

# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

www.fmmatlanta.com

January 2001

Volume 2—No. 1

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

## Producers Approve Class III and IV Amendments

The U.S. Department of Agriculture announced that producers approved amending the Class III and Class IV pricing formulas to capture the divergent values of butterfat used to manufacture cheese and butterfat used to manufacture butter. Eight Federal milk markets conducted polling of cooperative associations to seek producer approval of the Tentative Final Decision in early December, while three markets (Northeast, Mideast, and Upper Midwest) utilized producer referenda.

These changes became effective on January 1, 2001 under an interim final rule. Those interested may file comments with USDA until February 5, 2001. Please see December 2000's Market Information Bulletin, [www.ams.usda.gov/dairy/hearing-III\\_IV.htm](http://www.ams.usda.gov/dairy/hearing-III_IV.htm) or call the Market Administrator (770-448-1194) for more information.

## Payments For Dairy Producers Announced

The Dairy Market Loss Assistance Payments (DMLA-III) became effective during the last week of December. Those producers who received payment under DMLA-II will be the first to receive payments. Farm Service Agency county offices will distribute compensation at the rate of \$.6468 per hundredweight. The first 39,000 hundredweight is eligible under this third iteration, up from the DMLA-II limitation of 26,000 cwt.

For those new dairy operations and for producers who were paid on less than 12-months production under previous DMLA programs, a signup period will be held in early 2001, with exact dates to be announced. Operations paid on less than 12-months production will have the opportunity to change their production base to the period October 1, 1999 to September 30, 2000 and receive compensation adjusted accordingly.

## Product Support Prices Unchanged

The prices at which the government will buy cheese, butter and nonfat dry milk will remain unchanged as reported by the USDA in late December. The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act, 2001, extends the price support program for milk for one year at \$9.90 cwt. at 3.67 percent annual average butterfat content. The program is currently scheduled to terminate at the end of calendar year 2001.

For now, the Commodity Credit Corporation will purchase cheddar cheese blocks at \$1.1220 per pound, barrel cheese at \$1.0920 per pound, butter at \$0.6680 per pound and nonfat dry milk at \$1.0100 per pound. Changes to these purchase prices are possible given the new FMMO Class III and Class IV pricing formulas.

## 2000 Prices End On High Note

December's uniform price in Atlanta is the strongest of the year at \$14.51 per hundredweight. Class I utilization was slightly lower than the previous month (66.33 %) but the soaring butter prices of late November and early December stayed around long enough to boost the uniform butterfat price to \$1.5365, nearly nine cents over the previous high seen in November.

Class III and IV butterfat prices, new as of January 1, should experience a decline as butter prices during December and early January have dropped off substantially and cheese prices remain flat. On two successive Chicago Mercantile Exchange (CME) trading days, December 6th and 8th, the cash butter price fell a combined \$0.50 cwt. but has since stabilized. Stability also describes the cheese markets during the month, with both 40 pound blocks and 500 pound barrels varying little from their respective December cash price averages of \$1.11 and \$1.12 per pound. These are much closer to support prices, due in part to the continued CCC purchases of block, barrel and processed cheese in December which totaled 3,474,023 pounds. For the year 2000, CCC bought 16,732,966 pounds of cheese, 558,074,132 pounds of nonfat dry milk and no butter. Nonfat dry milk purchases were up 135.6 % over 1999, a year when no butter or cheese was purchased.

## National Dairy Situation

Estimates by the National Agricultural Statistics Service show November's milk production at 13,339 million pounds, an increase of 1.5 percent from a year ago, but down 3.1 percent from the previous month. Total cheese output for November was 1.1 percent lower than November 1999, and 1.5 percent less than October 2000, yet cumulative cheese production was up 4.8 percent over 1999. Butter production declined 0.3 percent when compared with October, but the 106 million pounds made in November represents a 2.2 percent increase over the previous year.

