

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

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

Interim Final Rule Amends Class III and IV Product Price Formulas

The U. S. Department of Agriculture (USDA) has issued an interim final rule amending the Class III and Class IV product price formulas in all Federal milk marketing orders. The interim order incorporating these amendments was approved by dairy farmers in all 10 Federal milk marketing orders. The interim order amends the manufacturing (make) allowances for cheese, butter, nonfat dry milk (NFDM) and dry whey. Specifically, this rule adopts the following make allowances:

- Cheese - \$0.2003 per lb. (up \$0.0321)
- Butter - \$0.1715 per lb. (up \$0.0513)
- NFDM - \$0.1678 per lb. (up \$0.0108), and
- Dry whey - \$0.1991 per lb. (up \$0.0035).

This rule also increase the butterfat yield factor of the butterfat price formula from 1.20 to 1.211. These amendments will be effective for milk marketed on or after September 1, 2008.

Copies of the interim final rule are available at www.fmmatlanta.com under 'What's New'.

Public Hearing to Consider Increases in Class I Differentials in Mideast Order

The USDA will hold a public hearing to consider proposals seeking to temporarily increase the Class I differentials in the southern tier of the Mideast marketing area. The Mideast marketing area consists of the following: most of Michigan, Indiana and Ohio and parts of Kentucky, Pennsylvania and West Virginia. The hearing will begin at 9 a.m. on August 19, at the Westin Cincinnati Hotel, 21 E 5th Street, Cincinnati, Ohio 45202.

The hearing notice was published in the July 24, 2008, Federal Register. Copies of the hearing notice may be found on our website at www.fmmatlanta.com under 'What's New' or at www.regulations.gov, keyword 'Mideast hearing'.

Uniform Price Increases

The uniform price in Fulton County, GA, was \$22.68 per hundredweight of milk at 3.5 percent butterfat for the month of July. The uniform price is \$1.88 higher than the previous month but is \$0.61 less than July of last year.

Class I utilization was 67.73 percent in July, a decrease of 2.52 percent compared with the previous month and an increase of 1.93 percent compared to July of last year.

National Dairy Situation

The USDA estimates that the total U.S. production of milk in June was 15.93 billion pounds, an increase of 3.0 percent from June 2007 and a decrease of 4.4 percent when compared with May 2008. On a daily average basis, June production was 1.2 percent lower than May 2008.

Total cheese output (excluding cottage cheese) was 803 million pounds, 1.3 percent higher than June 2007 but 3.4 percent below May 2008. Butter production was 120 million pounds, 9.0 percent more than June 2007 but a 16.0 percent decrease compared with May 2008.

Nonfat dry milk powder production was 132 million pounds in June, 11.9% percent higher than June 2007 and 5.7% percent higher than May 2008 on a daily average basis. Dry whey production was 92.5 million pounds in June, a 2.3 percent decrease from June of last year and a 1.5 percent decline from May 2008 on a daily average basis. The milk-feed price ratio was 1.82 in June, a decline of 1.34 points from July of last year.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for July 2008 was \$4,444,786.34. Preliminary claims were made for \$2,347,209.06. Since sufficient funds were available, all eligible preliminary claims were paid in full.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JULY 2008

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.75%	7,806,294	\$1.6086	\$ 12,557,204.55
Class I Differential at Location				259,834.04
Class II Butterfat	29.58%	5,667,269	\$1.6844	9,545,947.91
Class III Butterfat	15.28%	2,928,342	\$1.6774	4,912,000.87
Class IV Butterfat	14.39%	2,756,812	\$1.6774	4,624,276.44
Total Butterfat	100.00%	19,158,717		\$ 31,899,263.81

