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

Higher Milk Production To Keep Prices Moderate Despite Improving Demand

Feed prices are expected to remain moderate in both 2010 and 2011. Corn prices are projected to be \$3.45 to \$3.65 per bushel for the 2009/10 crop year and to rise to average \$3.30 to \$3.90 per bushel in 2010/11. Likewise, soybean meal prices are expected to average \$295 per ton this year and average \$230 to \$270 per ton 2010/2011. Prices for feed ingredients have pushed the price of the 2010 benchmark 16-percent protein dairy feed ration 10 percent below 2009. Early forecasts are that the price of the ration will increase only slightly in 2011.

Moderate feed costs may slow the rate of decline in the number of cows in the dairy herd. The May Livestock Slaughter report showed dairy cow slaughter in April above the corresponding month in 2009. The relatively high slaughter rate, combined with the large number of retained heifers, as indicated in the January Cattle report, suggest that the U.S. dairy herd was being freshened. The U.S. herd is expected to average 9,075 thousand cows in 2010 and contract fractionally to average 9,040 in 2011. This represents a small year-over-year contraction compared with the 1.2 percent and 1.4 percent year-over-year declines observed in 2009 and 2010. The Cooperatives Working Together program is offering another herd buyout, with the majority of cows purchased expected to move to market during the summer quarter.

The herd liquidation appears to be slowing; however, the feed price forecast for both this year and next, along with herd freshening, will combine to boost output per cow. Milk production per cow is expected to increase nearly 2 percent in 2010 over 2009 to about 20,980 pounds per cow. In 2011, production per *(continued on Page 4)*

Uniform Price Up \$1.05/cwt

The uniform price in Fulton County, GA, was \$17.64 per hundredweight of milk at 3.5 percent butterfat for the month of June. The uniform price is \$1.05 higher than the previous month and is \$4.81 per hundredweight higher compared with June of last year.

Class I utilization was 62.13 percent in June, an increase of 2.24 percent compared with the previous month and an increase of 0.94 percent compared with June 2009.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in May was 16.98 billion pounds, an increase of 1.1 percent from May 2009 and an increase of 0.2 percent when compared with April 2010 on a daily average basis. Total cheese output (excluding cottage cheese) was 878 million pounds, 2.5 percent above May 2009 and 1.4 percent below April 2010 on a daily average basis. Butter production was 131 million pounds, 5.6 percent below May 2009 and 4.5 percent below April 2010 on a daily average basis.

Nonfat dry milk powder production was 154.4 million pounds in May, up 2.6 percent from May of last year and 1.9 percent below April 2010 on a daily average basis. Dry whey production was 89.7 million pounds, up 2.9 percent from May 2009 and 4.3 percent below April 2010 on a daily average basis.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for June 2010 was \$4,600,834.56. Preliminary claims were made for \$1,338,645.60. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	Utilization	Pounds	Price/lb.	Value
Class I Butterfat	37.64%	7,458,588	$1.7155	$ 12,795,207.74
Class I Differential at Location				250,724.62
Class II Butterfat	28.86%	5,717,771	$1.7304	9,894,030.95
Class III Butterfat	24.96%	4,945,893	$1.7234	8,523,752.00
Class IV Butterfat	8.54%	1,691,953	$1.7234	2,915,911.79
Total Butterfat	**100.00%**	**19,814,205**		**$ 34,379,627.10**

Uniform Butterfat Price per lb. (Fulton County, Georgia): $1.7351

Calculation of Uniform Skim Milk Price:

Producer Milk	Utilization	Pounds	Price per unit		Value
Class I Skim Milk	63.02%	344,192,448	$9.61	/cwt.	$ 33,076,894.24
Class I Butterfat	37.64%	7,458,588	$1.7155	/lb.	12,795,207.74
Class I Differential at Location		351,651,036			11,796,846.43
Total Class I Milk	**62.13%**	**351,651,036**			**$ 57,668,948.41**
Class II Skim Milk	10.39%	56,760,407	$10.31	/cwt.	$ 5,851,997.97
Class II Butterfat	28.86%	5,717,771	$1.7304	/lb.	9,894,030.95
Total Class II Milk	**11.04%**	**62,478,178**			**$ 15,746,028.92**
Class III Skim Milk	24.29%	132,691,845	$7.86	/cwt.	$ 10,429,579.02
Class III Butterfat	24.96%	4,945,893	$1.7234	/lb.	8,523,752.00
Total Class III Milk	**24.32%**	**137,637,738**			**$ 18,953,331.02**
Class IV Skim Milk	2.30%	12,538,633	$9.76	/cwt.	$ 1,223,770.57
Class IV Butterfat	8.54%	1,691,953	$1.7234	/lb.	2,915,911.79
Total Class IV Milk	**2.51%**	**14,230,586**			**$ 4,139,682.36**
Producer Milk	**100.00%**	**565,997,538**			**$ 96,507,990.71**