Feed input costs were essentially unchanged in November, as measured by the milk-feed price ratio, from a revised 3.03 November ratio, to December's 3.04 ratio. December's milk output prices, as measured by the all-milk price rose \$0.30 over November and \$0.70 over December 1999 to \$12.90.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for December was \$723,391.34. Claims were made for \$423,230.83. Since sufficient funds were available, all eligible claims were paid in full.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - DECEMBER 2000**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.92%	9,562,051	\$1.3283	\$ 12,701,272.36
Class I Differential at Location				278,517.61
Class II Butterfat	18.23%	4,365,772	\$1.6604	7,248,927.85
Class III Butterfat	18.86%	4,515,882	\$1.6534	7,466,559.36
Class IV Butterfat	22.99%	5,504,496	\$1.6534	9,101,133.66
<b>Total Butterfat</b>	<b>100.00%</b>	<b>23,948,201</b>		<b>\$ 36,796,410.84</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.5365**

**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	67.40%	401,385,215	\$7.75 /cwt.	\$ 31,107,354.19
Class I Butterfat	39.92%	9,562,051	\$1.3283 /lb.	12,701,272.36
Class I Differential at Location		410,947,266		12,074,679.45
<b>Total Class I Milk</b>	<b>66.33%</b>	<b>410,947,266</b>		<b>\$ 55,883,306.00</b>
Class II Skim Milk	8.77%	52,225,950	\$8.45 /cwt.	\$ 4,413,092.82
Class II Butterfat	18.23%	4,365,772	\$1.6604 /lb.	7,248,927.85
<b>Total Class II Milk</b>	<b>9.14%</b>	<b>56,591,722</b>		<b>\$ 11,662,020.67</b>
Class III Skim Milk	14.72%	87,681,529	\$3.71 /cwt.	\$ 3,252,984.70
Class III Butterfat	18.86%	4,515,882	\$1.6534 /lb.	7,466,559.36
<b>Total Class III Milk</b>	<b>14.88%</b>	<b>92,197,411</b>		<b>\$ 10,719,544.06</b>
Class IV Skim Milk	9.11%	54,252,201	\$7.75 /cwt.	\$ 4,204,545.62
Class IV Butterfat	22.99%	5,504,496	\$1.6534 /lb.	9,101,133.66
<b>Total Class IV Milk</b>	<b>9.65%</b>	<b>59,756,697</b>		<b>\$ 13,305,679.28</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>619,493,096</b>		<b>\$ 91,570,550.01</b>

**Adjustments**

Overage and Other Source	\$ 175,958.87
Inventory Adjustments	(76,385.13)
Producer butterfat at uniform butterfat price	(36,796,410.84)
Location Adjustments to Producers	1,546,890.48
1/2 Unobligated Balance in P.S.F.	212,195.47

**Adjusted Pool Value**

Reserve for Producer Settlement Fund	\$ 9.50941	\$ 56,632,798.86
	\$ 0.04941	294,252.78

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

**\$9.46**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$14.51\***

\* 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 2000	JAN 2001	NOVEMBER	DECEMBER	DECEMBER
Appalachian (Charlotte)	\$ 15.23	\$ 17.09	\$ 14.76	\$ 14.83	66.34%
Arizona-Las Vegas (Phoenix)	\$ 14.48	\$ 16.34	\$ 11.84	\$ 12.40	32.28%
Central (Kansas City)	\$ 14.13	\$ 15.99	\$ 10.85	\$ 11.38	30.55%
Florida (Tampa)	\$ 16.13	\$ 17.99	\$ 15.90	\$ 16.10	86.45%
Mid-East (Cleveland)	\$ 14.13	\$ 15.99	\$ 11.91	\$ 12.16	46.40%
Northeast (Boston)	\$ 15.38	\$ 17.24	\$ 13.36	\$ 13.72	47.90%
Pacific Northwest (Seattle)	\$ 14.03	\$ 15.89	\$ 11.80	\$ 12.27	33.29%
<b>Southeast (Atlanta)</b>	<b>\$ 15.23</b>	<b>\$ 17.09</b>	<b>\$ 14.14</b>	<b>\$ 14.51</b>	<b>66.33%</b>
Southwest (Dallas)	\$ 15.13	\$ 16.99	\$ 12.59	\$ 12.91	50.59%
Upper Midwest (Chicago)	\$ 13.93	\$ 15.79	\$ 10.00	\$ 10.60	20.40%
Western (Salt Lake City)	\$ 14.03	\$ 15.89	\$ 10.68	\$ 11.20	27.42%