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.6650**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	68.73%	357,886,069	\$15.70 /cwt.	\$ 56,188,112.86
Class I Butterfat	40.75%	7,806,294	\$1.6086 /lb.	12,557,204.55
Class I Differential at Location		365,692,363		12,162,022.34
Total Class I Milk	67.73%	365,692,363		\$ 80,907,339.75
Class II Skim Milk	11.29%	58,770,405	\$11.31 /cwt.	\$ 6,646,932.81
Class II Butterfat	29.58%	5,667,269	\$1.6844 /lb.	9,545,947.91
Total Class II Milk	11.94%	64,437,674		\$ 16,192,880.72
Class III Skim Milk	12.51%	65,158,122	\$12.82 /cwt.	\$ 8,353,271.24
Class III Butterfat	15.28%	2,928,342	\$1.6774 /lb.	4,912,000.87
Total Class III Milk	12.61%	68,086,464		\$ 13,265,272.11
Class IV Skim Milk	7.47%	38,911,425	\$11.12 /cwt.	\$ 4,326,950.46
Class IV Butterfat	14.39%	2,756,812	\$1.6774 /lb.	4,624,276.44
Total Class IV Milk	7.72%	41,668,237		\$ 8,951,226.90
Producer Milk	100.00%	539,884,738		\$ 119,316,719.48

Adjustments

Overage and Other Source	\$29,339.40
Inventory Adjustments	\$110,805.22
Producer butterfat at uniform butterfat price	(\$31,899,263.81)
Location Adjustments to Producers	\$3,367,309.90
1/2 Unobligated Balance in P.S.F.	\$247,939.88
Adjusted Pool Value	\$ 17,50879
Reserve for Producer Settlement Fund	\$ 0.04879
	\$91,172,850.08

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

\$17.46

Uniform Price per cwt. (Fulton County, Georgia)

\$22.68*

* 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 %
	JUL 2008	AUG 2008	JUN 2008	JUL 2008	JUL 2008
Appalachian (Charlotte)	\$ 24.18	\$ 21.87	\$ 20.22	\$ 22.31	69.43%
Arizona (Phoenix)	\$ 24.53	\$ 22.22	\$ 18.65	\$ 19.31	32.04%
Central (Kansas City)	\$ 24.18	\$ 21.87	\$ 18.50	\$ 19.38	35.17%
Florida (Tampa)	\$ 26.18	\$ 23.87	\$ 22.36	\$ 24.89	83.54%
Midwest (Cleveland)	\$ 24.18	\$ 21.87	\$ 18.96	\$ 19.71	36.40%
Northeast (Boston)	\$ 25.43	\$ 23.12	\$ 19.56	\$ 20.61	40.50%
Pacific Northwest (Seattle)	\$ 24.08	\$ 21.77	\$ 18.03	\$ 18.94	27.06%
Southeast (Atlanta)	\$ 24.58	\$ 22.27	\$ 20.80	\$ 22.68	67.73%
Southwest (Dallas)	\$ 25.18	\$ 22.87	\$ 19.02	\$ 20.09	31.35%
Upper Midwest (Chicago)	\$ 23.98	\$ 21.67	\$ 19.79	\$ 18.90	14.60%