Adjustments		
Overage and Other Source		$0.00
Inventory Adjustments		($31,693.46)
Producer butterfat at uniform butterfat price		($34,379,627.10)
Location Adjustments to Producers		$3,334,432.49
1/2 Unobligated Balance in P.S.F.		$277,069.28
Adjusted Pool Value	**$ 12.03042**	**$65,708,171.92**
Reserve for Producer Settlement Fund	**$ 0.04042**	$220,790.30
Uniform Skim Milk Price per cwt. (Fulton County, Georgia):	**$11.99**	
Uniform Price per cwt. (Fulton County, Georgia)	**$17.64***	

** 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 JUN 2010	CLASS I JUL 2010	UNIFORM MAY 2010	UNIFORM JUN 2010	CLASS I % JUN 2010
Appalachian (Charlotte)	$ 18.68	$ 19.06	$ 16.64	$ 17.68	63.42%
Arizona (Phoenix)	$ 17.63	$ 18.01	$ 15.03	$ 15.68	29.28%
Central (Kansas City)	$ 17.28	$ 17.66	$ 14.46	$ 15.18	30.75%
Florida (Tampa)	$ 20.68	$ 21.06	$ 18.73	$ 19.85	83.72%
Mideast (Cleveland)	$ 17.28	$ 17.66	$ 14.76	$ 15.60	36.30%
Northeast (Boston)	$ 18.53	$ 18.91	$ 15.91	$ 16.73	38.60%
Pacific Northwest (Seattle)	$ 17.18	$ 17.56	$ 14.60	$ 15.18	26.84%
Southeast (Atlanta)	**$ 19.08**	**$ 19.46**	**$ 16.59**	**$ 17.64**	**62.13%**
Southwest (Dallas)	$ 18.28	$ 18.66	$ 15.45	$ 16.16	32.88%
Upper Midwest (Chicago)	$ 17.08	$ 17.46	$ 13.77	$ 14.14	11.50%

SOUTHEAST MILK MARKETING AREA-FEDERAL ORDER 7
STATISTICAL SUMMARY

Receipts:	June 2010	June 2009
Producer Milk		
Class I	351,651,036	370,303,322
Class II	62,478,178	63,970,563
Class III	137,637,738	132,529,718
Class IV	14,230,586	38,349,868
Total Producer Milk	**565,997,538**	**605,153,471**
Average Butterfat Test	3.50%	3.55%
Percent of Producer Milk in Class I	62.13%	61.19%
Daily Average Receipts	18,866,585	20,171,782
Other Source Milk		
Class I	5,949,291	5,555,302
Class II	4,311,343	5,746,057
Class III	2,131,149	2,293,404
Class IV	4,106,553	3,992,592
Total Other Source Milk	**16,498,336**	**17,587,355**
Overage		
Class I	0	0
Class II	0	0
Class III	0	308,252
Class IV	0	0
Total Overage	**0**	**308,252**
Opening Inventory		
Class I	27,317,520	27,540,390
Class II	1,400,820	3,302,775
Class III	2,538,361	6,101,126
Class IV	17,621,983	16,941,372
Total Opening Inventory	**48,878,684**	**53,885,663**
Total Receipts	**631,374,558**	**676,934,741**
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	28,651,208	30,562,788
Route Disposition Class I	347,666,652	363,321,403
Shrinkage	1,872,189	1,250,311
Transfers & Diversions to Nonpool	6,727,798	8,264,512
Total Class I Utilization	**384,917,847**	**403,399,014**
Average Butterfat Test	2.11%	2.15%
Daily Average Utilization	12,830,595	13,446,634
Class II Utilization		
Nonfluid Used To Produce	1,546,879	1,627,934
Shrinkage	239,384	9,892
Transfers & Diversions to Nonpool/Commercial Foods	41,584,985	46,331,663
Used To Produce/Other Uses	24,819,093	25,049,906
Total Class II Utilization	**68,190,341**	**73,019,395**
Average Butterfat Test	10.13%	9.03%
Class III Utilization		
Shrinkage	6,887,825	6,296,656
Transfers & Diversions to Nonpool	130,761,041	130,307,384
Used To Produce/Other Uses	4,658,382	4,628,460
Total Class III Utilization	**142,307,248**	**141,232,500**
Average Butterfat Test	3.55%	3.57%
Class IV Utilization		
Inventory	21,315,018	16,384,531
Nonfluid Used To Fortify	1,102,695	1,546,505
Shrinkage	0	0
Transfers & Diversions to Nonpool	13,541,409	41,352,796
Used To Produce/Other Uses	0	0
Total Class IV Utilization	**35,959,122**	**59,283,832**
Average Butterfat Test	7.87%	7.41%
Total Utilization	**631,374,558**	**676,934,741**

