

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

April 2010

Volume 11—No. 4

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

USDA Outlook: “Further Dramatic Price Increases Are Unlikely”

The drawdown in the size of the U.S. dairy herd, which began last year, is forecast to continue in 2010. The contraction is expected to be larger in the first half, with the year-over-year reduction reaching 1.7 percent following a 1.2 percent contraction in 2009. The milk-feed price ratio is expected to recover smartly in 2010 compared with the 1.72 ratio calculated for 2009. The improved milk-feed ratio will likely support a continuing rise in output per cow in 2010.

Producers will continue to push for additional output per animal before expanding herd size. While larger operations seem to be adding cows, some of that increase may be a freshening of herds, which would also contribute to increasing output per animal. On balance, the rise in output per cow to a projected 20,950 pounds—balanced against a reduction in the national herd size to an estimated 9,045 thousand cows for the year—will result in 189.5 million pounds of milk, about 150,000 pounds more milk in 2010 compared with 2009.

The overall demand outlook is one of recovery. Forecast growth in commercial use of dairy products overall is expected to be moderate in 2010. While milk supplies have tightened since 2009, there is still sufficient milk to meet expected demand, both foreign and domestic.

Since milk production appears ample for meeting expected demand, prices are expected to be higher than 2009, but are unlikely to rise to 2007 or 2008 levels.

The preceding was adapted from the Liveness, Dairy, & Poultry Outlook (LDP-M-189) of March 19, 2010 published by the Economic Research Service, USDA.

Uniform Price Lower for March

The uniform price in Fulton County, GA, was \$16.80 per hundredweight of milk at 3.5 percent butterfat for the month of March. The uniform price is \$0.79 lower than the previous month and is \$4.33 per hundredweight higher compared with March of last year.

Class I utilization was 64.02 percent in March, a decrease of 4.21 percent compared with the previous month and an increase of 3.31 percent compared with March 2009.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in February was 14.77 billion pounds, an increase of 0.1 percent from February 2009 and an increase of 1.8 percent when compared with January 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 777 million pounds, 1.0 percent above February 2009 and 2.2 percent higher than January 2010 on a daily average basis. Butter production was 141 million pounds, 3.1 percent below February 2009 and 3.6 percent below January 2010 on a daily average basis.

Nonfat dry milk powder production was 117 million pounds in February, 4.9 percent less than February 2009 and 0.5 percent above January 2010 on a daily average basis. Dry whey production was 78 million pounds, up 4.4 percent from February 2009 and 0.5 percent above January 2010 on a daily average basis. Whey protein concentrates production was 31.3 million pounds, up 0.2 percent from February 2009 and 0.1 percent below January 2010 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 2.26 in March, down 0.09 from the previous month's revised ratio.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.21%	8,043,854	\$1.4515	\$ 11,675,654.09
Class I Differential at Location				269,147.13
Class II Butterfat	23.08%	5,427,538	\$1.5417	8,367,635.35
Class III Butterfat	22.71%	5,340,311	\$1.5347	8,195,775.27
Class IV Butterfat	20.00%	4,701,854	\$1.5347	7,215,935.31
Total Butterfat	100.00%	23,513,557		\$ 35,724,147.15
Uniform Butterfat Price per lb. (Fulton County, Georgia):			\$1.5193	

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	65.15%	402,343,427	\$9.60 /cwt.	\$ 38,624,968.99
Class I Butterfat	34.21%	8,043,854	\$1.4515 /lb.	11,675,654.09
Class I Differential at Location		410,387,281		13,779,715.92
Total Class I Milk	64.02%	410,387,281		\$ 64,080,339.00
Class II Skim Milk	7.61%	47,011,757	\$9.39 /cwt.	\$ 4,414,404.00
Class II Butterfat	23.08%	5,427,538	\$1.5417 /lb.	8,367,635.35
Total Class II Milk	8.18%	52,439,295		\$ 12,782,039.35
Class III Skim Milk	19.98%	123,407,244	\$7.68 /cwt.	\$ 9,477,676.34
Class III Butterfat	22.71%	5,340,311	\$1.5347 /lb.	8,195,775.27
Total Class III Milk	20.08%	128,747,555		\$ 17,673,451.61
Class IV Skim Milk	7.26%	44,813,665	\$7.82 /cwt.	\$ 3,504,428.61
Class IV Butterfat	20.00%	4,701,854	\$1.5347 /lb.	7,215,935.31
Total Class IV Milk	7.72%	49,515,519		\$ 10,720,363.92
Producer Milk	100.00%	641,089,650		\$ 105,256,193.88

Adjustments

Overage and Other Source	\$9,434.93
Inventory Adjustments	\$24,439.23
Producer butterfat at uniform butterfat price	(\$35,724,147.15)
Location Adjustments to Producers	\$4,001,910.36
1/2 Unobligated Balance in P.S.F.	\$210,025.48

