

# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

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www.fmmatlanta.com

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

## 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.

The USDA held a hearing in December 2006 to consider a proposal by the National Milk Producers Federation. 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 additional conference information, visit [www.areg.caes.uga.edu](http://www.areg.caes.uga.edu).

## Uniform Price Tumbles

The uniform price in Fulton County, GA, was \$16.85 per hundredweight of milk at 3.5 percent butterfat for the month of December. The uniform price is \$2.36 lower than the previous month and is \$5.59 less than December of last year.

Class I utilization was 66.68 percent in December, a decrease of 1.28 percent compared with the previous month and an increase of 0.51 percent compared to 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 of last year and a 2.6 percent increase from last month on a daily average basis. The milk-feed price ratio was 1.97 in December.

## Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for December 2008 were made for \$2,154,031.59. Since the available balance was \$1,213,477.66, eligible claims were paid at the rate of approximately \$0.56 on the dollar.

## F.O. 7 - SOUTHEAST: 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	38.26%	8,819,703	\$1.7925	\$ 15,809,317.69
Class I Differential at Location				293,811.00
Class II Butterfat	19.22%	4,430,298	\$1.3068	5,789,513.41
Class III Butterfat	15.87%	3,657,359	\$1.2998	4,753,835.23
Class IV Butterfat	26.65%	6,144,421	\$1.2998	7,986,518.44
<b>Total Butterfat</b>	<b>100.00%</b>	<b>23,051,781</b>		<b>\$ 34,632,995.77</b>

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.5024**

### 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	67.80%	395,538,649	\$9.49 /cwt.	\$ 37,536,617.80
Class I Butterfat	38.26%	8,819,703	\$1.7925 /lb.	15,809,317.69
Class I Differential at Location		404,358,352		13,482,398.62
<b>Total Class I Milk</b>	<b>66.68%</b>	<b>404,358,352</b>		<b>\$ 66,828,334.11</b>
Class II Skim Milk	8.43%	49,201,312	\$6.88 /cwt.	\$ 3,385,050.26
Class II Butterfat	19.22%	4,430,298	\$1.3068 /lb.	5,789,513.41
<b>Total Class II Milk</b>	<b>8.84%</b>	<b>53,631,610</b>		<b>\$ 9,174,563.67</b>
Class III Skim Milk	12.29%	71,692,480	\$11.12 /cwt.	\$ 7,972,203.76
Class III Butterfat	15.87%	3,657,359	\$1.2998 /lb.	4,753,835.23
<b>Total Class III Milk</b>	<b>12.42%</b>	<b>75,349,839</b>		<b>\$ 12,726,038.99</b>
Class IV Skim Milk	11.48%	66,981,465	\$6.01 /cwt.	\$ 4,025,586.03
Class IV Butterfat	26.65%	6,144,421	\$1.2998 /lb.	7,986,518.44
<b>Total Class IV Milk</b>	<b>12.06%</b>	<b>73,125,886</b>		<b>\$ 12,012,104.47</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>606,465,687</b>		<b>\$ 100,741,041.24</b>

### Adjustments

Overage and Other Source	\$2,363.60
Inventory Adjustments	\$137,434.56
Producer butterfat at uniform butterfat price	(\$34,632,995.77)
Location Adjustments to Producers	\$3,846,319.74
1/2 Unobligated Balance in P.S.F	\$231,099.81

<b>Adjusted Pool Value</b>	<b>\$ 12.05409</b>	<b>\$70,325,263.18</b>
Reserve for Producer Settlement Func	<b>\$ 0.04409</b>	\$257,253.04

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$12.01**

Uniform Price per cwt. (Fulton County, Georgia) **\$16.85\***

\* 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%
Florida (Tampa)	\$ 20.83	\$ 21.14	\$ 21.25	\$ 18.88	84.48%
Midwest (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%
<b>Southeast (Atlanta)</b>	<b>\$ 19.23</b>	<b>\$ 19.54</b>	<b>\$ 19.21</b>	<b>\$ 16.85</b>	<b>66.68%</b>
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%