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2010 is $17.64 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of $11.99 per hundredweight plus 3.5 times the uniform butterfat price of $1.7351 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 June, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.02% of all producer skim milk (priced to handlers at $9.61 per hundredweight, plus the Class I differential, see page 2) and 37.64% of producer butterfat (priced to handlers at $1.7155 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.39% of all producer skim milk ($10.31 per hundredweight) and 28.86% of producer butterfat ($1.7304 per pound). Class III use, mostly milk used to produce cheese, accounted for 24.29% of all producer skim milk ($7.86 per hundredweight) and 24.96% of producer butterfat ($1.7234 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.30% of all producer skim milk ($9.76 per hundredweight) and 8.54% of producer butterfat ($1.7234 per pound).

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
May 2010		
Whole Milk	127,293,927	31.10%
Fat Free Milk	50,444,131	12.32%
Lowfat Milk (incl. 1%)	35,806,864	8.75%
Reduced Fat Milk (incl. 2%)	148,889,220	36.37%
Cultured Fluid Milk (incl. Buttermilk)	7,717,874	1.89%
Flavored Drinks and Milk	39,172,607	9.57%
Total Disposition in Marketing Area	409,324,623	100.00%
Total Disposition by Pool Plants	332,592,216	81.25%
Total Disposition by Nonpool Plants	76,732,407	18.75%
Total Disposition in Marketing Area	409,324,623	100.00%

Receipts of producer milk during June totaled 566 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 June 2010. Class I route disposition in the area was 409.3 million pounds in May 2010.

Higher Milk Production To Keep Prices Moderate Despite Improving Demand

(continued from Page 1) cow is forecast to rise another 1.8 percent to 21,355 pounds. The expected increase in milk per cow will provide 190.4 billion pounds of milk in 2010 and 193 billion pounds in 2011; both forecasts represent yearly increases in milk production from a slightly smaller herd compared with recent years.

Lower milk production in Oceania has tightened world supplies of major dairy products. The impact on U.S. markets is to lower milk equivalent imports on both a fats and skims-solids basis and support exports. Exports of cheese, butter, and nonfat dry milk (NDM) were all higher in April, and the difference between U.S. and international prices remain favorable for U.S. exports. However, the strong U.S. dollar relative to the Euro and relatively large European Union (EU) intervention stocks of powder could be factors that limit U.S. powder exports. Notably, the EU did not accept any bids for skim milk powder in its most recent intervention tender. Milk equivalent exports are projected to reach just over 5.0 billion pounds this year and 5.1 billion in 2011 on a fats basis. The corresponding export forecasts on a skims-solids basis are about 26 billion pounds and 27.1 billion pounds. All forecasts represent increases from 2009. Milk equivalent imports both this year and next will likely be below 2009. Imports are forecast at 4.8 billion pounds this year and 4.9 billion in 2011 on a fats basis and 4.4 billion pounds and 4.8 billion pounds for 2011 on a skims-solids basis.

