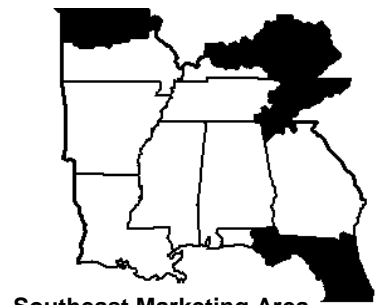


Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

October 2009



Southeast Marketing Area
Federal Order 7

Volume 10—No. 10

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

USDA's Current Dairy Outlook

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. Excerpts from the October 9, 2009 WASDE report (No. 475) are reprinted below and also available at www.usda.gov/oce/commodity/wasde.

"The milk production forecast is raised for 2009 and 2010 as milk per cow is forecast higher and the rate of decline in cow inventories is lowered in 2010. Import forecasts are raised as butterfat and cheese imports are stronger than expected. Stronger world dairy prices and a weak U.S. dollar are expected to increase export demand for U.S. dairy products. The commercial fat basis export forecast is raised for 2010, and on a skim-solids basis, commercial exports are raised for both 2009 and 2010.

Net removals reflect adjustments in CCC and Dairy Export Incentive Program (DEIP) activities for nonfat dry milk (NDM), butter, and cheese. Firmer domestic and export demands are expected to support prices for cheese, whey, and NDM. However, butter prices are forecast lower as supplies remain large. Class III prices for 2009 and 2010 are raised from last month and Class IV prices are raised for 2009. The all milk price is forecast at \$12.35 to \$12.45 per cwt for 2009 and \$14.70 to \$15.60 for 2010."

USDA Seeks Fluid Milk Board Nominations

The USDA is asking fluid milk processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board. The Secretary of Agriculture will appoint seven individuals to succeed members whose terms expire next year. Appointed members will serve 3-year terms from July 1, 2010 through June 30, 2013. To nominate an individual by the October 31 deadline, call (202) 720-6909 or visit the Dairy Promotion and Research Branch's website at www.ams.usda.gov/Dairy.

Uniform Price Increases

The uniform price in Fulton County, GA, was \$14.12 per hundredweight of milk at 3.5 percent butterfat for the month of September. The uniform price is \$0.82 higher than the previous month and is \$6.51 per hundredweight lower compared with September of last year.

Class I utilization was 73.08 percent in September, an increase of 2.29 percent compared with the previous month and a decrease of 1.47 percent compared with September of the previous year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in August was 15.7 billion pounds, a decrease of 0.3 percent from August 2008 and a decrease of 1.7 percent when compared with July 2009. Total cheese output (excluding cottage cheese) was 850 million pounds, 2.6 percent above August 2008 and 1.0 percent above July 2009. Butter production was 100 million pounds, 13.6 percent below August 2008 and 12.3 percent below July 2009. Nonfat dry milk powder production was 106 million pounds in August, an 8.3 percent decrease compared with August 2008 and a 20.0 percent decrease compared to July 2009. Dry whey production was 92.2 million pounds in August, an increase of 3.3 percent compared with August 2008 and 3.8 percent lower compared to the previous month.

Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for September 2009 were made for \$3,350,522.06. Since the available balance was \$2,000,542.65, eligible claims were paid at the rate of approximately \$0.60 on the dollar.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.12%	7,948,087	\$1.2646	\$ 10,051,150.82
Class I Differential at Location				265,300.42
Class II Butterfat	29.48%	5,842,217	\$1.2296	7,183,590.00
Class III Butterfat	18.39%	3,644,646	\$1.2226	4,455,944.20
Class IV Butterfat	12.01%	2,379,775	\$1.2226	2,909,512.96
Total Butterfat	100.00%	19,814,725		\$ 24,865,498.40