**SOUTHEAST MILK MARKETING AREA – FEDERAL ORDER 7  
STATISTICAL SUMMARY OF POOL HANDLERS FOR DECEMBER 2000**

**Receipts:**

<b>Producer Milk</b>		
Class I		410,947,266
Class II		56,591,722
Class III		92,197,411
Class IV		<u>59,756,697</u>
	Total Producer Milk	<b>619,493,096</b>
	Average Butterfat Test	3.865774%
	Percent of Producer Milk in Class I	66.34%
	Daily Average Receipts	19,983,648
<b>Other Source Milk</b>		
Class I		11,606,508
Class II		2,364,932
Class III		2,541,054
Class IV		<u>15,758,526</u>
	Total Other Source Milk	<b>32,271,020</b>
<b>Overage</b>		
Class I		-734
Class II		5,882
Class III		86
Class IV		<u>114,912</u>
	Total Overage	<b>120,146</b>
<b>Opening Inventory</b>		
Class I		39,858,593
Class II		1,096,159
Class III		2,950,840
Class IV		<u>14,546,293</u>
	Total Opening Inventory	<b>58,451,885</b>
	<b>Total Receipts</b>	<b><u>710,336,147</u></b>

**Utilization:**

<b>Class I Utilization</b>		
Inventory of Packaged FMP		35,153,195
Route Disposition Class I		413,274,848
Shrinkage		2,907,863
Transfers and Diversions to Nonpool		<u>11,075,727</u>
	Total Class I Utilization	<b>462,411,633</b>
	Average Butterfat Test	2.325764%
	Daily Average Utilization	14,916,504
<b>Class II Utilization</b>		
Nonfluid Used To Produce		1,312,179
Shrinkage		0
Transfers and Diversions to Nonpool		42,782,780
Used To Produce/Other Uses		<u>15,963,736</u>
	Total Class II Utilization	<b>60,058,695</b>
	Average Butterfat Test	7.994459%
<b>Class III Utilization</b>		
Shrinkage		8,321,195
Transfers and Diversions to Nonpool		83,595,349
Used To Produce/Other Uses		<u>5,772,847</u>
	Total Class III Utilization	<b>97,689,391</b>
	Average Butterfat Test	4.736289%
<b>Class IV Utilization</b>		
Inventory		25,629,946
Nonfluid Used To Fortify		4,324,087
Shrinkage		7,218
Transfers and Diversions to Nonpool		50,741,536
Used To Produce/Other Uses		<u>9,473,641</u>
	Total Class IV Utilization	<b>90,176,428</b>
	Average Butterfat Test	7.919338%
	<b>Total Utilization</b>	<b><u>710,336,147</u></b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2000 is \$14.51 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.46 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5365 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 December, Class I use, which is primarily bottled or packaged fluid milk, accounted for 67.40% of all producer skim milk (priced to handlers at \$7.75 per hundredweight, plus the Class I differential, see page 2) and 39.92% of producer butterfat (priced to handlers at \$1.3283 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.77% of all producer skim milk (\$8.45 per hundredweight) and 18.23% of producer butterfat (\$1.6604 per pound). Class III use, mostly milk used to produce cheese, accounted for 14.72% of all producer skim milk (\$3.71 per hundredweight) and 18.86% of producer butterfat (\$1.6534 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.11% of all producer skim milk (\$7.75 per hundredweight) and 22.99% of producer butterfat (\$1.6534 per pound).

Receipts of producer milk during December 2000 totaled 619.5 million pounds. There were 32 regulated pool distributing plants, 3 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2000. Class I route disposition in the Southeast Market totaled 420.1 million pounds in October 2000.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast November 2000
Whole Milk	167,237,879
Fat Free Milk	51,097,383
Lowfat Milk (incl. 1%)	27,335,518
Reduced Fat Milk (incl. 2%)	121,686,239
Cultured Fluid Milk (incl. Buttermilk)	13,761,962
Flavored Drinks and Milk (incl. Eggnog)	39,015,256
<b>Total Disposition in Marketing Area</b>	<b>420,134,237</b>
Total Disposition by Pool Plants	353,701,027
Total Disposition by Nonpool Plants	66,433,210
<b>Total Disposition in Marketing Area</b>	<b>420,134,237</b>

### Packaged Class I Route Sales in Marketing Area By State October 2000

(Based upon reported and estimated information from pool and nonpool plants, surveyed quarterly)