Ending commercial stocks on a fats basis are expected to be drawn down both this year and next, reflecting climbing domestic commercial use, which is forecast to rise 1.2 percent in 2010 and by 1.5 percent next year. This suggests a recovery in domestic cheese use. On a skims-solids basis, ending stocks are expected to change very little this year and next, reflecting virtually flat domestic commercial use this year compared with 2009 and about a 1-percent increase in 2011.

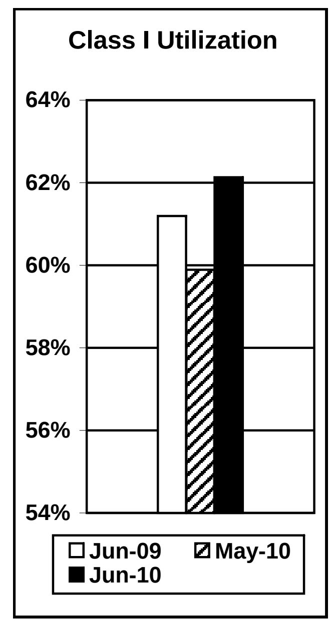
-Livestock, Dairy, & Poultry Outlook/LDP-M-192/June 18, 2010
Economic Research Service, USDA

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

Pool	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
Period	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	$1.5883	$13.78	$7.65	$1.5813	$12.92	$ 8.49	$1.5813	$13.73	$ 10.91	$1.5728	$16.03
May	$12.33	$1.6300	$17.60	$9.23	$1.7128	$14.90	$7.68	$1.7058	$13.38	$ 9.66	$1.7058	$15.29	$ 11.10	$1.6808	$16.59
Jun	$13.41	$1.7535	$19.08	$10.31	$1.7304	$16.01	$7.86	$1.7234	$13.62	$ 9.76	$1.7234	$15.45	$ 11.99	$1.7351	$17.64
Jul	$13.92	$1.7219	$19.46	$10.82											

FEDERAL ORDER 7 - SOUTHEAST: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK

Pool	Producer Milk	Number of	CLASS I		CLASS II		CLASS III		CLASS IV	
Period	1000 lbs.	Farms	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	2,655	410,387	64.02%	52,439	8.18%	128,748	20.08%	49,516	7.72%
Apr	640,938	2,706	398,534	62.18%	55,349	8.64%	139,943	21.83%	47,111	7.35%
May	622,452	2,751	372,857	59.89%	74,056	11.90%	153,652	24.69%	21,888	3.52%
June	565,997	2,750**	351,651	62.13%	62,478	11.04%	137,638	24.32%	14,231	2.51%



** 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
July 2010 through September 2010

		MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
Pool Month	Pool & Uniform Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
JUL 2010	08/11/10	08/12/10	08/13/10	07/26/10	07/26/10	08/13/10	08/16/10
AUG 2010	09/11/10	09/13/10	09/14/10	08/25/10	08/26/10	09/14/10	09/15/10
SEPT 2010	10/11/10	10/12/10	10/13/10	09/27/10	09/27/10	10/13/10	10/14/10

** The base rate for making partial payments in Fulton County, GA for July will be $15.88 per hundredweight. This is 90 percent of the preceding month's uniform price of $17.64 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 – 484 July 9, 2010

Forecast milk production for 2010 and 2011 is raised slightly from last month. Milk cow numbers have remained higher than expected and milk per cow is expected to increase more rapidly than previously forecast. Exports for 2010 are raised reflecting strong sales of dairy products but fat-basis exports for 2011 are unchanged from last month as production of fat-based products by competing exporters is expected to increase in 2011. However, the forecast of skim basis exports is raised for 2011 as nonfat dry milk (NDM) exports will likely reflect improving economic conditions. Fat-basis imports for 2010 and 2011 are forecast lower reflecting tight world supplies and growing international demand.

The Class III price forecast for 2010 is reduced on a lower cheese price forecast, but the Class IV price forecast is raised as the price forecast for butter is raised, more than offsetting a reduction in the NDM price. The 2011 forecast for butter is raised slightly but forecasts for other products are unchanged. The Class III and Class IV price forecasts are raised. The all milk price is forecast to average $15.80 to $16.10 per cwt for 2010 and $15.90 to $16.90 per cwt for 2011.

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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