

FLORIDA Fluid Milk Report

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Market Administrator

Florida Marketing Area
Federal Order No. 6



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Dairy Committee Appointments Made

On January 6, Secretary Tom Vilsack announced the appointment of 17 members to the Dairy Industry Advisory Committee. Over the next two years, the committee will review the issues of farm milk price volatility, dairy farmer profitability and consolidation, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry. Representatives will include: producers and producer organizations, processors and processor organizations, handlers, consumers, academia, retailers, and state agencies involved in organic and non-organic dairy at the local, regional, national, and international levels.

"USDA has worked tirelessly to assist dairy farmers during these tough times," said Vilsack. "We've increased support prices under the Dairy Product Price Support Program, reactivated the Dairy Export Incentive Program, and bought 200 million pounds of nonfat dry milk for federal feeding programs. This committee, whose members come from all aspects of the dairy industry, will work to find long term solutions to assist this struggling industry."

Producer members appointed to the committee are: Erick Coolidge (Pa.), Timothy den Dulk (Mich.), Debora Erb (N.H.), James Goodman (Wis.), James Krahn, (Ore.), Edward Maltby (Mass.), Manuel Souza (Calif.), Ed Welch (Minn.), and James Williams (Ga.).

Representatives from the processing industry include: Jay Bryant (Va.), Patricia Stroup (Calif.), Sue Taylor (Colo.), and Robert Wills. (Wis.).

Members representing state government, retail, academia, and consumers are: Rodney Nilsestuen (Wis.), Robert Schupper (Pa.), Andrew Novakovic (N.Y.), and Paul Bourbeau (Vt.).

All members will serve two-year terms, beginning in January 2010. The committee will hold its first meeting in early 2010. The meeting will be open to the public and USDA encourages public participation. For more information check the committee website at www.ams.usda.gov/AMSV1.0/DairyAdvisoryCommittee.

Uniform Price

The uniform price in Hillsborough County, Florida, was \$18.99 per hundredweight for milk at 3.5 percent butterfat for the month of December. This represents an increase of \$1.19 compared with the previous month and an increase of \$0.11 from December 2008.

Class I utilization was 87.65 percent in December, an increase of 2.71 percent compared with last month and an increase of 3.17 percent from December 2008.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in November was 15.06 billion pounds, a decrease of 1.0 percent from November 2008 and a increase of 0.9 percent when compared with October 2009 on a daily average basis. Total cheese output (excluding cottage cheese) was 844 million pounds, 1.9 percent above November 2008 and 1.2 percent above October 2009 on a daily average basis. Butter production was 121 million pounds, 9.7 percent below November 2008 but 10.4 percent above October 2009 on a daily average basis.

Nonfat dry milk powder production was 101 million pounds in November, 24.7 percent less than November 2008 and 13.8 percent higher than October 2009 on a daily average basis. Dry whey production was 86.0 million pounds, 0.5 percent below November 2008 and 0.2 percent above October 2009 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 2.38 in December 2009, up 0.15 points from the previous month's revised ratio of 2.23.

F.O. 6 - FLORIDA: CALCULATION OF UNIFORM PRICES - DECEMBER 2009

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	50.26%	4,641,208	\$1.4310	\$ 6,641,568.65
Class I Differential at Location				257,770.34
Class II Butterfat	33.15%	3,062,368	\$1.5503	4,747,589.12
Class III Butterfat	1.16%	107,453	\$1.5433	165,832.21
Class IV Butterfat	15.43%	1,425,640	\$1.5433	2,200,190.22
Total Butterfat	100.00%	9,236,669		\$ 14,012,950.54
Uniform Butterfat Price per lb. (Hillsborough County, Florida):			\$1.5171	

