

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

Final Decision on Amendments to All Federal Milk Marketing Orders Issued

The USDA has issued a final decision to amend the producer-handler definition in all Federal milk marketing orders. These amendments were considered in a recommended decision published October 21, 2009.

This decision amends the producer-handler definition of all Federal milk marketing orders to limit exemption from pooling and pricing provisions of the orders to those producer-handlers with total route disposition and sales of packaged fluid milk products to other plants of 3 million pounds or less per month. The exempt plant definition would continue to limit route disposition and sales of packaged fluid milk products to other plants to 150,000 pounds or less per month.

Before incorporating these changes, each amended Federal order must be approved either by two-thirds of producers supplying milk to the Federal order or by producers who supply two-thirds of the milk to that order. If approved, USDA will issue a final rule. If the amended Federal order is not approved, USDA will terminate that order.

The decision was published in the March 4, 2010 Federal Register and is available for viewing at www.ams.usda.gov/AMSV1.0/dairy. To request that a copy of this recommended decision be mailed to you, please contact this office.

Dairy Advisory Committee Update

The USDA Dairy Industry Advisory Committee has announced a meeting will be held April 13-15, 2010 in Washington, DC. The meeting will be open to the public and registration will begin upon publication of the Federal Register Notice, at least 15 days prior to the meeting. The Farm Service Agency (FSA) has set up a website that contains the most up-to-date information on the Committee's activities at www.fsa.usda.gov/diac.

Uniform Price Virtually Unchanged

The uniform price in Fulton County, GA, was \$17.59 per hundredweight of milk at 3.5 percent butterfat for the month of February. The uniform price is \$0.01 lower than the previous month and is \$4.37 per hundredweight higher compared with February of last year.

Class I utilization was 68.23 percent in February, a decrease of 0.47 percent compared with the previous month and an increase of 0.30 percent compared with February 2009.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in January was 16.04 billion pounds, a decrease of 0.6 percent from January 2009 and an increase of 1.7 percent when compared with December 2009. Total cheese output (excluding cottage cheese) was 842 million pounds, 2.2 percent above January 2009 but 2.3 percent below December 2009. Butter production was 162 million pounds, 7.2 percent below January 2009 but 7.5 percent above December 2009.

Nonfat dry milk powder production was 127.9 million pounds in January, 17.3 percent less than January 2009 and 1.6 percent higher than December 2009. Dry whey production was 85.5 million pounds, up 8.0 percent from January 2009 and 0.4 percent above December 2009.

The milk-feed price ratio was 2.38 in February, up 0.07 from the previous month's revised ratio.

Transportation Credit Update

Preliminary claims on the Federal Order 7 transportation credit balancing fund for February 2010 were made for \$2,174,545.32.

Since the available balance was \$1,116,150.03, eligible claims were paid at the rate of approximately \$0.51 on the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2010

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	35.67%	7,346,960	\$1.4090	\$ 10,351,866.65
Class I Differential at Location				246,255.70
Class II Butterfat	22.06%	4,544,947	\$1.4474	6,578,356.33
Class III Butterfat	17.45%	3,593,376	\$1.4404	5,175,898.78
Class IV Butterfat	24.82%	5,112,892	\$1.4404	7,364,609.61
Total Butterfat	100.00%	20,598,175		\$ 29,716,987.07
Uniform Butterfat Price per lb. (Fulton County, Georgia):				\$1.4427

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	69.50%	364,823,267	\$10.27 /cwt.	\$ 37,467,349.52
Class I Butterfat	35.67%	7,346,960	\$1.4090 /lb.	10,351,866.65
Class I Differential at Location		372,170,227		12,492,541.41
Total Class I Milk	68.23%	372,170,227		\$ 60,311,757.58
Class II Skim Milk	7.94%	41,667,983	\$10.97 /cwt.	\$ 4,570,977.75
Class II Butterfat	22.06%	4,544,947	\$1.4474 /lb.	6,578,356.33
Total Class II Milk	8.47%	46,212,930		\$ 11,149,334.08
Class III Skim Milk	13.62%	71,476,944	\$9.57 /cwt.	\$ 6,840,343.52
Class III Butterfat	17.45%	3,593,376	\$1.4404 /lb.	5,175,898.78
Total Class III Milk	13.76%	75,070,320		\$ 12,016,242.30
Class IV Skim Milk	8.94%	46,914,404	\$8.14 /cwt.	\$ 3,818,832.50
Class IV Butterfat	24.82%	5,112,892	\$1.4404 /lb.	7,364,609.61
Total Class IV Milk	9.54%	52,027,296		\$ 11,183,442.11
Producer Milk	100.00%	545,480,773		\$ 94,660,776.07