Product	Alabama*	Arkansas	Georgia	Kentucky	Louisiana	Mississippi	Missouri	Tennessee	Total
<b>Whole</b>	33,058,231	17,531,396	26,819,283	1,027,498	26,996,738	13,323,930	5,535,072	14,347,072	138,639,220
<b>Fat Free</b>	11,227,632	3,578,325	9,399,340	503,643	7,524,456	1,882,966	2,119,216	4,155,580	40,391,158
<b>Lowfat</b>	6,533,262	2,227,838	4,676,716	141,697	5,473,135	2,910,457	1,478,084	2,424,242	25,865,431
<b>Reduced Fat</b>	25,237,989	12,934,672	18,725,588	1,358,571	14,458,099	10,186,495	6,420,904	10,550,341	99,872,659
<b>Cultured Flavored &amp; Drinks</b>	5,349,729	1,193,424	1,807,093	116,343	900,203	1,329,777	221,663	2,731,797	13,650,029
<b>By Pool Plants</b>	89,966,833	41,149,698	68,582,387	3,476,749	61,672,787	32,842,580	17,831,127	38,597,170	354,119,331
<b>By Non Pool Plants</b>	3,322,494	1,315,679	29,611,789	1,193,880	6,991,469	2,458,004	8,527,901	11,677,502	65,098,718
<b>Total Disposition:</b>	93,289,327	42,465,377	98,194,176	4,670,629	68,664,256	35,300,584	26,359,028	50,274,672	419,218,049

\*Includes 4 counties of West Florida.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.	Skim/cwt.	Butterfat/lb.	Skim/cwt.	Butterfat/lb.	Skim/cwt.	Butterfat/lb.	Skim/cwt.	Butterfat/lb.
February 2000	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40	\$1.2729	\$5.91	\$1.2659	\$7.71	\$1.2659	\$9.98	\$1.2924
September	\$10.80	\$1.2901	\$8.40	\$1.2777	\$6.54	\$1.2707	\$7.76	\$1.2707	\$10.03	\$1.2801
October	\$10.86	\$1.2876	\$8.46	\$1.2514	\$5.87	\$1.2444	\$7.73	\$1.2444	\$9.82	\$1.2622
November	\$10.84	\$1.2745	\$8.44	\$1.5815	\$3.17	\$1.5745	\$7.76	\$1.5745	\$9.39	\$1.4523
December	\$10.85	\$1.3593	\$8.45	\$1.6604	\$3.71	\$1.6534	\$7.75	\$1.6534	\$9.46	\$1.5365
Jan. 2001	\$10.98	\$1.8554	\$8.58							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
February 2000	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05	\$12.56	\$10.13	\$11.87	\$14.15
September	\$14.94	\$12.58	\$10.76	\$11.94	\$14.16
October	\$14.99	\$12.54	\$10.02	\$11.81	\$13.89
November	\$14.92	\$13.68	\$8.57	\$13.00	\$14.14
December	\$15.23	\$13.97	\$9.37	\$13.27	\$14.51
Jan. 2001	\$17.09				

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000	% IN	1,000	% IN	1,000	% IN	1,000	% IN
			POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS
February 2000	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
August	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
September	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
October	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
November	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
December	619,493	4,750**	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%

\*\* Estimated

**Southeast Marketing Area - Federal Order 7**

**Pool and Payment Dates for the Pooling Periods January 2000 through March 2001**

	<b>Pool &amp; Uniform Price</b>	<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
		<b>Due to :</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Release Date</b>	<b>All Funds</b>	<b>P/S &amp; T-Credit</b>	<b>Coop</b>	<b>Nonmember</b>	<b>Coop</b>	<b>Nonmember</b>
January	2/11/01	2/12/01	2/13/01	1/25/01	1/26/01	2/13/01	2/14/01
February	3/11/01	3/12/01	3/13/01	2/26/01	2/26/01	3/13/01	3/14/01
March	4/11/01	4/12/01	4/13/01	3/26/01	3/26/01	4/13/01	4/16/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*



# Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

February 2001

Volume 2—No. 2

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



## Injunction Halts Separate Butterfat Prices

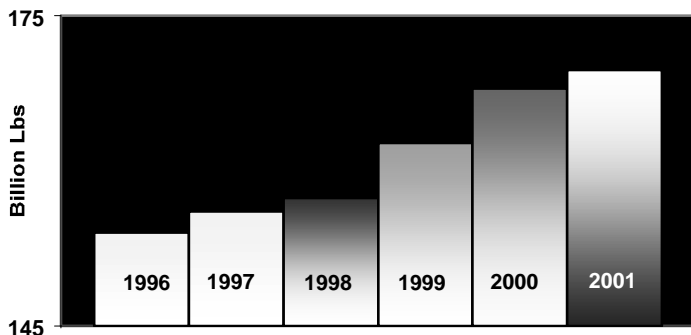
In a decision issued January 31, 2000, U.S. District Court Judge Royce C. Lamberth blocked the implementation of a separate Class III butterfat pricing formula. The ruling upholds some portions of the interim final amendments to Federal milk orders that became effective Jan. 1, 2001.

