

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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

Comparing Retail and Producer Milk Prices

Producer milk prices have dramatically declined over the past six months. Historically, declines in producer milk prices do eventually result in lower prices to consumers, though other segments of the marketing chain tend to pass along price reductions more slowly than price increases. Have retail milk prices fallen at the same rate as producer milk prices? Examining two different retail price surveys, one conducted by the U.S. Department of Agriculture (USDA) and one conducted by the U.S. Department of Labor (DOL) suggests the answer is no. The Class I 'mover', that is to say the Federal Order fluid milk price without location adjustments, has fallen 50.6% since January 2008. The retail price of whole milk has fallen 8.3% in New Orleans, LA, 23.3% in Miami, FL and 26.8% in Atlanta, GA according to the USDA survey. The DOL's more comprehensive survey (the consumer price index or 'CPI Milk: Southern Cities' in chart below) shows a 19.7% decline in retail milk prices. Page four of this Bulletin has a more detailed depiction of these price series.

Changes in Retail and Producer Milk Price: January 2008 to April 2009

Price Series	Jan-08	Apr-09	% Chg
Retail Price:Atlanta,GA	\$4.26	\$3.12	-26.8%
Retail Price:Miami, FL	\$4.29	\$3.29	-23.3%
Retail Price:New Orleans, LA	\$4.35	\$3.99	-8.3%
CPI Milk: Southern Cities	\$4.22	\$3.39*	-19.7%
Class I Price 'Mover'	\$20.97	\$10.36	-50.6%

*March 2009 price, April not available at time of publication.

April Uniform Price Up

The uniform price in Fulton County, GA, was \$13.14 per hundredweight of milk at 3.5 percent butterfat for the month of April. The uniform price is \$0.67 higher than the previous month but is \$6.83 per hundredweight lower compared with April of last year.

Class I utilization was 61.02 percent in April, an increase of 0.31 percent compared with the previous month and a decrease of 2.74 percent compared with April of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in March was 16.4 billion pounds, a decrease of 0.3 percent from March 2008 and an increase of 0.5 percent when compared with February 2009 on a daily average basis. Total cheese output (excluding cottage cheese) was 871 million pounds, 4.3 percent higher than March 2008 and 2.3 percent above February 2009 on a daily average basis. Butter production was 145 million pounds, 4.4 percent less than March 2008 and a decline of 9.7 percent compared with February 2009 on a daily average basis.

Nonfat dry milk powder production was 136 million pounds in March, a slight increase compared with March 2008 and a slight decrease compared to February 2009 on a daily average basis. Dry whey production was 92.3 million pounds in March, a decrease of 5.7 percent compared with March of last year and 0.8 percent higher than 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 1.59 in April 2009, up 0.02 points from March's revised ratio.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2009

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.46%	8,018,035	\$1.1500	\$ 9,220,740.25
Class I Differential at Location				267,142.04
Class II Butterfat	24.82%	5,775,154	\$1.2119	6,998,909.15
Class III Butterfat	20.66%	4,806,785	\$1.2049	5,791,695.23
Class IV Butterfat	20.06%	4,667,051	\$1.2049	5,623,329.71
Total Butterfat	100.00%	23,267,025		\$ 27,901,816.38

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1992**

Calculation of Uniform Skim Milk Price

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	62.01%	385,651,221	\$6.56 /cwt.	\$ 25,298,720.11
Class I Butterfat	34.46%	8,018,035	\$1.1500 /lb.	9,220,740.25
Class I Differential at Location		393,669,256		13,181,903.19
Total Class I Milk	61.02%	393,669,256		\$ 47,701,363.55
Class II Skim Milk	9.09%	56,512,869	\$6.47 /cwt.	\$ 3,656,382.63
Class II Butterfat	24.82%	5,775,154	\$1.2119 /lb.	6,998,909.15
Total Class II Milk	9.65%	62,288,023		\$ 10,655,291.78
Class III Skim Milk	18.96%	117,934,283	\$6.80 /cwt.	\$ 8,019,531.24
Class III Butterfat	20.66%	4,806,785	\$1.2049 /lb.	5,791,695.23
Total Class III Milk	19.02%	122,741,068		\$ 13,811,226.47
Class IV Skim Milk	9.94%	61,831,214	\$5.81 /cwt.	\$ 3,592,393.54
Class IV Butterfat	20.06%	4,667,051	\$1.2049 /lb.	5,623,329.71
Total Class IV Milk	10.31%	66,498,265		\$ 9,215,723.25
Producer Milk	100.00%	645,196,612		\$ 81,383,605.05