Adjustments

Overage and Other Source	\$1,841.70
Inventory Adjustments	\$14,897.98
Producer butterfat at uniform butterfat price	(\$29,716,987.07)
Location Adjustments to Producers	\$3,233,059.33
1/2 Unobligated Balance in P.S.F	\$260,988.18
Adjusted Pool Value	\$ 13,041.88
Reserve for Producer Settlement Func	\$ 0.04188
	\$68,454,576.19

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

\$13.00

Uniform Price per cwt. (Fulton County, Georgia)

\$17.59*

* 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 %
	FEB 2010	MAR 2010	JAN 2010	FEB 2010	FEB 2010
Appalachian (Charlotte)	\$ 18.24	\$ 17.74	\$ 17.31	\$ 17.35	69.65%
Arizona (Phoenix)	\$ 17.19	\$ 16.69	\$ 15.21	\$ 14.88	32.75%
Central (Kansas City)	\$ 16.84	\$ 16.34	\$ 14.88	\$ 14.79	33.00%
Florida (Tampa)	\$ 20.24	\$ 19.74	\$ 19.42	\$ 19.65	87.75%
Mideast (Cleveland)	\$ 16.84	\$ 16.34	\$ 15.30	\$ 15.38	43.40%
Northeast (Boston)	\$ 18.09	\$ 17.59	\$ 16.26	\$ 16.30	44.40%
Pacific Northwest (Seattle)	\$ 16.74	\$ 16.24	\$ 14.88	\$ 14.63	27.32%
Southeast (Atlanta)	\$ 18.64	\$ 18.14	\$ 17.60	\$ 17.59	68.23%
Southwest (Dallas)	\$ 17.84	\$ 17.34	\$ 16.10	\$ 15.99	40.35%
Upper Midwest (Chicago)	\$ 16.64	\$ 16.14	\$ 14.76	\$ 14.62	13.10%

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

Receipts:	February 2010	February 2009
Producer Milk		
Class I	372,170,227	370,916,337
Class II	46,212,930	57,125,125
Class III	75,070,320	97,874,975
Class IV	52,027,296	20,079,305
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Total Producer Milk	545,480,773	545,995,742
Average Butterfat Test	3.78%	3.69%
Percent of Producer Milk in Class I	68.23%	67.93%
Daily Average Receipts	19,481,456	19,499,848
Other Source Milk		
Class I	7,911,301	8,128,170
Class II	2,678,231	3,013,772
Class III	1,575,034	11,437,257
Class IV	3,211,418	7,988,644
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Total Other Source Milk	15,375,984	30,567,843
Overage		
Class I	303	0
Class II	0	0
Class III	0	0
Class IV	1,257	6,079
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Total Overage	1,560	6,079
Opening Inventory		
Class I	31,846,653	26,514,391
Class II	872,948	525,109
Class III	47,799	6,088,859
Class IV	28,459,911	14,891,998
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Total Opening Inventory	61,227,311	48,020,357
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Total Receipts	622,085,628	624,590,021
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	31,100,479	29,529,838
Route Disposition Class I	370,181,444	365,154,256
Shrinkage	2,370,413	1,641,343
Transfers & Diversions to Nonpool	8,276,148	9,233,461
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Total Class I Utilization	411,928,484	405,558,898
Average Butterfat Test	1.97%	1.99%
Daily Average Utilization	14,711,732	14,484,246
Class II Utilization		
Nonfluid Used To Produce	989,702	1,568,105
Shrinkage	2,614	541,132
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	28,461,282	36,984,601
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Total Class II Utilization	49,764,109	60,664,006
Average Butterfat Test	11.06%	9.69%
Class III Utilization		
Shrinkage	0	7,300,970
Transfers & Diversions to Nonpool	76,693,153	103,656,529
Used To Produce/Other Uses	0	4,443,592
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Total Class III Utilization	76,693,153	115,401,091
Average Butterfat Test	4.78%	3.76%
Class IV Utilization		
Inventory	29,774,841	19,833,001
Nonfluid Used To Fortify	1,366,669	1,363,993
Shrinkage	7,190,883	0
Transfers & Diversions to Nonpool	41,540,933	21,769,032
Used To Produce/Other Uses	3,826,556	0
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Total Class IV Utilization	83,699,882	42,966,026
Average Butterfat Test	7.98%	11.67%
Total Utilization	622,085,628	624,590,021