The aspects that will continue to operate as implemented Jan. 1 are the make allowance changes in the butter, cheese, nonfat dry milk and dry whey pricing formulas. In addition, the adjustment from 39% to 38% moisture content of 500-pound barrels of cheddar cheese will remain. Reverting back to pre-tentative final decision status are both the single butterfat price for Class III and Class IV and the butterfat adjuster in the protein price formula. While Select Milk Producers of Texas and New Mexico sought the injunction, the separate Class III and IV butterfat provision seems to have little support in the producer or processor communities. The official comment period on the tentative final decision ended on Feb. 5.

## National Production Growth Slows

While the National Agricultural Statistics Service estimates 2000 production to have grown 3.2% over 1999, much of the production gains were realized during the first eight months of the year. Growth during the first three quarters of the year averaged 3.9%, but as milk-per-cow figures

### 2001 US Milk Production Forecast



declined, production growth in the last quarter retreated to 1.2%. In fact December's production was even less than December of 1999. But these figures must be put into the context of huge rates of milk production increases seen in 1999, and a 9.1% increase in production since 1996.

Looking forward for this year's expected production figures, the Economic Research Service projects a more modest growth rate of 1.0%. If consumption, which has been lagging behind production for a few years, can grow faster than one percent, some headway could be made with regard to price improvements.

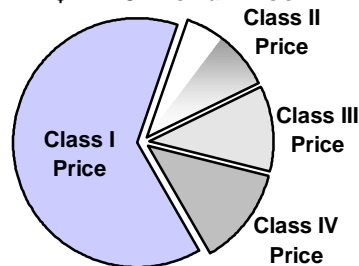
## Blend's Improvement Continues Into '01

The blend price increased by over twenty cents for the third straight month. At \$14.73 per hundredweight, January's uniform price in Fulton Co., GA is the highest since order reform. Class I utilization is off slightly from December, but actually two percent higher than January, 2000.

While the continued strength in blend price is welcomed news, many were expecting a much greater increase in January as a result of an announced Class I price of \$17.09. Why does a \$1.86 boost in the Class I price translate into only a \$0.22 gain in uniform price? Two factors explain the majority of this divergence: First, class prices are weighted by utilization, so only a portion of class price changes will be

filtered through to uniform prices changes. The chart to the left illustrates the share of the blend price resulting from Class I, II, III and IV.

### Contribution to January's \$14.73 Blend Price



Second, two commodity price surveys are used to calculate the blend, an advanced survey and a monthly survey. January's Class I price was released on December 22, based on a commodity

survey that captured unusually higher butter prices. The monthly survey, which took place during January and is used in calculating Class III and IV prices, found butter prices at normal levels. Thus, high Class I prices were diluted by the normal pooling process as well as tempered by lower III and IV prices from the later commodity surveys.

A corollary to both issues is that butterfat priced at the Class I value makes up only a portion of total butterfat use. (37.41% in January, see page 2) Since more butterfat was priced in lower valued Classes II, III, and IV, our expectations of large blend gains were further averaged away.

## National Dairy Situation

NASS estimates total cheese output for December was down 2.2 percent compared to the previous year's month, but up 2.6 % versus November. Cumulative cheese production for all varieties (except cottage cheese) was up 4.0 % for all of 2000 over 1999. Butter production declined 3.3 percent when compared with December 1999, but the 116 million pounds made in December represents a 9.3 percent increase over November. For the year, an estimated 1.30 billion pounds of butter were made, outpacing 1999 by 2.3 percent.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.41%	9,321,980	\$1.8244	\$ 17,007,020.33
Class I Differential at Location				273,367.40
Class II Butterfat	20.26%	5,046,274	\$1.2966	6,542,998.87
Class III Butterfat	16.99%	4,232,888	\$1.2896	5,458,732.37
Class IV Butterfat	25.34%	6,312,205	\$1.2896	8,140,219.56
<b>Total Butterfat</b>	<b>100.00%</b>	<b>24,913,347</b>		<b>\$ 37,422,338.53</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.5021**