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$78,090.77
Producer butterfat at uniform butterfat price	(\$27,901,816.38)
Location Adjustments to Producers	\$4,118,119.55
1/2 Unobligated Balance in P.S.F	\$277,527.16
Adjusted Pool Value	\$ 9.31866
Reserve for Producer Settlement Func	\$ 0.04866
	\$57,955,526.15
	\$302,653.45

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

\$9.27

Uniform Price per cwt. (Fulton County, Georgia)

\$13.14*

* 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 %
	APR 2009	MAY 2009	MAR 2009	APR 2009	APR 2009
Appalachian (Charlotte)	\$ 13.76	\$ 14.37	\$ 12.29	\$ 12.97	68.05%
Arizona (Phoenix)	\$ 12.71	\$ 13.32	\$ 10.63	\$ 11.06	32.28%
Central (Kansas City)	\$ 12.36	\$ 12.97	\$ 10.44	\$ 10.91	31.56%
Florida (Tampa)	\$ 15.76	\$ 16.37	\$ 14.19	\$ 15.11	85.80%
Mideast (Cleveland)	\$ 12.36	\$ 12.97	\$ 10.73	\$ 11.28	39.60%
Northeast (Boston)	\$ 13.61	\$ 14.22	\$ 11.56	\$ 12.08	41.70%
Pacific Northwest (Seattle)	\$ 12.26	\$ 12.87	\$ 10.48	\$ 11.01	33.08%
Southeast (Atlanta)	\$ 14.16	\$ 14.77	\$ 12.47	\$ 13.14	61.02%
Southwest (Dallas)	\$ 13.36	\$ 13.97	\$ 11.45	\$ 11.89	34.94%
Upper Midwest (Chicago)	\$ 12.16	\$ 12.77	\$ 10.57	\$ 10.98	13.30%

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

Receipts:	April 2009	April 2008
Producer Milk		
Class I	393,669,256	388,115,181
Class II	62,288,023	81,107,576
Class III	122,741,068	100,604,041
Class IV	66,498,265	38,804,061
Total Producer Milk	<u>645,196,612</u>	<u>608,630,859</u>
Average Butterfat Test	3.61%	3.62%
Percent of Producer Milk in Class I	61.02%	63.76%
Daily Average Receipts	21,506,554	20,287,695
Other Source Milk		
Class I	7,341,349	6,344,256
Class II	3,513,264	14,906,860
Class III	2,253,667	2,524,562
Class IV	11,093,124	9,588,709
Total Other Source Milk	<u>24,201,404</u>	<u>33,364,387</u>
Overage		
Class I	0	0
Class II	0	26,334
Class III	0	0
Class IV	0	6,785
Total Overage	<u>0</u>	<u>33,119</u>
Opening Inventory		
Class I	35,640,331	32,019,591
Class II	2,537,761	2,975,177
Class III	3,009,888	380,875
Class IV	11,509,205	18,114,621
Total Opening Inventory	<u>52,697,185</u>	<u>53,490,264</u>
Total Receipts	722,095,201	695,518,629
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,970,235	31,691,919
Route Disposition Class I	389,639,977	384,285,318
Shrinkage	2,573,592	2,632,904
Transfers & Diversions to Nonpool	9,467,132	7,868,887
Total Class I Utilization	<u>436,650,936</u>	<u>426,479,028</u>
Average Butterfat Test	2.02%	2.04%
Daily Average Utilization	14,555,031	14,215,968
Class II Utilization		
Nonfluid Used To Produce	1,747,900	1,753,781
Shrinkage	317,963	54,382
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	42,174,336	59,961,930
Total Class II Utilization	<u>68,339,048</u>	<u>99,015,947</u>
Average Butterfat Test	9.96%	7.50%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	128,004,623	103,509,478
Total Class III Utilization	<u>128,004,623</u>	<u>103,509,478</u>
Average Butterfat Test	3.82%	4.12%
Class IV Utilization		
Inventory	18,031,020	23,561,350
Nonfluid Used To Fortify	1,620,957	1,272,229
Shrinkage	7,829,670	6,521,945
Transfers & Diversions to Nonpool Used To Produce/Other Uses	56,961,908	30,134,423
Total Class IV Utilization	<u>89,100,594</u>	<u>66,514,176</u>
Average Butterfat Test	6.71%	8.21%
Total Utilization	722,095,201	695,518,629

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2009 is \$13.14 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.27 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1992 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