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

Receipts:	July 2008	July 2007
Producer Milk		
Class I	365,692,363	369,734,760
Class II	64,437,674	74,156,643
Class III	68,086,464	95,276,150
Class IV	41,668,237	22,698,818
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Total Producer Milk	539,884,738	561,866,371
Average Butterfat Test	3.548668%	3.56%
Percent of Producer Milk in Class I	67.73%	65.80%
Daily Average Receipts	17,415,637	18,124,722
Other Source Milk		
Class I	6,392,106	6,144,199
Class II	20,234,399	18,708,128
Class III	10,925,375	4,918,323
Class IV	3,685,429	6,071,755
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Total Other Source Milk	41,237,309	35,842,405
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	17,491	1,867
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Total Overage	17,491	1,867
Opening Inventory		
Class I	28,635,085	31,982,680
Class II	3,118,704	1,325,162
Class III	2,887,400	2,435,165
Class IV	18,365,481	9,317,616
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Total Opening Inventory	53,006,670	45,060,623
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Total Receipts	634,146,208	642,771,266
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,465,841	32,273,562
Route Disposition Class I	358,333,922	367,751,488
Shrinkage	2,431,405	2,225,354
Transfers & Diversions to Nonpool	7,488,386	5,611,235
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Total Class I Utilization	400,719,554	407,861,639
Average Butterfat Test	2.133594%	2.18%
Daily Average Utilization	12,926,437	13,156,827
Class II Utilization		
Nonfluid Used To Produce	2,550,913	2,130,298
Shrinkage	25,968	0
Transfers & Diversions to Nonpool/Commercial Foods Used To Produce/Other Uses	43,334,547	51,576,990
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Total Class II Utilization	87,790,777	94,189,933
Average Butterfat Test	8.797668%	7.74%
Class III Utilization		
Shrinkage	0	7,432,884
Transfers & Diversions to Nonpool Used To Produce/Other Uses	81,899,239	90,343,571
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Total Class III Utilization	81,899,239	102,629,638
Average Butterfat Test	3.980236%	4.23%
Class IV Utilization		
Inventory	14,469,650	16,630,009
Nonfluid Used To Fortify	1,113,455	1,290,661
Shrinkage	6,581,984	0
Transfers & Diversions to Nonpool Used To Produce/Other Uses	37,026,739	20,169,386
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Total Class IV Utilization	63,736,638	38,090,056
Average Butterfat Test	6.307934%	8.77%
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Total Utilization	634,146,208	642,771,266

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2008 is \$22.68 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$17.46 per hundredweight plus 3.5 times the uniform butterfat price of \$1.6650 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 July, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.73% of all producer skim milk (priced to handlers at \$15.70 per hundredweight, plus the Class I differential, see page 2) and 40.75% of producer butterfat (priced to handlers at \$1.6086 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.29% of all producer skim milk (\$11.31 per hundredweight) and 29.58% of producer butterfat (\$1.6844 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.51% of all producer skim milk (\$12.82 per hundredweight) and 15.28% of producer butterfat (\$1.6774 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.47% of all producer skim milk (\$11.12 per hundredweight) and 14.39% of producer butterfat (\$1.6774 per pound).