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2549**

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	74.33%	389,135,599	\$6.74 /cwt.	\$ 26,227,739.35
Class I Butterfat	40.12%	7,948,087	\$1.2646 /lb.	10,051,150.82
Class I Differential at Location		397,083,686		13,297,379.51
Total Class I Milk	73.08%	397,083,686		\$ 49,576,269.68
Class II Skim Milk	12.16%	63,669,108	\$6.95 /cwt.	\$ 4,425,003.00
Class II Butterfat	29.48%	5,842,217	\$1.2296 /lb.	7,183,590.00
Total Class II Milk	12.79%	69,511,325		\$ 11,608,593.00
Class III Skim Milk	11.41%	59,762,896	\$8.12 /cwt.	\$ 4,852,747.17
Class III Butterfat	18.39%	3,644,646	\$1.2226 /lb.	4,455,944.20
Total Class III Milk	11.67%	63,407,542		\$ 9,308,691.37
Class IV Skim Milk	2.10%	10,980,039	\$7.12 /cwt.	\$ 781,778.78
Class IV Butterfat	12.01%	2,379,775	\$1.2226 /lb.	2,909,512.96
Total Class IV Milk	2.46%	13,359,814		\$ 3,691,291.74
Producer Milk	100.00%	543,362,367		\$ 74,184,845.79

Adjustments

Overage and Other Source	\$6,839.22
Inventory Adjustments	\$77,571.83
Producer butterfat at uniform butterfat price	(\$24,865,498.40)
Location Adjustments to Producers	\$3,354,515.90
1/2 Unobligated Balance in P.S.F	\$261,362.25
Adjusted Pool Value	\$ 10.12699
Reserve for Producer Settlement Func	\$ 0.04699
	\$53,019,636.59
	\$246,034.25

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$10.08**

Uniform Price per cwt. (Fulton County, Georgia) **\$14.12***

* 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 %
	SEPT 2009	OCT 2009	AUG 2009	SEPT 2009	SEPT 2009
Appalachian (Charlotte)	\$ 14.33	\$ 15.75	\$ 12.86	\$ 13.65	73.03%
Arizona (Phoenix)	\$ 13.28	\$ 14.70	\$ 11.55	\$ 12.37	42.38%
Central (Kansas City)	\$ 12.93	\$ 14.35	\$ 11.24	\$ 11.90	40.09%
Florida (Tampa)	\$ 16.33	\$ 17.75	\$ 14.88	\$ 15.58	85.68%
Mideast (Cleveland)	\$ 12.93	\$ 14.35	\$ 11.47	\$ 12.07	43.70%
Northeast (Boston)	\$ 14.18	\$ 15.60	\$ 12.35	\$ 12.93	46.70%
Pacific Northwest (Seattle)	\$ 12.83	\$ 14.25	\$ 11.25	\$ 11.89	49.14%
Southeast (Atlanta)	\$ 14.73	\$ 16.15	\$ 13.30	\$ 14.12	73.08%
Southwest (Dallas)	\$ 13.93	\$ 15.35	\$ 12.34	\$ 13.02	43.09%
Upper Midwest (Chicago)	\$ 12.73	\$ 14.15	\$ 11.32	\$ 12.14	15.50%

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

Receipts:	September 2009	September 2008
Producer Milk		
Class I	397,083,686	400,016,879
Class II	69,511,325	52,644,312
Class III	63,407,542	61,539,910
Class IV	13,359,814	22,396,817
Total Producer Milk	<u>543,362,367</u>	<u>536,597,918</u>
Average Butterfat Test	3.65%	3.63%
Percent of Producer Milk in Class I	73.08%	74.55%
Daily Average Receipts	18,112,079	17,886,597
Other Source Milk		
Class I	8,696,457	9,002,471
Class II	5,384,392	17,536,760
Class III	1,865,127	1,878,574
Class IV	4,868,026	5,836,268
Total Other Source Milk	<u>20,814,002</u>	<u>34,254,073</u>
Overage		
Class I	0	0
Class II	5,594	196,142
Class III	0	0
Class IV	0	17,301
Total Overage	<u>5,594</u>	<u>213,443</u>
Opening Inventory		
Class I	32,558,978	32,279,944
Class II	2,918,757	1,403,576
Class III	863,101	203,677
Class IV	16,932,575	20,735,364
Total Opening Inventory	<u>53,273,411</u>	<u>54,622,561</u>
Total Receipts	617,455,374	625,687,995
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	31,503,635	35,584,417
Route Disposition Class I	394,723,964	395,443,285
Shrinkage	2,425,719	2,405,766
Transfers & Diversions to Nonpool	9,685,803	7,865,826
Total Class I Utilization	<u>438,339,121</u>	<u>441,299,294</u>
Average Butterfat Test	1.98%	2.04%
Daily Average Utilization	14,611,304	14,709,976
Class II Utilization		
Nonfluid Used To Produce	1,295,228	2,448,147
Shrinkage	6,720,578	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	42,930,786	32,685,816
Total Class II Utilization	<u>26,867,882</u>	<u>36,646,827</u>
Average Butterfat Test	77,814,474	71,780,790
Average Butterfat Test	8.33%	8.76%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	66,135,770	63,622,161
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>66,135,770</u>	<u>63,622,161</u>
Average Butterfat Test	5.64%	4.78%
Class IV Utilization		
Inventory	19,806,280	19,203,266
Nonfluid Used To Fortify	1,613,363	1,338,979
Shrinkage	0	7,385,465
Transfers & Diversions to Nonpool	13,746,366	15,910,335
Used To Produce/Other Uses	0	5,147,705
Total Class IV Utilization	<u>35,166,009</u>	<u>48,985,750</u>
Average Butterfat Test	10.59%	9.54%
Total Utilization	617,455,374	625,687,995