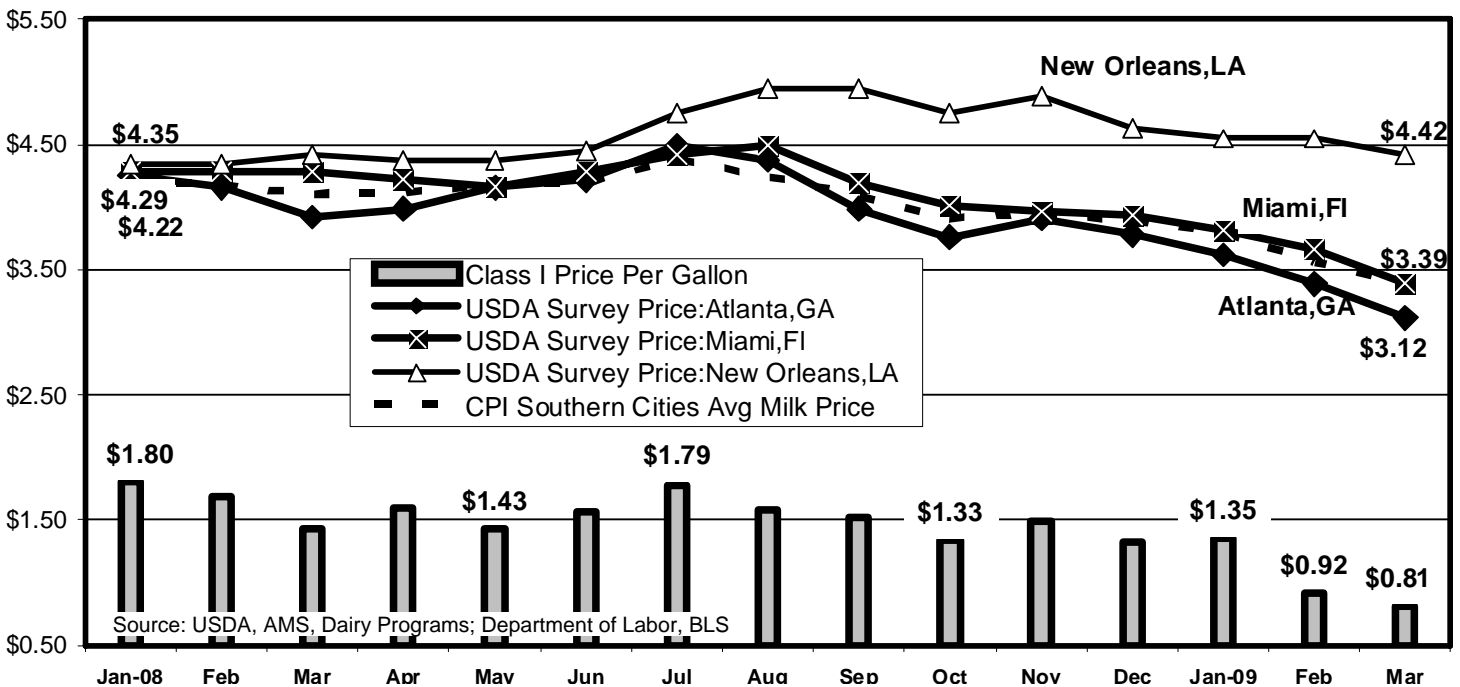
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In April, Class I use, which is primarily bottled or packaged fluid milk, accounted for 62.01% of all producer skim milk (priced to handlers at \$6.56 per hundredweight, plus the Class I differential, see page 2) and 34.46% of producer butterfat (priced to handlers at \$1.1500 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.09% of all producer skim milk (\$6.47 per hundredweight) and 24.82% of producer butterfat (\$1.2119 per pound). Class III use, mostly milk used to produce cheese, accounted for 18.96% of all producer skim milk (\$6.80 per hundredweight) and 20.66% of producer butterfat (\$1.2049 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.94% of all producer skim milk (\$5.81 per hundredweight) and 20.06% of producer butterfat (\$1.2049 per pound).

Receipts of producer milk during April 2009 totaled 645.2 million pounds. There were 26 regulated pool distributing plants, 3 pool supply plants and 11 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2009. Class I route disposition in the area was 437.8 million pounds in March 2009.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
March 2009		
Whole Milk	137,395,849	31.39%
Fat Free Milk	50,906,682	11.63%
Lowfat Milk (incl. 1%)	35,737,072	8.16%
Reduced Fat Milk (incl. 2%)	157,599,587	36.00%
Cultured Fluid Milk (incl. Buttermilk)	8,411,933	1.92%
Flavored Drinks and Milk	47,703,922	10.90%
Total Disposition in Marketing Area	437,755,045	100.00%
Total Disposition by Pool Plants	350,177,837	79.99%
Total Disposition by Nonpool Plants	87,577,208	20.01%
Total Disposition in Marketing Area	437,755,045	100.00%