Adjusted Pool Value

	\$ 11.94636	\$73,777,856.73
Reserve for Producer Settlement Fund	\$ 0.04636	\$286,301.67

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

\$11.90

Uniform Price per cwt. (Fulton County, Georgia)

\$16.80*

* 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 %
	MAR 2010	APR 2010	FEB 2010	MAR 2010	MAR 2010
Appalachian (Charlotte)	\$ 17.74	\$ 16.62	\$ 17.35	\$ 16.75	67.49%
Arizona (Phoenix)	\$ 16.69	\$ 15.57	\$ 14.88	\$ 14.29	32.44%
Central (Kansas City)	\$ 16.34	\$ 15.22	\$ 14.79	\$ 14.03	31.99%
Florida (Tampa)	\$ 19.74	\$ 18.62	\$ 19.65	\$ 19.13	87.06%
Mideast (Cleveland)	\$ 16.34	\$ 15.22	\$ 15.38	\$ 14.52	40.10%
Northeast (Boston)	\$ 17.59	\$ 16.47	\$ 16.30	\$ 15.54	42.60%
Pacific Northwest (Seattle)	\$ 16.24	\$ 15.12	\$ 14.63	\$ 13.86	27.28%
Southeast (Atlanta)	\$ 18.14	\$ 17.02	\$ 17.59	\$ 16.80	64.02%
Southwest (Dallas)	\$ 17.34	\$ 16.22	\$ 15.99	\$ 15.06	39.11%
Upper Midwest (Chicago)	\$ 16.14	\$ 15.02	\$ 14.62	\$ 13.32	13.00%

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

Receipts:	March 2010	March 2009
Producer Milk		
Class I	410,387,281	411,466,987
Class II	52,439,295	68,678,059
Class III	128,747,555	131,318,505
Class IV	49,515,519	66,258,621
	<hr/>	<hr/>
Total Producer Milk	641,089,650	677,722,172
Average Butterfat Test	3.66%	3.63%
Percent of Producer Milk in Class I	64.02%	60.71%
Daily Average Receipts	20,680,311	21,862,006
Other Source Milk		
Class I	7,920,720	8,074,482
Class II	3,488,338	3,078,782
Class III	2,156,249	2,262,601
Class IV	6,284,110	8,851,877
	<hr/>	<hr/>
Total Other Source Milk	19,849,417	22,267,742
Overage		
Class I	0	0
Class II	0	2,158
Class III	0	0
Class IV	101,970	0
	<hr/>	<hr/>
Total Overage	101,970	2,158
Opening Inventory		
Class I	31,100,477	29,529,838
Class II	1,912,963	1,210,562
Class III	3,041,748	2,208,973
Class IV	24,820,131	16,413,466
	<hr/>	<hr/>
Total Opening Inventory	60,875,319	49,362,839
	<hr/>	<hr/>
Total Receipts	721,916,356	749,354,911
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	31,886,252	35,302,448
Route Disposition Class I	406,416,595	399,868,499
Shrinkage	1,466,191	2,989,095
Transfers & Diversions to Nonpool	9,639,440	10,911,265
	<hr/>	<hr/>
Total Class I Utilization	449,408,478	449,071,307
Average Butterfat Test	1.96%	2.01%
Daily Average Utilization	14,497,048	14,486,171
Class II Utilization		
Nonfluid Used To Produce	1,183,241	1,454,555
Shrinkage	0	487,925
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	31,579,525	45,684,020
	<hr/>	<hr/>
Total Class II Utilization	57,840,596	72,969,561
Average Butterfat Test	11.45%	9.15%
Class III Utilization		
Shrinkage	7,606,886	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	121,686,456	135,790,079
	<hr/>	<hr/>
Total Class III Utilization	133,945,552	135,790,079
Average Butterfat Test	4.06%	3.88%
Class IV Utilization		
Inventory	26,045,595	17,394,737
Nonfluid Used To Fortify	1,529,566	1,817,604
Shrinkage	100,965	7,677,954
Transfers & Diversions to Nonpool Used To Produce/Other Uses	53,045,604	59,811,468
	<hr/>	<hr/>
Total Class IV Utilization	80,721,730	91,523,964
Average Butterfat Test	8.56%	7.38%
	<hr/>	<hr/>
Total Utilization	721,916,356	749,354,911

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2010 is \$16.80 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.90 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5193 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 March, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.15% of all producer skim milk (priced to handlers at \$9.60 per hundredweight, plus the Class I differential, see page 2) and 34.21% of producer butterfat (priced to handlers at \$1.4515 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.61% of all producer skim milk (\$9.39 per hundredweight) and 23.08% of producer butterfat (\$1.5417 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.98% of all producer skim milk (\$7.68 per hundredweight) and 22.71% of producer butterfat (\$1.5347 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.26% of all producer skim milk (\$7.82 per hundredweight) and 20.00% of producer butterfat (\$1.5347 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
February 2010		
Whole Milk	123,078,577	30.59%
Fat Free Milk	47,529,139	11.81%
Lowfat Milk (incl. 1%)	36,658,877	9.11%
Reduced Fat Milk (incl. 2%)	144,748,372	35.97%
Cultured Fluid Milk (incl. Buttermilk)	7,744,581	1.92%
Flavored Drinks and Milk	42,647,840	10.60%
Total Disposition in Marketing Area	402,407,386	100.00%
Total Disposition by Pool Plants	325,950,068	81.00%
Total Disposition by Nonpool Plants	76,457,318	19.00%
Total Disposition in Marketing Area	402,407,386	100.00%