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

<b>Receipts:</b>	<b>December 2008</b>	<b>December 2007</b>
<b>Producer Milk</b>		
Class I	404,358,352	392,848,589
Class II	53,631,610	59,990,171
Class III	75,349,839	97,736,994
Class IV	73,125,886	43,013,946
Total Producer Milk	<u>606,465,687</u>	<u>593,589,700</u>
Average Butterfat Test	3.80%	3.81%
Percent of Producer Milk in Class I	66.68%	66.17%
Daily Average Receipts	19,563,409	19,148,055
<b>Other Source Milk</b>		
Class I	6,729,978	9,289,642
Class II	4,052,216	10,514,307
Class III	3,659,525	2,307,459
Class IV	8,577,389	13,355,149
Total Other Source Milk	<u>23,019,108</u>	<u>35,466,557</u>
<b>Overage</b>		
Class I	17,775	0
Class II	0	0
Class III	0	0
Class IV	1	0
Total Overage	<u>17,776</u>	<u>0</u>
<b>Opening Inventory</b>		
Class I	34,670,435	38,284,809
Class II	3,011,735	730,746
Class III	2,416,088	164,055
Class IV	22,768,343	11,048,730
Total Opening Inventory	<u>62,866,601</u>	<u>50,228,340</u>
<b>Total Receipts</b>	<b>692,369,172</b>	<b>679,284,597</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	32,602,205	30,947,741
Route Disposition Class I	401,703,958	398,922,173
Shrinkage	2,505,412	4,238,961
Transfers & Diversions to Nonpool	8,964,965	6,314,165
Total Class I Utilization	<u>445,776,540</u>	<u>440,423,040</u>
Average Butterfat Test	2.17%	2.18%
Daily Average Utilization	14,379,888	14,207,195
<b>Class II Utilization</b>		
Nonfluid Used To Produce	1,433,861	1,357,877
Shrinkage	1,515	112,329
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	37,143,869	40,265,741
Total Class II Utilization	<u>22,116,316</u>	<u>29,499,277</u>
Average Butterfat Test	60,695,561	71,235,224
Average Butterfat Test	9.12%	8.16%
<b>Class III Utilization</b>		
Shrinkage	719,013	0
Transfers & Diversions to Nonpool	80,706,439	100,208,508
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>81,425,452</u>	<u>100,208,508</u>
Average Butterfat Test	4.69%	4.68%
<b>Class IV Utilization</b>		
Inventory	19,299,248	19,130,273
Nonfluid Used To Fortify	2,865,984	2,558,015
Shrinkage	7,160,479	7,124,692
Transfers & Diversions to Nonpool	69,696,846	33,083,229
Used To Produce/Other Uses	5,449,062	5,521,616
Total Class IV Utilization	<u>104,471,619</u>	<u>67,417,825</u>
Average Butterfat Test	7.38%	9.32%
<b>Total Utilization</b>	<b>692,369,172</b>	<b>679,284,597</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2008 is \$16.85 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.01 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5024 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 67.80% of all producer skim milk (priced to handlers at \$9.49 per hundredweight, plus the Class I differential, see page 2) and 38.26% of producer butterfat (priced to handlers at \$1.7925 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.43% of all producer skim milk (\$6.88 per hundredweight) and 19.22% of producer butterfat (\$1.3068 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.29% of all producer skim milk (\$11.12 per hundredweight) and 15.87% of producer butterfat (\$1.2998 per pound). Class IV use, generally milk processed into butter and powder, accounted for 11.48% of all producer skim milk (\$6.01 per hundredweight) and 26.65% of producer butterfat (\$1.2998 per pound).

Receipts of producer milk during December 2008 totaled 606.5 million pounds. There were 26 regulated pool distributing plants, 3 pool supply plant and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2008. Class I route disposition in the area totaled 424.0 million pounds in November 2008.

### Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
<b>November 2008</b>		
Whole Milk	134,316,262	31.68%
Fat Free Milk	49,097,005	11.58%
Lowfat Milk (incl. 1%)	34,137,593	8.08%
Reduced Fat Milk (incl. 2%)	151,060,417	35.62%
Cultured Fluid Milk (incl. Buttermilk)	10,462,063	2.47%
Flavored Drinks and Milk	44,956,071	10.60%
<b>Total Disposition in Marketing Area</b>	<b>424,029,411</b>	<b>100.00%</b>
Total Disposition by Pool Plants	333,404,292	78.63%
Total Disposition by Nonpool Plants	90,625,119	21.37%
<b>Total Disposition in Marketing Area</b>	<b>424,029,411</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
Eastern 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
<b>Southeast States 6/</b>	<b>\$22.94</b>	<b>\$21.70</b>	<b>\$19.36</b>	<b>\$20.48</b>	<b>\$20.29</b>	<b>\$21.10</b>	<b>\$23.53</b>	<b>\$22.36</b>	<b>\$21.76</b>
Southern Missouri 7/	\$21.15	\$19.77	\$17.91	\$18.96	\$17.97	\$19.00	\$20.85	\$19.58	\$19.16
Florida	\$23.87	\$22.63	\$20.26	\$21.64	\$21.80	\$22.31	\$24.98	\$24.33	\$23.73
Western 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

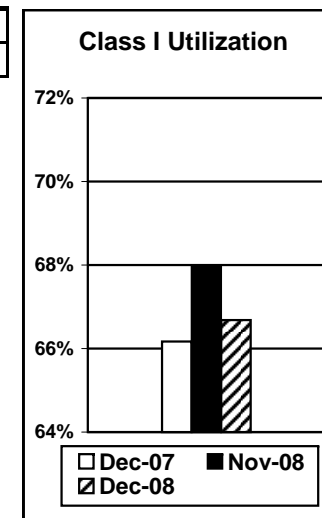
Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay price received by dairy farmers for milk. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 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 of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by California Department of Food and Agriculture.

**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 2007	\$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	\$1.7800	\$14.45	\$9.64	\$1.7730	\$15.51	\$6.26	\$1.7730	\$12.25	\$13.33	\$1.8125	\$19.21
Dec	\$13.29	\$1.8305	\$19.23	\$6.88	\$1.3068	\$11.21	\$11.12	\$1.2998	\$15.28	\$6.01	\$1.2998	\$10.35	\$12.01	\$1.5024	\$16.85
Jan 2009	\$15.04	\$1.4363	\$19.54	\$6.74											

**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 2007	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	2,905	414,863	73.62%	58,955	10.46%	64,708	11.48%	25,002	4.44%
Nov	561,045	2,906	381,264	67.96%	59,573	10.62%	63,744	11.36%	56,464	10.06%
Dec	606,466	2,900**	404,358	66.68%	53,632	8.84%	75,350	12.42%	73,126	12.06%



\* 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 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
JAN 2009	02/11/09	02/12/09	02/13/09	01/26/09	01/26/09	02/13/09	02/17/09
FEB 2009	03/11/09	03/12/09	03/13/09	02/25/09	02/26/09	03/13/09	03/16/09
MAR 2009	04/11/09	04/13/09	04/14/09	03/25/09	03/26/09	04/14/09	04/15/09

\*\* The base rate for making partial payments in Fulton County, GA for January will be \$15.17 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.85 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-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.

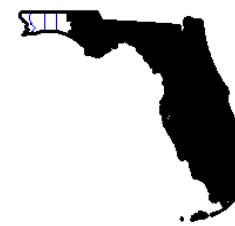
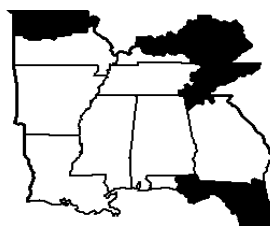
Milk and dairy product prices for 2008 are adjusted from last month reflecting December data. Class III and Class IV prices for 2009 are reduced from last month as product price forecasts are lowered. Economic uncertainties have reduced demand for dairy products and prices have declined sharply for cheese, 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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