**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	65.81%	414,189,373	\$7.88 /cwt.	\$ 32,638,122.61
Class I Butterfat	37.41%	9,321,980	\$1.8244 /lb.	17,007,020.33
Class I Differential at Location		423,511,353		12,492,384.97
<b>Total Class I Milk</b>	<b>64.74%</b>	<b>423,511,353</b>		<b>\$ 62,137,527.91</b>
Class II Skim Milk	10.65%	66,989,577	\$8.58 /cwt.	\$ 5,747,705.72
Class II Butterfat	20.26%	5,046,274	\$1.2966 /lb.	6,542,998.87
<b>Total Class II Milk</b>	<b>11.01%</b>	<b>72,035,851</b>		<b>\$ 12,290,704.59</b>
Class III Skim Milk	15.07%	94,816,978	\$5.68 /cwt.	\$ 5,385,604.36
Class III Butterfat	16.99%	4,232,888	\$1.2896 /lb.	5,458,732.37
<b>Total Class III Milk</b>	<b>15.14%</b>	<b>99,049,866</b>		<b>\$ 10,844,336.73</b>
Class IV Skim Milk	8.47%	53,309,175	\$7.89 /cwt.	\$ 4,206,093.94
Class IV Butterfat	25.34%	6,312,205	\$1.2896 /lb.	8,140,219.56
<b>Total Class IV Milk</b>	<b>9.11%</b>	<b>59,621,380</b>		<b>\$ 12,346,313.50</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>654,218,450</b>		<b>\$ 97,618,882.73</b>

**Adjustments**

Overage and Other Source	\$ 54,283.44
Inventory Adjustments	(47,973.63)
Producer butterfat at uniform butterfat price	(37,422,338.53)
Location Adjustments to Producers	1,544,319.35
1/2 Unobligated Balance in P.S.F.	318,358.81

<b>Adjusted Pool Value</b>	<b>\$ 9.86255</b>	<b>\$ 62,065,532.17</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04255</b>	267,771.08

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.82**

**Uniform Price per cwt. (Fulton County, Georgia):** **\$14.73\***

\* 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 %
	JAN 2001	FEB 2001	DEC 2000	JAN 2001	JAN 2001
Appalachian (Charlotte)	\$ 17.09	\$ 15.04	\$ 14.83	\$ 15.00	68.19%
Arizona-Las Vegas (Phoenix)	\$ 16.34	\$ 14.29	\$ 12.40	\$ 12.37	31.67%
Central (Kansas City)	\$ 15.99	\$ 13.94	\$ 11.38	\$ 11.85	30.81%
Florida (Tampa)	\$ 17.99	\$ 15.94	\$ 16.10	\$ 16.75	89.91%
Mid-East (Cleveland)	\$ 15.99	\$ 13.94	\$ 12.16	\$ 12.54	42.50%
Northeast (Boston)	\$ 17.24	\$ 15.19	\$ 13.72	\$ 13.76	43.30%
Pacific Northwest (Seattle)	\$ 15.89	\$ 13.84	\$ 12.27	\$ 12.34	31.22%
<b>Southeast (Atlanta)</b>	<b>\$ 17.09</b>	<b>\$ 15.04</b>	<b>\$ 14.51</b>	<b>\$ 14.73</b>	<b>64.74%</b>
Southwest (Dallas)	\$ 16.99	\$ 14.94	\$ 12.91	\$ 12.01	42.14%
Upper Midwest (Chicago)	\$ 15.79	\$ 13.74	\$ 10.60	\$ 11.02	19.90%
Western (Salt Lake City)	\$ 15.89	\$ 13.84	\$ 11.20	\$ 11.70	27.04%