Receipts of producer milk during March totaled 641.1 million pounds. There were 25 regulated pool distributing plants, 3 pool supply plants and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for March 2010. Class I route disposition in the area was 450.3 million pounds in February 2010.

Component and Somatic Cell Test Results Available on the Market Administrator Website

Federal order provisions provide that the Market Administrator will verify or establish component tests for dairy farmers who are not members of a cooperative association that provides such services. Each month the Southeast Order Market Administrator lab receives and tests independent dairy farmer milk samples for fat, protein, lactose, solids non-fat, freezing point and somatic cells. In order to continue to provide quality results, the lab has recently purchased new infrared component and somatic cell testing equipment. Test results for fat, protein, solids non-fat and somatic cells are available for viewing by dairy farmers via the Market Administrator website.

For first time users, go to www.fmmatlanta.com and click on Laboratory and Test Results on the left panel. Then click on Lab Producer Test Results Information Page and follow the instructions at the bottom of the page to obtain a login name and password. You can also access a sample test results report from this page.

For returning users, access your test results at any time by going to www.fmmatlanta.com and click on Laboratory and Test Results on the left panel. Then click on Direct Link to Lab Producer Test Results. You will be prompted to enter your login name and password.

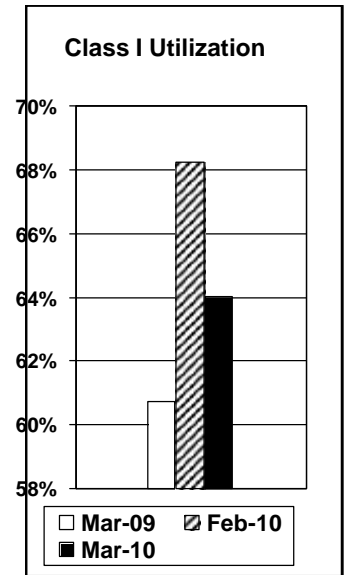
If you have questions, click on Contact the MA Lab via Email from the Laboratory and Test Results web page, or e-mail directly to labtests@fmmatlanta.com or by telephone at (770)682-2501.

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	\$1.5417	\$14.46	\$7.68	\$1.5347	\$12.78	\$7.82	\$1.5347	\$12.92	\$11.90	\$1.5193	\$16.80
Apr	\$11.99	\$1.5559	\$17.02	\$8.52											

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	2,619	372,170	68.23%	46,213	8.47%	75,070	13.76%	52,027	9.54%
Mar	641,090	2,650**	410,387	64.02%	52,439	8.18%	128,748	20.08%	49,516	7.72%



* 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 April 2010 through June 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
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
JUN 2010	07/11/10	07/12/10	07/13/10	06/25/10	06/28/10	07/13/10	07/14/10

** The base rate for making partial payments in Fulton County, GA for April will be \$15.12 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.80 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 - 481 April 9, 2010

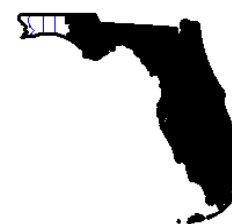
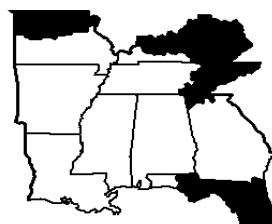
The milk production forecast is raised for 2010 as the pace of herd reduction is reduced from last month. Dairy exports on a skim-solids basis are lowered due to weaker-than-expected sales early in the year. Both fat and skim-solids basis imports are reduced from last month due to weaker-than-expected imports of cheese. Fat and skim stocks are forecast higher for 2010 as cheese stocks have not declined as expected. Product price forecasts are generally lowered from last month as milk production is forecast higher and demand is weaker than expected. The cheese price is reduced as stocks remain high. The butter price forecast is about unchanged from last month as stronger prices in the first half of the year may largely be offset by lower second-half prices as butter production increases. The nonfat dry milk (NDM) price is forecast lower as export demand lags. The whey price is lowered slightly. The Class III price is reduced due to lower cheese and whey prices while the lower price forecast for NDM results in a reduced Class IV price. The all milk price for 2010 is forecast at \$15.45 to \$15.95 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.



MILK MARKET ADMINISTRATOR

U.S. Department Of Agriculture
1550 North Brown Road, Suite 120
Lawrenceville, Georgia 30043



www.fmmatlanta.com

"The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

USDA is an equal opportunity provider and employer."