Calculation of Uniform Skim Milk Price

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	89.06%	218,356,269	\$9.31 /cwt.	\$ 20,328,968.65
Class I Butterfat	50.26%	4,641,208	\$1.4310 /lb.	6,641,568.65
Class I Differential at Location		222,997,477		12,412,029.01
Total Class I Milk	87.65%	222,997,477		\$ 39,382,566.31
Class II Skim Milk	7.36%	18,040,386	\$9.14 /cwt.	\$ 1,648,891.29
Class II Butterfat	33.15%	3,062,368	\$1.5503 /lb.	4,747,589.12
Total Class II Milk	8.29%	21,102,754		\$ 6,396,480.41
Class III Skim Milk	0.23%	574,913	\$9.93 /cwt.	\$ 57,088.86
Class III Butterfat	1.16%	107,453	\$1.5433 /lb.	165,832.21
Total Class III Milk	0.27%	682,366		\$ 222,921.07
Class IV Skim Milk	3.35%	8,222,776	\$9.96 /cwt.	\$ 818,988.48
Class IV Butterfat	15.43%	1,425,640	\$1.5433 /lb.	2,200,190.22
Total Class IV Milk	3.79%	9,648,416		\$ 3,019,178.70
Producer Milk	100.00%	254,431,013		\$ 49,021,146.49

Adjustments

Overage and Other Source	\$2,249.37
Inventory Adjustments	\$17,598.44
Producer butterfat at uniform butterfat price	(\$14,012,950.54)
Location Adjustments to Producers	(\$282,481.52)
1/2 Unobligated Balance in P.S.F	\$142,057.04
Adjusted Pool Value	\$ 14,22856
Reserve for Producer Settlement Func	\$ 0.04856
	\$34,887,619.28
	\$119,061.30

Uniform Skim Milk Price per cwt. (Hillsborough County, Florida):

\$14.18

Uniform Price per cwt. (Hillsborough County, Florida)

\$18.99*

* 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 2009	JAN 2010	NOV 2009	DEC 2009	DEC 2009
Appalachian (Charlotte)	\$ 17.39	\$ 18.43	\$ 15.89	\$ 16.99	71.96%
Arizona (Phoenix)	\$ 16.34	\$ 17.38	\$ 14.38	\$ 15.50	35.68%
Central (Kansas City)	\$ 15.99	\$ 17.03	\$ 13.86	\$ 14.96	39.28%
Florida (Tampa)	\$ 19.39	\$ 20.43	\$ 17.80	\$ 18.99	87.65%
Mideast (Cleveland)	\$ 15.99	\$ 17.03	\$ 14.11	\$ 15.12	43.60%
Northeast (Boston)	\$ 17.24	\$ 18.28	\$ 15.02	\$ 16.11	47.30%
Pacific Northwest (Seattle)	\$ 15.89	\$ 16.93	\$ 13.92	\$ 15.05	32.44%
Southeast (Atlanta)	\$ 17.79	\$ 18.83	\$ 16.28	\$ 17.23	67.08%
Southwest (Dallas)	\$ 16.99	\$ 18.03	\$ 15.03	\$ 16.00	41.12%
Upper Midwest (Chicago)	\$ 15.79	\$ 16.83	\$ 14.12	\$ 15.06	14.50%