Retail Whole Milk and Federal Order Class I Prices: 2008 to March 2009



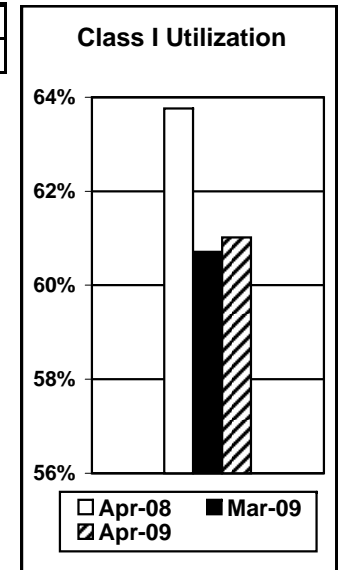
Note: The chart above is meant to show changes in milk prices over time, not necessarily their absolute values. The bars "Class I Price Per Gallon", also known as "the mover" show how Federal Order fluid milk prices have fared since January 2008 and are valid representations of price changes for all locations. While Class I price differentials increases in May 2008 (+\$0.06/gal in Atlanta, +\$0.02 in New Orleans and +\$0.15/gal in Miami) are not shown, including differentials would not significantly alter the trends revealed.

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
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	\$1.1154	\$10.41	\$7.15	\$1.1084	\$10.78	\$5.92	\$1.1084	\$9.59	\$12.77	\$1.2288	\$16.62
Feb	\$10.87	\$1.1520	\$14.52	\$6.63	\$1.1011	\$10.25	\$5.68	\$1.0941	\$9.31	\$5.82	\$1.0941	\$9.45	\$9.65	\$1.1155	\$13.22
Mar	\$9.61	\$1.1298	\$13.23	\$6.51	\$1.1664	\$10.36	\$6.61	\$1.1594	\$10.44	\$5.78	\$1.1594	\$9.64	\$8.75	\$1.1495	\$12.47
Apr	\$10.36	\$1.1880	\$14.16	\$6.47	\$1.2119	\$10.49	\$6.80	\$1.2049	\$10.78	\$5.81	\$1.2049	\$9.82	\$9.27	\$1.1992	\$13.14
May	\$10.81	\$1.2399	\$14.77	\$6.49											

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.	%
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	2,974	404,358	66.68%	53,632	8.84%	75,350	12.42%	73,126	12.06%
Jan 2009	606,876	2,914	413,503	68.14%	58,107	9.57%	73,691	12.14%	61,575	10.15%
Feb	545,996	2,878	370,916	67.93%	57,125	10.46%	97,875	17.93%	20,079	3.68%
Mar	677,722	2,910	411,467	60.71%	68,678	10.13%	131,319	19.38%	66,259	9.78%
Apr	645,197	2,900**	393,669	61.02%	62,288	9.65%	122,741	19.02%	66,498	10.31%



Southeast Marketing Area - Federal Order 7

Pool and Payment Dates for the Pooling Periods May through July 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
MAY 2009	06/11/09	06/12/09	06/15/09	05/26/09	05/26/09	06/15/09	06/16/09
JUN 2009	07/11/09	07/13/09	07/14/09	06/25/09	06/26/09	07/14/09	07/15/09
JUL 2009	08/11/09	08/12/09	08/13/09	07/27/09	07/27/09	08/13/09	08/14/09

** The base rate for making partial payments in Fulton County, GA for April will be \$11.83 per hundredweight. This is 90 percent of the preceding month's uniform price of \$13.14 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 - 470 May 12, 2009

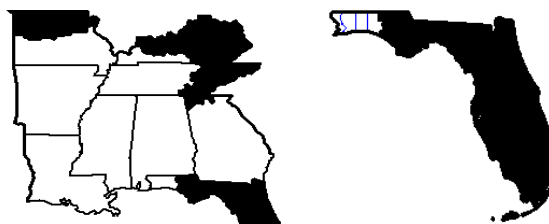
Milk production is forecast to decline in 2010 as the sector responds to weak 2009 returns. Cow numbers are forecast to decline from 2009 although the pace of decline will slacken during the year as returns improve. Growth in milk per cow is expected to improve slightly in 2010. Commercial exports are forecast to increase as the global economy improves. Domestic disappearance of fat and skim solids reflect tightening supplies and improved exports. Product prices are forecast higher as demand improves and supplies tighten. With firmer cheese and whey prices, the Class III price is forecast to rise above 2009. Likewise, stronger butter and nonfat dry milk (NDM) prices will push Class IV prices above 2009. The 2010 all milk price is forecast at \$14.70 to \$15.70 per cwt.

Forecast milk supply for 2009 is lowered slightly from last month primarily reflecting weaker expected growth in milk per cow. Cheese prices are lowered but butter and whey price forecasts are raised. The NDM price forecast is unchanged. The Class III price forecast is lowered slightly as the weaker cheese prices more than offsets the higher whey price. The Class IV price forecast is unchanged. The milk price is forecast to average \$11.85 to \$12.35 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.*



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