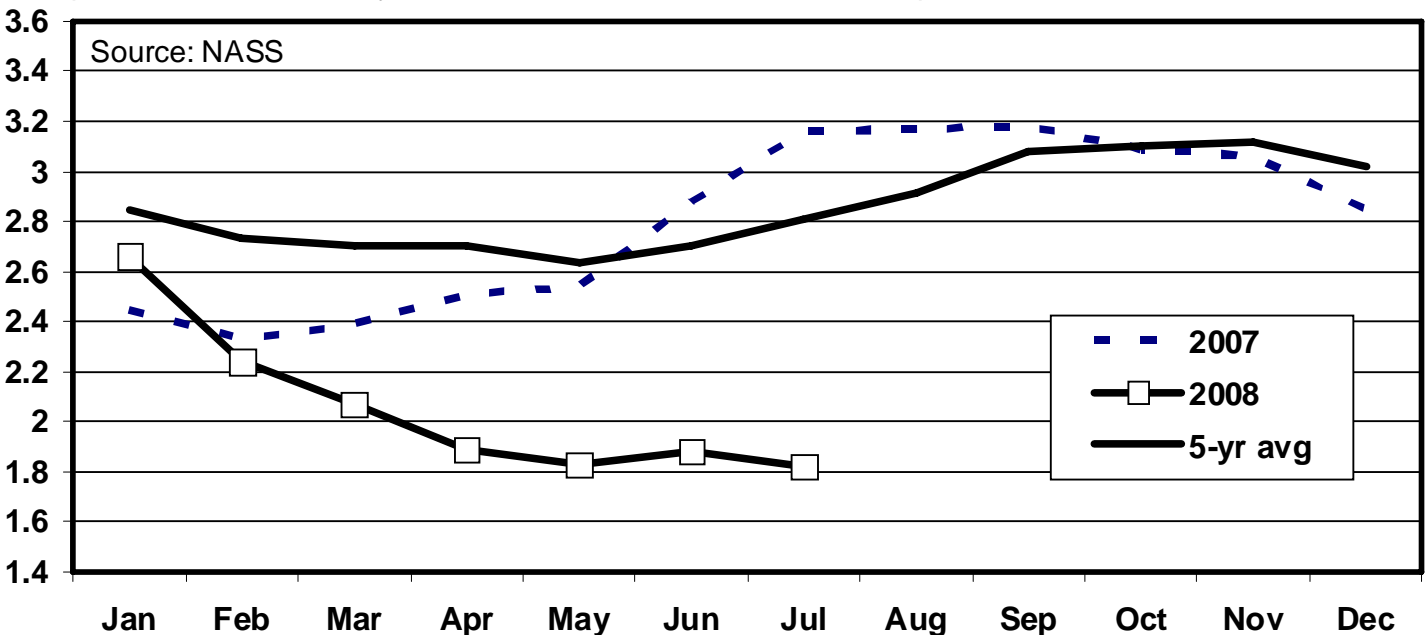
Receipts of producer milk during July 2008 totaled 539.89 million pounds. There were 27 regulated pool distributing plants, 3 pool supply plant and 12 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2008. Class I route disposition in the area totaled 383.8 million pounds in June 2008.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
June 2008		
Whole Milk	136,837,783	35.65%
Fat Free Milk	47,412,197	12.35%
Lowfat Milk (incl. 1%)	28,347,172	7.39%
Reduced Fat Milk (incl. 2%)	145,458,325	37.90%
Cultured Fluid Milk (incl. Buttermilk)	7,863,318	2.05%
Flavored Drinks and Milk	17,871,311	4.66%
Total Disposition in Marketing Area	383,790,106	100.00%
Total Disposition by Pool Plants	298,017,583	77.65%
Total Disposition by Nonpool Plants	85,772,523	22.35%
Total Disposition in Marketing Area	383,790,106	100.00%

Milk-Feed Price Ratio

The milk-feed price ratio is the number of pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk. It's a basic measure of how input costs relate with milk revenue. When the ratio is falling over time, feed(input cost) is growing in relationship to the milk price(revenue) and when the milk-feed ratio is moving higher, feed is becoming cheaper relative to the milk price. This year has brought historically low milk-feed price ratios, substantially less than values observed in the recent past, as seen in the chart below.