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

Receipts:	December 2009	December 2008
Producer Milk		
Class I	222,997,477	223,609,194
Class II	21,102,754	18,762,440
Class III	682,366	5,216,583
Class IV	9,648,416	17,100,800
Total Producer Milk	<u>254,431,013</u>	<u>264,689,017</u>
Average Butterfat Test	3.36%	3.69%
Percent of Producer Milk in Class I	87.65%	84.48%
Daily Average Receipts	8,207,452	8,538,355
Other Source Milk		
Class I	4,047,526	5,201,529
Class II	8,402,405	11,380,613
Class III	11,550	0
Class IV	2,394,117	2,924,421
Total Other Source Milk	<u>14,855,598</u>	<u>19,506,563</u>
Overage		
Class I	0	14,504
Class II	0	0
Class III	0	0
Class IV	22,584	0
Total Overage	<u>22,584</u>	<u>14,504</u>
Opening Inventory		
Class I	13,091,852	12,089,510
Class II	1,889,288	376,638
Class III	220,995	75,308
Class IV	6,659,521	9,105,710
Total Opening Inventory	<u>21,861,656</u>	<u>21,647,166</u>
Total Receipts	291,170,851	305,857,250
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	13,824,168	12,710,081
Route Disposition Class I	224,036,421	226,299,538
Shrinkage	1,530,739	1,638,351
Transfers & Diversions to Nonpool	745,527	266,767
Total Class I Utilization	<u>240,136,855</u>	<u>240,914,737</u>
Average Butterfat Test	2.08%	2.15%
Daily Average Utilization	7,746,350	7,771,443
Class II Utilization		
Nonfluid Used To Produce	8,396,355	11,374,058
Shrinkage	3,942,444	0
Transfers & Diversions to Nonpool/Commercial Foods	4,382,236	5,784,910
Used To Produce/Other Uses	13,673,412	13,360,723
Total Class II Utilization	<u>31,394,447</u>	<u>30,519,691</u>
Average Butterfat Test	9.76%	9.92%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool/Used to Produce	914,911	5,291,891
Use to Produce/Other Uses	0	0
Total Class III Utilization	<u>914,911</u>	<u>5,291,891</u>
Average Butterfat Test	11.91%	7.16%
Class IV Utilization		
Inventory	6,690,897	7,676,239
Nonfluid Used To Fortify	1,930,460	2,709,107
Shrinkage	0	4,185,479
Transfers & Diversions to Nonpool	10,103,281	12,832,032
Used To Produce/Other Uses	0	1,728,074
Total Class IV Utilization	<u>18,724,638</u>	<u>29,130,931</u>
Average Butterfat Test	10.44%	7.11%
Total Utilization	291,170,851	305,857,250

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in December 2009 is \$18.99 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County. This is .965 times the uniform skim milk price of \$14.18 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5171 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 89.06% of all producer skim milk (priced to handlers at \$9.31 per hundredweight, plus the Class I differential and 50.26% of producer butterfat (priced to handlers at \$1.4310 per pound plus Class I differential). Class II use accounted for 7.36% of all producer skim milk (\$9.14 per hundredweight) and 33.15% of producer butterfat (\$1.5503 per pound). Class III use accounted for 0.23% of all producer skim milk (\$9.93 per hundredweight) and 1.16% of producer butterfat (\$1.5433 per pound). Class IV use accounted for 3.35% of all producer skim milk (\$9.96 per hundredweight) and 15.43% of producer butterfat (\$1.5433 per pound).

Receipts of producer milk during December 2009 totaled 254.4 million pounds, 10.3 million pounds less than was pooled in December of last year. Florida producers supplied 151.9 million pounds of milk in November 2009 or 61.15% of the total producer milk pooled in Florida. In November 2008, Florida producers supplied 61.81% of producer milk pooled on the Florida market.

There were 12 regulated pool distributing plants and 4 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2009. In-area Class I route disposition totaled 245.7 million pounds in November 2009, 16.7 million more than November 2008 and an increase of 6.71 percent after adjusting for calendar composition.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
November 2009		
Whole Milk	82,525,189	33.59%
Fat Free Milk	33,850,426	13.78%
Lowfat Milk (incl. 1%)	33,443,491	13.61%
Reduced Fat Milk (incl. 2%)	71,846,515	29.25%
Cultured Fluid Milk (incl. Buttermilk)	1,315,521	0.54%
Flavored Drinks and Milk	22,680,617	9.23%
Total Disposition in Marketing Area	245,661,759	100.00%
Total Disposition by Pool Plants	215,545,061	87.74%
Total Disposition by Nonpool Plants	30,116,698	12.26%
Total Disposition in Marketing Area	245,661,759	100.00%

USDA Announces New Dairy Economic Loss Assistance Payment Program to Provide Financial Relief to Struggling Dairy Producers

On December 17, 2009, Secretary Tom Vilsack announced the implementation of the new Dairy Economic Loss Assistance Payment (DELAP) program. The 2010 Agricultural Appropriations Bill authorized \$290 million for loss assistance payments to eligible producers. Eligible producers will receive a one-time direct payment based on the amount of milk both produced and commercially marketed by their operation during the months of February through July 2009. Production information from these months will be used to estimate a full year's production for an operation to calculate the payments, using a 6-million pound per dairy operation limit.

