86**

**Uniform Price per cwt. (Hillsborough County, Florida)** **\$18.88\***

\* 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 2008	JAN 2009	NOV 2008	DEC 2008	DEC 2008
Appalachian (Charlotte)	\$ 18.83	\$ 19.14	\$ 18.75	\$ 16.23	69.19%
Arizona (Phoenix)	\$ 17.78	\$ 18.09	\$ 15.83	\$ 13.97	33.65%
Central (Kansas City)	\$ 17.43	\$ 17.74	\$ 15.61	\$ 13.63	40.51%
<b>Florida (Tampa)</b>	<b>\$ 20.83</b>	<b>\$ 21.14</b>	<b>\$ 21.25</b>	<b>\$ 18.88</b>	<b>84.48%</b>
Mideast (Cleveland)	\$ 17.43	\$ 17.74	\$ 16.32	\$ 14.42	47.90%
Northeast (Boston)	\$ 18.68	\$ 18.99	\$ 17.09	\$ 16.02	46.30%
Pacific Northwest (Seattle)	\$ 17.33	\$ 17.64	\$ 15.29	\$ 13.00	43.09%
Southeast (Atlanta)	\$ 19.23	\$ 19.54	\$ 19.21	\$ 16.85	66.68%
Southwest (Dallas)	\$ 18.43	\$ 18.74	\$ 16.89	\$ 14.75	60.77%
Upper Midwest (Chicago)	\$ 17.23	\$ 17.54	\$ 15.85	\$ 15.04	17.00%

**FLORIDA MILK MARKETING AREA-FEDERAL ORDER 6  
STATISTICAL SUMMARY**

<b>Receipts:</b>	<b>December 2008</b>	<b>December 2007</b>
<b>Producer Milk</b>		
Class I	223,609,194	219,689,545
Class II	18,762,440	20,116,916
Class III	5,216,583	8,913,995
Class IV	17,100,800	18,471,692
Total Producer Milk	<u>264,689,017</u>	<u>267,192,148</u>
Average Butterfat Test	3.69%	3.65%
Percent of Producer Milk in Class I	84.48%	82.22%
Daily Average Receipts	8,538,355	8,619,102
<b>Other Source Milk</b>		
Class I	5,201,529	6,336,020
Class II	11,380,613	7,381,230
Class III	0	0
Class IV	2,924,421	4,011,192
Total Other Source Milk	<u>19,506,563</u>	<u>17,728,442</u>
<b>Overage</b>		
Class I	14,504	0
Class II	0	110
Class III	0	0
Class IV	0	0
Total Overage	<u>14,504</u>	<u>110</u>
<b>Opening Inventory</b>		
Class I	12,089,510	14,427,128
Class II	376,638	301,167
Class III	75,308	30,430
Class IV	9,105,710	6,109,356
Total Opening Inventory	<u>21,647,166</u>	<u>20,868,081</u>
<b>Total Receipts</b>	<b>305,857,250</b>	<b>305,788,781</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	12,710,081	10,592,980
Route Disposition Class I	226,299,538	228,745,548
Shrinkage	1,638,351	1,031,156
Transfers & Diversions to Nonpool	266,767	83,009
Total Class I Utilization	<u>240,914,737</u>	<u>240,452,693</u>
Average Butterfat Test	2.15%	2.16%
Daily Average Utilization	7,771,443	7,756,538
<b>Class II Utilization</b>		
Nonfluid Used To Produce	11,374,058	7,373,134
Shrinkage	0	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	5,784,910	7,803,218
Total Class II Utilization	<u>13,360,723</u>	<u>12,623,071</u>
Average Butterfat Test	9.92%	10.88%
<b>Class III Utilization</b>		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce Use to Produce/Other Uses	5,291,891	8,944,425
Total Class III Utilization	<u>5,291,891</u>	<u>8,944,425</u>
Average Butterfat Test	7.16%	4.93%
<b>Class IV Utilization</b>		
Inventory	7,676,239	8,141,463
Nonfluid Used To Fortify	2,709,107	3,519,590
Shrinkage	4,185,479	3,939,693
Transfers & Diversions to Nonpool Used To Produce/Other Uses	12,832,032	11,234,801
Total Class IV Utilization	<u>1,728,074</u>	<u>1,756,693</u>
Average Butterfat Test	29,130,931	28,592,240
Total Utilization	<b>305,857,250</b>	<b>305,788,781</b>

## Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in December 2008 is \$18.88 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$13.86 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5719 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 December, Class I use accounted for 85.83% of all producer skim milk (priced to handlers at \$9.49 per hundredweight, plus the Class I differential and 49.21% of producer butterfat (priced to handlers at \$1.7925 per pound plus Class I differential). Class II use accounted for 6.18% of all producer skim milk (\$6.88 per hundredweight) and 30.90% of producer butterfat (\$1.3068 per pound). Class III use accounted for 1.90% of all producer skim milk (\$11.12 per hundredweight) and 3.74% of producer butterfat (\$1.2998 per pound). Class IV use accounted for 6.09% of all producer skim milk (\$6.01 per hundredweight) and 16.15% of producer butterfat (\$1.2998 per pound).

Receipts of producer milk during December 2008 totaled 264.7 million pounds, 2.5 million pounds less than was pooled in December of last year. Florida producers supplied 155.0 million pounds of milk in November 2008 or 61.81% of the total producer milk pooled in Florida. In November 2007, Florida producers supplied 57.29% 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 December 2008. In-area Class I route disposition totaled 229.0 million pounds in November 2008, 16.9 million less than November 2007 and a decrease of 3.63 percent after adjusting for calendar composition.

### Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<b>November 2008</b>		
Whole Milk	79,434,722	34.69%
Fat Free Milk	31,525,877	13.77%
Lowfat Milk (incl. 1%)	27,800,715	12.14%
Reduced Fat Milk (incl. 2%)	67,855,924	29.63%
Cultured Fluid Milk (incl. Buttermilk)	1,105,131	0.48%
Flavored Drinks and Milk	21,250,146	9.28%
<b>Total Disposition in Marketing Area</b>	<b>228,972,515</b>	<b>100.00%</b>
Total Disposition by Pool Plants	207,527,859	90.63%
Total Disposition by Nonpool Plants	21,444,656	9.37%
<b>Total Disposition in Marketing Area</b>	<b>228,972,515</b>	<b>100.00%</b>

### Mailbox Milk Prices, January through September 2008

Reporting Area 1/	Jan-08	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep-08
New England States 3/	\$21.78	\$20.09	\$18.56	\$18.95	\$18.51	\$19.60	\$20.34	\$19.53	\$19.34
East Pennsylvania 4/	\$21.30	\$19.61	\$17.93	\$18.44	\$18.00	\$18.97	\$19.85	\$19.09	\$18.85
Appalachian States 5/	\$22.21	\$21.26	\$18.84	\$20.21	\$19.25	\$20.23	\$22.36	\$21.05	\$20.66
Southeast States 6/	\$22.94	\$21.70	\$19.36	\$20.48	\$20.29	\$21.10	\$23.53	\$22.36	\$21.76
Southern Missouri 7/	\$21.15	\$19.77	\$17.91	\$18.96	\$17.97	\$19.00	\$20.85	\$19.58	\$19.16
<b>Florida</b>	<b>\$23.87</b>	<b>\$22.63</b>	<b>\$20.26</b>	<b>\$21.64</b>	<b>\$21.80</b>	<b>\$22.31</b>	<b>\$24.98</b>	<b>\$24.33</b>	<b>\$23.73</b>
West Pennsylvania 8/	\$21.14	\$19.71	\$18.25	\$18.69	\$18.23	\$19.23	\$19.87	\$18.92	\$18.77
Indiana	\$21.23	\$19.98	\$18.47	\$18.79	\$18.18	\$19.02	\$20.03	\$18.99	\$18.68
Wisconsin	\$20.79	\$18.85	\$18.86	\$18.11	\$18.87	\$20.22	\$19.14	\$18.22	\$17.78
Corn Belt States 9/	\$19.97	\$18.45	\$17.35	\$17.80	\$17.56	\$18.42	\$18.66	\$18.05	\$17.80
Western Texas 10/	\$19.53	\$17.43	\$16.70	\$17.20	\$16.90	\$17.91	\$18.24	\$17.74	\$17.03
Northwest States 11/	\$19.59	\$17.80	\$16.60	\$17.17	\$16.87	\$17.91	\$18.51	\$17.86	\$17.26
All Federal Orders 12/	\$20.70	\$19.03	\$18.01	\$18.19	\$18.09	\$19.12	\$19.43	\$18.58	\$18.25
California 13/	\$17.97	\$17.05	\$16.04	\$15.88	\$16.79	\$17.35	\$17.19	\$16.25	\$16.29