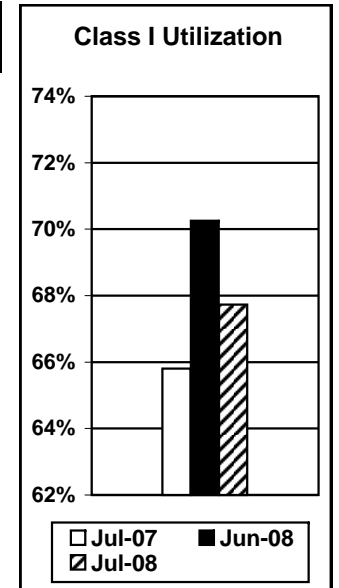


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
Apr 2007	\$13.60	\$1.4206	\$18.10	\$9.69	\$1.4727	\$14.51	\$11.36	\$1.4657	\$16.09	\$ 11.39	\$1.4657	\$16.12	\$ 12.72	\$1.4527	\$17.36
May	\$14.38	\$1.4699	\$19.02	\$11.50	\$1.5776	\$16.62	\$12.54	\$1.5706	\$17.60	\$ 13.45	\$1.5706	\$18.48	\$ 13.83	\$1.5377	\$18.73
June	\$15.98	\$1.5776	\$20.94	\$13.58	\$1.6527	\$18.89	\$14.93	\$1.6457	\$20.17	\$ 15.54	\$1.6457	\$20.76	\$ 15.64	\$1.6196	\$20.76
July	\$18.71	\$1.7018	\$24.01	\$16.31	\$1.6180	\$21.40	\$16.31	\$1.6110	\$21.38	\$ 16.58	\$1.6110	\$21.64	\$ 18.15	\$1.6491	\$23.29
Aug	\$19.84	\$1.6320	\$24.86	\$17.44	\$1.5942	\$22.41	\$14.79	\$1.5872	\$19.83	\$ 16.91	\$1.5872	\$21.87	\$ 18.91	\$1.6072	\$23.87
Sep	\$19.86	\$1.6692	\$25.01	\$17.46	\$1.5171	\$22.16	\$15.32	\$1.5101	\$20.07	\$ 16.92	\$1.5101	\$21.61	\$ 18.93	\$1.5723	\$23.77
Oct	\$19.96	\$1.5519	\$24.69	\$17.56	\$1.4162	\$21.90	\$14.27	\$1.4092	\$18.70	\$ 16.97	\$1.4092	\$21.31	\$ 18.89	\$1.4674	\$23.36
Nov	\$20.14	\$1.4628	\$24.55	\$17.74	\$1.4147	\$22.07	\$14.81	\$1.4077	\$19.22	\$ 16.03	\$1.4077	\$20.40	\$ 19.12	\$1.4310	\$23.46
Dec	\$18.75	\$1.4430	\$23.14	\$16.35	\$1.4418	\$20.82	\$16.14	\$1.4348	\$20.60	\$ 14.67	\$1.4348	\$19.18	\$ 18.03	\$1.4389	\$22.44
Jan 2008	\$19.63	\$1.4643	\$24.07	\$15.61	\$1.3389	\$19.75	\$15.19	\$1.3319	\$19.32	\$ 12.05	\$1.3319	\$16.29	\$ 18.26	\$1.3813	\$22.46
Feb	\$18.54	\$1.3970	\$22.78	\$14.39	\$1.3080	\$18.46	\$12.93	\$1.3010	\$17.03	\$ 10.48	\$1.3010	\$14.67	\$ 16.81	\$1.3355	\$20.90
Mar	\$15.64	\$1.3448	\$19.80	\$11.24	\$1.3674	\$15.63	\$13.72	\$1.3604	\$18.00	\$ 9.75	\$1.3604	\$14.17	\$ 14.55	\$1.3561	\$18.79
Apr	\$17.49	\$1.3793	\$21.71	\$10.47	\$1.4818	\$15.29	\$12.02	\$1.4748	\$16.76	\$ 9.74	\$1.4748	\$14.56	\$ 15.46	\$1.4418	\$19.97
May	\$15.70	\$1.5043	\$20.42	\$10.40	\$1.5632	\$15.51	\$13.20	\$1.5562	\$18.18	\$ 10.17	\$1.5562	\$15.26	\$ 14.74	\$1.5368	\$19.60
June	\$16.97	\$1.6005	\$21.98	\$10.89	\$1.6230	\$16.19	\$15.12	\$1.6160	\$20.25	\$ 10.64	\$1.6160	\$15.92	\$ 15.72	\$1.6095	\$20.80
July	\$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											