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2009 is \$14.12 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.08 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2549 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 74.33% of all producer skim milk (priced to handlers at \$6.74 per hundredweight, plus the Class I differential, see page 2) and 40.12% of producer butterfat (priced to handlers at \$1.2646 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.16% of all producer skim milk (\$6.95 per hundredweight) and 29.48% of producer butterfat (\$1.2296 per pound). Class III use, mostly milk used to produce cheese, accounted for 11.41% of all producer skim milk (\$8.12 per hundredweight) and 18.39% of producer butterfat (\$1.2226 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.10% of all producer skim milk (\$7.12 per hundredweight) and 12.01% of producer butterfat (\$1.2226 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
August 2009		
Whole Milk	139,153,739	31.83%
Fat Free Milk	51,036,397	11.67%
Lowfat Milk (incl. 1%)	35,306,459	8.07%
Reduced Fat Milk (incl. 2%)	160,102,245	36.62%
Cultured Fluid Milk (incl. Buttermilk)	9,531,447	2.18%
Flavored Drinks and Milk	42,107,228	9.63%
Total Disposition in Marketing Area	437,237,515	100.00%
Total Disposition by Pool Plants	352,897,266	80.71%
Total Disposition by Nonpool Plants	84,340,249	19.29%
Total Disposition in Marketing Area	437,237,515	100.00%

Receipts of producer milk during September 2009 totaled 543.4 million pounds. There were 25 regulated pool distributing plants, 2 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2009. Class I route disposition in the area was 437.2 million pounds in August 2009.

USDA Creates National Institute of Food and Agriculture

On October 8, Agriculture Secretary Tom Vilsack launched the National Institute of Food and Agriculture (NIFA) with a major speech regarding the role of science and research at USDA. The following are excerpts from Vilsack's prepared remarks:

"The opportunity to truly transform a field of science happens at best once a generation. Right now, I am convinced, is USDA's opportunity to work with the Congress, the other science agencies, and with our partners in industry, academia, and the nonprofit sector, to bring about transformative change. We can build on recent scientific discoveries - incredible advances in sequencing plant and animal genomes, for example. We have new and powerful tools -- biotechnology, nanotechnology, and large-scale computer simulations -- applicable to all types of agriculture.

"Formed in the main from the existing Cooperative State Research, Education, and Extension Service, NIFA will be the Department's extramural research enterprise. It is no exaggeration to say that NIFA will be a research "start-up" company - we will be rebuilding our competitive grants program from the ground up to generate real results for the American people.

"I want USDA science to focus most of its resources on accomplishing a few, bold outcomes with great power to improve human health and protect our environment:

- USDA science will support our ability to keep American agriculture competitive while ending world hunger. At a time when disruptive climate change threatens production of some of the world's staple foods, some of the biggest gains we can make in ending world hunger will involve development of stress-resistant crops.