Based on current information, Farm Service Agency estimates that 875 million hundredweight (cwt) of milk production will be eligible for payment. The reserve will cover new applicants and appeals. The expected payment rate is approximately \$0.32 per cwt.

To be eligible for DELAP, the dairy producer and the dairy operation in which the producer has a share:

- Must have produced milk in the United States and marketed milk commercially at any time from February through July 2009;
- Must have milk production data for those months;
- Must certify to all milk production produced and marketed by the dairy operation during that time.

Also, any dairy producer who has an annual average adjusted gross nonfarm income of more than \$500,000 for calendar years 2006 through 2008 is not eligible for DELAP. For more information and eligibility requirements on the new DELAP program, please visit your local FSA county office or www.fsa.usda.gov.

!! Reminder !!

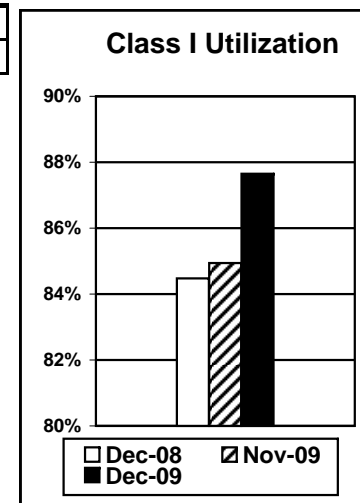
Southern Dairy Conference
 January 26-27, 2010,
 Atlanta, GA
www.southerndairyconference.com

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 2008	\$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	\$1.1154	\$10.41	\$7.15	\$1.1084	\$10.78	\$ 5.92	\$1.1084	\$9.59	\$ 15.02	\$1.2645	\$18.92
Feb	\$12.47	\$1.1680	\$16.12	\$6.63	\$1.1011	\$10.25	\$5.68	\$1.0941	\$9.31	\$ 5.82	\$1.0941	\$9.45	\$ 11.47	\$1.1299	\$15.02
Mar	\$11.21	\$1.1458	\$14.83	\$6.51	\$1.1664	\$10.36	\$6.61	\$1.1594	\$10.44	\$ 5.78	\$1.1594	\$9.64	\$ 10.51	\$1.1561	\$14.19
Apr	\$11.96	\$1.2040	\$15.76	\$6.47	\$1.2119	\$10.49	\$6.80	\$1.2049	\$10.78	\$ 5.81	\$1.2049	\$9.82	\$ 11.28	\$1.2077	\$15.11
May	\$12.41	\$1.2559	\$16.37	\$6.49	\$1.2718	\$10.71	\$5.61	\$1.2648	\$9.84	\$ 5.92	\$1.2648	\$10.14	\$ 11.63	\$1.2639	\$15.65
Jun	\$11.31	\$1.3057	\$15.48	\$6.61	\$1.2614	\$10.79	\$5.78	\$1.2544	\$9.97	\$ 6.04	\$1.2544	\$10.22	\$ 10.84	\$1.2850	\$14.96
Jul	\$11.43	\$1.3222	\$15.66	\$6.73	\$1.2508	\$10.87	\$5.82	\$1.2438	\$9.97	\$ 6.01	\$1.2438	\$10.15	\$ 10.95	\$1.2888	\$15.08
Aug	\$11.40	\$1.2689	\$15.44	\$6.70	\$1.2561	\$10.86	\$7.08	\$1.2491	\$11.20	\$ 6.23	\$1.2491	\$10.38	\$ 10.84	\$1.2626	\$14.88
Sep	\$12.14	\$1.3186	\$16.33	\$6.95	\$1.2296	\$11.01	\$8.12	\$1.2226	\$12.11	\$ 7.12	\$1.2226	\$11.15	\$ 11.53	\$1.2717	\$15.58
Oct	\$13.83	\$1.2581	\$17.75	\$7.71	\$1.2822	\$11.93	\$8.66	\$1.2752	\$12.82	\$ 7.66	\$1.2752	\$11.86	\$ 13.25	\$1.2701	\$17.23
Nov	\$14.10	\$1.3292	\$18.26	\$8.38	\$1.4726	\$13.24	\$9.27	\$1.4656	\$14.08	\$ 8.41	\$1.4656	\$13.25	\$ 13.35	\$1.4044	\$17.80
Dec	\$14.71	\$1.4850	\$19.39	\$9.14	\$1.5503	\$14.25	\$9.93	\$1.5433	\$14.98	\$ 9.96	\$1.5433	\$15.01	\$ 14.18	\$1.5171	\$18.99
Jan 2010	\$15.22	\$1.6414	\$20.43	\$10.52											