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2010 is \$17.59 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$13.00 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4427 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 February, Class I use, which is primarily bottled or packaged fluid milk, accounted for 69.50% of all producer skim milk (priced to handlers at \$10.27 per hundredweight, plus the Class I differential, see page 2) and 35.67% of producer butterfat (priced to handlers at \$1.4090 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.94% of all producer skim milk (\$10.97 per hundredweight) and 22.06% of producer butterfat (\$1.4474 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.62% of all producer skim milk (\$9.57 per hundredweight) and 17.45% of producer butterfat (\$1.4404 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.94% of all producer skim milk (\$8.14 per hundredweight) and 24.82% of producer butterfat (\$1.4404 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
January 2010		
Whole Milk	139,029,714	30.87%
Fat Free Milk	53,146,023	11.80%
Lowfat Milk (incl. 1%)	38,494,672	8.55%
Reduced Fat Milk (incl. 2%)	167,195,202	37.13%
Cultured Fluid Milk (incl. Buttermilk)	8,624,906	1.92%
Flavored Drinks and Milk	43,827,992	9.73%
Total Disposition in Marketing Area	450,318,509	100.00%
Total Disposition by Pool Plants	366,012,223	81.28%
Total Disposition by Nonpool Plants	84,306,286	18.72%
Total Disposition in Marketing Area	450,318,509	100.00%

Receipts of producer milk during February totaled 545.5 million pounds. There were 25 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 February 2010. Class I route disposition in the area was 450.3 million pounds in January 2010.

Estimated Total US Sales of Fluid Milk Products; 2008-2009 (Preliminary)

	2008	2009 (Preliminary)	Percent Change (Preliminary)
Whole Milk	15,145	14,958	-1.2
Flavored Whole Milk	596	578	-3.0
Organic Whole Milk	389	371	-4.6
Reduced Fat Milk (2%)	18,324	18,669	1.9
Low Fat Milk (1%)	6,695	6,896	3.0
Fat-Free Milk (Skim)	8,169	8,129	-0.5
Flavored Fat-Reduced Milk	3,732	3,855	3.3
Organic Fat-Reduced Milk	1,287	1,231	-4.4
Buttermilk	565	592	4.8
Total Fluid Milk Products 3/	55,140	55,487	0.6
Total Fluid Milk Products Adj. 3/ 4/	54,977	55,487	0.9

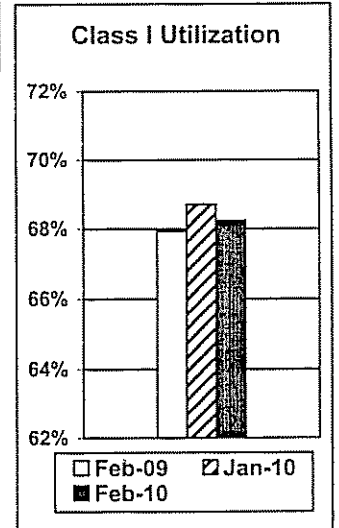
1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the sum of the monthly figures presented here may differ from the annual figures published by ERS. The ERS data series can be found at <http://www.ers.usda.gov/Data/FoodConsumption/Spreadsheets/dyfluid.xls>. 2/ Some data for January-March 2009 have been revised due to changes in the information from some reporting areas. 3/ Total fluid milk products include the products listed plus miscellaneous products and egg nog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