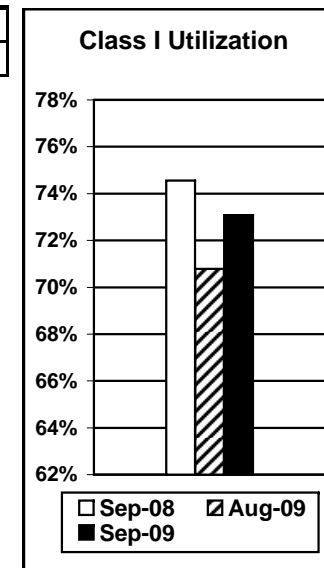
(continued on pg. 6)

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
Jul 2008	\$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	\$1.2718	\$10.71	\$5.61	\$1.2648	\$9.84	\$ 5.92	\$1.2648	\$10.14	\$ 9.13	\$1.2567	\$13.21
Jun	\$9.71	\$1.2897	\$13.88	\$6.61	\$1.2614	\$10.79	\$5.78	\$1.2544	\$9.97	\$ 6.04	\$1.2544	\$10.22	\$ 8.70	\$1.2677	\$12.83
Jul	\$9.83	\$1.3062	\$14.06	\$6.73	\$1.2508	\$10.87	\$5.82	\$1.2438	\$9.97	\$ 6.01	\$1.2438	\$10.15	\$ 8.94	\$1.2693	\$13.07
Aug	\$9.80	\$1.2529	\$13.84	\$6.70	\$1.2561	\$10.86	\$7.08	\$1.2491	\$11.20	\$ 6.23	\$1.2491	\$10.38	\$ 9.25	\$1.2508	\$13.30
Sep	\$10.54	\$1.3026	\$14.73	\$6.95	\$1.2296	\$11.01	\$8.12	\$1.2226	\$12.11	\$ 7.12	\$1.2226	\$11.15	\$ 10.08	\$1.2549	\$14.12
Oct	\$12.23	\$1.2421	\$16.15	\$7.71											

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.	%
Jul 2008	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	2,968	393,669	61.02%	62,288	9.65%	122,741	19.02%	66,498	10.31%
May	663,300	2,994	379,284	57.18%	61,295	9.24%	155,016	23.37%	67,705	10.21%
Jun	605,153	2,958	370,303	61.19%	63,971	10.57%	132,530	21.90%	38,350	6.34%
Jul	570,631	2,811	381,874	66.92%	62,766	11.00%	110,511	19.37%	15,480	2.71%
Aug	568,941	2,803	402,719	70.79%	60,254	10.59%	59,535	10.46%	46,434	8.16%
Sep	543,362	2,850**	397,084	73.08%	69,511	12.79%	63,408	11.67%	13,360	2.46%



* 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 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
OCT 2009	11/11/09	11/12/09	11/13/09	10/26/09	10/26/09	11/13/09	11/16/09
NOV 2009	12/11/09	12/14/09	12/15/09	11/25/09	11/27/09	12/15/09	12/16/09
DEC 2009	01/11/10	01/12/10	01/13/10	12/28/09	12/28/09	01/13/10	01/14/10

** The base rate for making partial payments in Fulton County, GA for October will be \$12.71 per hundredweight. This is 90 percent of the preceding month's uniform price of \$14.12 per hundredweight.

Producer Touch Base Requirements & Handler Diversion Limits

[per Order Amendment issued March 17, 2008]

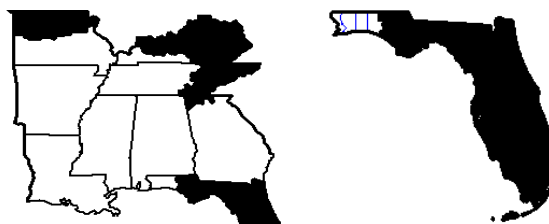
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Producer Touch Base Days	1	1	1	1	1	1	1	1	1	1	1	1
Diversion Percentage Limits	25%	25%	35%	35%	35%	35%	25%	25%	25%	25%	25%	35%

USDA Creates National Institute of Food and Agriculture (continued from pg. 4)

- USDA science will support our ability to improve nutrition and end child obesity. At USDA we want to take the nutrition and food choice insights we have gained from our science to test out some new approaches to school lunches, breakfast and our other nutrition assistance and education programs.
- USDA science will support our efforts to radically improve food safety for all Americans. Each year in the U.S. alone, food-borne pathogens like E. coli kill 5,000 people and sicken 75 million more; the cost to the economy from these infections exceeds \$35 billion.
- USDA science will secure America's energy future. President Obama has set ambitious but achievable goals for securing America's energy future from new domestic sources, including 60 billion gallons a year from biofuels by 2030. We plan to focus specifically on rapidly improving the amount and quality of plant-based feedstocks that will be the source of biofuels.
- USDA science will make us better stewards of America's environment and natural resources. We believe that research in this priority area will identify agricultural operations in the United States that, within 10 years, will be net carbon sinks."



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