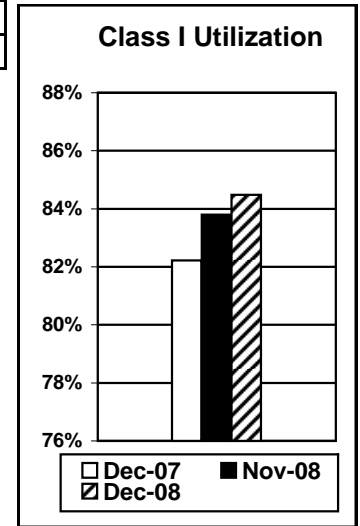
Source: Dairy Market News; 1/ Information is for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average for all reporting areas in Federal milk orders. 13/ Calculated by California Department of Food and Agriculture.

**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
Nov 2007	\$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	\$1.3068	\$11.21	\$11.12	\$1.2998	\$15.28	\$ 6.01	\$1.2998	\$10.35	\$ 13.86	\$1.5719	\$18.88
Jan 2009	\$16.64	\$1.4523	\$21.14	\$6.74											

**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.	%
Nov 2007	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	415	210,122	83.80%	19,828	7.91%	3,556	1.42%	17,237	6.87%
Dec	264,689	400**	223,609	84.48%	18,762	7.09%	5,217	1.97%	17,101	6.46%



\* 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 January through March 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
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
MAR 2009	04/11/09	04/13/09	04/14/09	03/19/09	03/20/09	04/06/09	04/06/09	04/14/09	04/15/09

\*\*The base rate for making partial payments in Hillsborough Co., FL for January will be \$16.99 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$16.05 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-466 January 12, 2009**

Milk production forecasts for 2008 are lowered from last month. Based on monthly milk production data through November, higher expected cow numbers are more than offset by lower expected milk per cow. Production forecasts for 2009 are reduced from last month as poor returns are expected to manifest themselves in a more rapid decline in cow numbers and slower growth in milk per cow. Commercial export forecasts for 2008 and 2009 are unchanged from last month. Exports for 2009 remain below last year as global demand reflects economic weakness. Ending stocks for both 2008 and 2009 are expected to be above levels forecast last month as weak demand is expected to slow domestic use. Sales of nonfat dry milk (NDM) to CCC during 2009 are forecast higher and small sales of cheese and butter to CCC are now forecast for the year.

Milk and dairy product prices for 2008 are adjusted from last month reflecting December data. Class III and Class IV prices for 2009 are reduced from last month as product price forecasts are lowered. Economic uncertainties have reduced demand for dairy products and prices have declined sharply for cheese, with lesser declines in butter, NDM, and whey. Price forecasts for cheese and butter in 2009 are reduced, with the sharpest declines in the first half of the year as supplies of these products are large. However, the reduction is less later in the year as lower forecast milk production results in declines in stocks of fat-based products. Although forecast weaker than last month, tightening supplies of NDM later in the year are expected to help support NDM prices. The all milk price is also forecast lower, \$11.80 to \$12.60 per cwt 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](http://www.usda.gov/oce/commodity/wasde/index.htm).*

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