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 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	\$1.2822	\$11.93	\$8.66	\$1.2752	\$12.82	\$ 7.66	\$1.2752	\$11.86	\$ 11.54	\$1.2622	\$15.55
Nov	\$12.50	\$1.3132	\$16.66	\$8.38	\$1.4726	\$13.24	\$9.27	\$1.4656	\$14.08	\$ 8.41	\$1.4656	\$13.25	\$ 11.77	\$1.4075	\$16.28
Dec	\$13.11	\$1.4690	\$17.79	\$9.14	\$1.5503	\$14.25	\$9.93	\$1.5433	\$14.98	\$ 9.96	\$1.5433	\$15.01	\$ 12.36	\$1.5152	\$17.23
Jan 2010	\$13.62	\$1.6254	\$18.83	\$10.52	\$1.4475	\$15.22	\$9.80	\$1.4405	\$14.50	\$ 9.13	\$1.4405	\$13.85	\$ 12.77	\$1.5074	\$17.60
Feb	\$14.07	\$1.4470	\$18.64	\$10.97	\$1.4474	\$15.65	\$9.57	\$1.4404	\$14.28	\$ 8.14	\$1.4404	\$12.90	\$ 13.00	\$1.4427	\$17.59
Mar	\$13.40	\$1.4895	\$18.14	\$9.39											

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 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	2,734	397,084	73.08%	69,511	12.79%	63,408	11.67%	13,360	2.46%
Oct	565,165	2,837	418,281	74.01%	60,617	10.73%	63,975	11.32%	22,293	3.94%
Nov	561,219	2,801	394,695	70.33%	66,691	11.88%	71,884	12.81%	27,950	4.98%
Dec	615,755	2,747	413,012	67.08%	61,330	9.96%	103,723	16.84%	37,690	6.12%
Jan 2010	596,885	2,665	410,072	68.70%	44,734	7.49%	80,985	13.57%	61,094	10.24%
Feb	545,481	2,700**	372,170	68.23%	46,213	8.47%	75,070	13.76%	52,027	9.54%



* 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 March 2010 through May 2010

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
MAR 2010	04/11/10	04/12/10	04/13/10	03/25/10	03/26/10	04/13/10	04/14/10
APR 2010	05/11/10	05/12/10	05/13/10	04/26/10	04/26/10	05/13/10	05/14/10
MAY 2010	06/11/10	06/14/10	06/15/10	05/25/10	05/26/10	06/15/10	06/16/10

** The base rate for making partial payments in Fulton County, GA for March will be \$15.83 per hundredweight. This is 90 percent of the preceding month's uniform price of \$17.59 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%

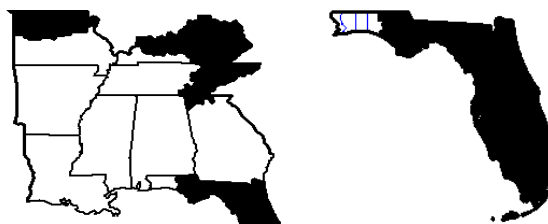
WASDE Dairy Report 1/

WASDE - 480 March 10, 2010

The milk production forecast is raised for 2010 with milk production expected to be fractionally above 2009. Cow slaughter is relatively low and January milk cow numbers were higher than expected. The pace of herd reduction is slowed from last month. Dairy exports on both a fat and skim-solids basis for 2010 are lowered, due to slightly weaker-than-expected international demand during the early part of the year. Imports for 2009 are adjusted to reflect December trade. Fat and skim-solids ending stocks are forecast higher for 2010 as production is increased and exports are reduced. Cheese prices are reduced as higher stocks are expected to pressure prices. Butter price forecasts are raised slightly on the strength of current demand although higher milk supplies and weaker cheese prices may encourage higher butter production pressuring prices later in the year. Nonfat dry milk (NDM) prices are forecast lower as export demand lags. Whey prices are raised slightly reflecting recent market strength. The Class III price is reduced as weaker cheese prices more than outweigh gains in whey prices. The Class IV price forecast is lowered reflecting weaker NDM prices which more than offset higher butter prices. The all milk price for 2010 is forecast at \$15.55 to \$16.15 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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