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 2008	250,742	415	210,122	83.80%	19,828	7.91%	3,556	1.42%	17,237	6.87%
Dec	264,689	430	223,609	84.48%	18,762	7.09%	5,217	1.97%	17,101	6.46%
Jan 2009	286,220	404	233,649	81.64%	18,349	6.41%	11,770	4.11%	22,452	7.84%
Feb	267,601	410	217,760	81.37%	19,124	7.15%	15,258	5.70%	15,460	5.78%
Mar	278,448	328	233,588	83.89%	22,457	8.07%	2,711	0.97%	19,692	7.07%
Apr	258,797	273	222,033	85.80%	19,537	7.55%	2,521	0.97%	14,705	5.68%
May	247,816	249	212,327	85.68%	19,090	7.70%	7,311	2.95%	9,088	3.67%
Jun	221,439	317	196,502	88.74%	18,212	8.22%	3,222	1.46%	3,503	1.58%
Jul	231,404	313	205,723	88.91%	18,786	8.12%	3,389	1.46%	3,506	1.51%
Aug	243,010	432	211,546	87.05%	20,257	8.34%	1,273	0.52%	9,934	4.09%
Sep	239,600	456	205,275	85.68%	22,835	9.53%	581	0.24%	10,908	4.55%
Oct	249,862	450	220,892	88.40%	19,240	7.70%	444	0.18%	9,286	3.72%
Nov	248,555	413	211,104	84.94%	23,365	9.40%	579	0.23%	13,507	5.43%
Dec	254,431	425**	222,997	87.65%	21,103	8.29%	682	0.27%	9,648	3.79%



* 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 2010 through March 2010									
	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 2010	02/11/10	02/12/10	02/16/10	01/19/10	01/20/10	02/04/10	02/05/10	02/16/10	02/17/10
FEB 2010	03/11/10	03/12/10	03/15/10	02/19/10	02/22/10	03/04/10	03/05/10	03/15/10	03/16/10
MAR 2010	04/11/10	04/12/10	04/13/10	03/19/10	03/22/10	04/05/10	04/05/10	04/13/10	04/14/10

**The base rate for making partial payments in Hillsborough Co., FL for January will be \$17.09 per hundredweight for cooperatives (90 percent of the preceding month's uniform price) and \$16.14 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%	

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The milk production forecast is raised for 2010 reflecting the relatively slow pace of cow liquidation in late 2009. Commercial dairy exports for 2009 are adjusted reflecting stronger skim-basis sales, but slightly weaker fat-basis sales. Import forecasts are reduced for 2009. Trade forecasts are unchanged for 2010. Fat and skim-solids ending stocks are forecast higher for 2009. Ending stocks for 2010 are raised on a skim-solids basis but are lowered on a fat-basis. Forecasts of butter and cheese prices are lowered as milk production forecasts are raised.

However, relatively strong international demand should support prices for nonfat dry milk (NDM) and whey. The 2010 Class III price is lowered from last month as lower expected cheese prices more than offset stronger whey prices. The Class IV price forecast for 2010 is raised from last month as stronger NDM prices more than offset weaker butter prices. The all milk price is reduced to \$16.20 to \$17.00 for 2010.

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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