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.	%
Apr 2007	707,385	2,961	394,568	55.78%	101,521	14.35%	162,167	22.92%	49,129	6.95%
May	695,111	2,925	398,662	57.36%	96,168	13.83%	167,933	24.16%	32,349	4.65%
June	558,867	2,956	372,612	66.67%	96,460	17.26%	61,040	10.92%	28,755	5.15%
July	561,866	2,962	369,735	65.80%	74,157	13.20%	95,276	16.96%	22,699	4.04%
Aug	581,050	3,208	409,987	70.57%	60,967	10.49%	94,557	16.27%	15,539	2.67%
Sep	558,271	3,075	378,231	67.75%	53,134	9.52%	93,114	16.68%	33,792	6.05%
Oct	584,122	3,000	412,258	70.58%	58,111	9.95%	99,545	17.04%	14,208	2.43%
Nov	582,419	3,097	409,617	70.33%	48,795	8.38%	105,214	18.06%	18,794	3.23%
Dec	593,590	3,143	392,849	66.17%	59,990	10.11%	97,737	16.47%	43,014	7.25%
Jan 2008	642,148	3,068	427,443	66.56%	54,698	8.52%	109,863	17.11%	50,144	7.81%
Feb	606,111	2,989	389,276	64.22%	69,259	11.43%	94,584	15.61%	52,992	8.74%
Mar	614,369	2,948	398,126	64.80%	83,411	13.58%	82,833	13.48%	49,999	8.14%
Apr	608,631	2,943	388,115	63.76%	81,108	13.33%	100,604	16.53%	38,804	6.38%
May	597,176	2,956	386,639	64.74%	79,323	13.28%	96,547	16.17%	34,668	5.81%
June	493,500	2,666	346,682	70.25%	71,361	14.46%	27,363	5.54%	48,094	9.75%
July	539,885	2,900**	365,692	67.73%	64,438	11.94%	68,086	12.61%	41,668	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

August through October 2008

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
August 2008	09/11/08	09/12/08	09/15/08	08/25/08	08/26/08	09/15/08	09/16/08
Sept. 2008	10/11/08	10/14/08	10/15/08	09/25/08	09/26/08	10/15/08	10/16/08
Sept. 2008	11/11/08	11/12/08	11/13/08	10/27/08	10/27/08	11/13/08	11/14/08

** The base rate for making partial payments in Fulton County, GA for August will be \$20.41 per hundredweight. This is 90 percent of the preceding month's uniform price of \$22.68 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- 461 August 12, 2008

Milk production forecasts for 2008 and 2009 are unchanged, as lower feed prices are partly offset by lower milk prices. Dairy trade forecasts are adjusted with lower forecast imports and higher forecast commercial exports. Imports to date have been weaker than expected as world supplies are tight and the U.S. dollar is relatively weak. Conversely, these conditions are expected to support higher forecast commercial exports. In the face of tighter supplies, forecast domestic disappearance is lowered. However, ending stocks are unchanged from last month.

Although cheese production growth has been relatively slow, recent prices have been lower than expected and the price forecast for 2008 is reduced from last month. However, reduced supplies are expected to support prices in 2009 and the forecast for that year is unchanged. Strong demand is boosting butter prices and nonfat dry milk (NDM) prices. As demand is expected to remain firm into 2009, price forecasts are raised for that year. The whey price forecast is reduced for both 2008 and 2009 as stocks are high and exports are expected to lag. For 2008 and 2009, the Class III and Class IV prices are adjusted to reflect changes in the make allowances, which are due to take effect in September 2008. For 2008, Class III prices are lowered but Class IV prices are raised reflecting higher butter and NDM prices. For 2009, both Class prices are lowered. The all milk price is forecast lower this month, averaging \$18.85 to \$19.05 in 2008 and \$18.25 to \$19.25 in 2009.

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.

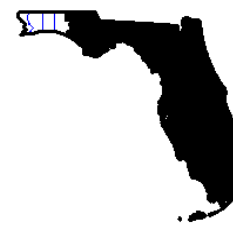
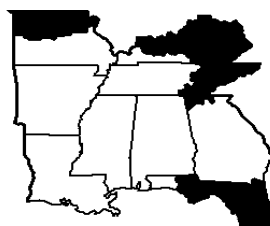


MILK MARKET ADMINISTRATOR

U.S. Department Of Agriculture

P.O. Box 491778

Lawrenceville, Georgia 30049



www.fmmatlanta.com

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