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

<b>Receipts:</b>		JANUARY 2001	JANUARY 2000
<b>Producer Milk</b>			
Class I		423,511,353	426,043,371
Class II		72,035,851	57,694,667
Class III		99,049,866	110,335,099
Class IV		59,621,380	86,125,530
	Total Producer Milk	<b>654,218,450</b>	<b>680,198,667</b>
	Average Butterfat Test	3.81%	3.69%
	Percent of Producer Milk in Class I	64.74%	62.64%
	Daily Average Receipts	21,103,821	21,941,892
<b>Other Source Milk</b>			
Class I		14,688,117	10,902,266
Class II		2,946,793	3,457,922
Class III		2,626,841	237,451
Class IV		9,577,832	4,696,230
	Total Other Source Milk	<b>29,839,583</b>	<b>19,293,869</b>
<b>Overage</b>			
Class I		1,293	0
Class II		0	0
Class III		0	0
Class IV		242,173	2,159
	Total Overage	<b>243,466</b>	<b>2,159</b>
<b>Opening Inventory</b>			
Class I		35,370,492	35,286,181
Class II		67,182	136,641
Class III		1,755,464	308,640
Class IV		23,539,726	10,783,745
	Total Opening Inventory	<b>60,732,864</b>	<b>46,515,207</b>
	<b>Total Receipts</b>	<b>745,034,363</b>	<b>746,009,902</b>
<b>Utilization:</b>			
<b>Class I Utilization</b>			
	Inventory of Packaged FMP	34,746,045	32,883,055
	Route Disposition Class I	424,141,144	427,426,645
	Shrinkage	2,845,690	4,784,177
	Transfers and Diversions to Nonpool	11,838,376	7,137,941
	Total Class I Utilization	<b>473,571,255</b>	<b>472,231,818</b>
	Average Butterfat Test	2.21%	2.15%
	Daily Average Utilization	15,276,492	15,233,284
<b>Class II Utilization</b>			
	Nonfluid Used To Produce	1,919,401	2,529,952
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	55,434,946	41,766,051
	Used To Produce/Other Uses	17,695,479	16,993,227
	Total Class II Utilization	<b>75,049,826</b>	<b>61,289,230</b>
	Average Butterfat Test	6.97%	7.25%
<b>Class III Utilization</b>			
	Shrinkage	7,883,406	7,841,796
	Transfers and Diversions to Nonpool	89,367,461	98,460,324
	Used To Produce/Other Uses	6,181,304	4,579,070
	Total Class III Utilization	<b>103,432,171</b>	<b>110,881,190</b>
	Average Butterfat Test	4.24%	5.19%
<b>Class IV Utilization</b>			
	Inventory	26,512,269	20,615,822
	Nonfluid Used To Fortify	2,049,954	1,780,800
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	47,790,357	59,337,826
	Used To Produce/Other Uses	16,628,531	19,873,216
	Total Class IV Utilization	<b>92,981,111</b>	<b>101,607,664</b>
	Average Butterfat Test	8.59%	7.04%
	<b>Total Utilization</b>	<b>745,034,363</b>	<b>746,009,902</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2001 is \$14.73 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.82 per hundredweight plus 3.5 times the uniform butterfat price of \$1.5021 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 January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.81% of all producer skim milk (priced to handlers at \$7.88 per hundredweight, plus the Class I differential, see page 2) and 37.41% of producer butterfat (priced to handlers at \$1.8244 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.65% of all producer skim milk (\$8.58 per hundredweight) and 20.26% of producer butterfat (\$1.2966 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.07% of all producer skim milk (\$5.68 per hundredweight) and 16.99% of producer butterfat (\$1.2896 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.47% of all producer skim milk (\$7.89 per hundredweight) and 25.34% of producer butterfat (\$1.2896 per pound).

Receipts of producer milk during January 2001 totaled 654.2 million pounds. There were 32 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2001. Class I route disposition in the Southeast Market totaled 421.4 million pounds in December 2000.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast December 2000
Whole Milk	174,136,012
Fat Free Milk	51,048,535
Lowfat Milk (incl. 1%)	27,097,246
Reduced Fat Milk (incl. 2%)	122,909,632
Cultured Fluid Milk (incl. Buttermilk)	13,347,243
Flavored Drinks and Milk (incl. Eggnog)	32,839,002
<b>Total Disposition in Marketing Area</b>	<b>421,377,670</b>
Total Disposition by Pool Plants	352,665,018
Total Disposition by Nonpool Plants	68,712,652
<b>Total Disposition in Marketing Area</b>	<b>421,377,670</b>

### 2000 Mailbox Milk Prices For Selected Federal Milk Orders & California per cwt. 2/

Federal Milk Order <u>1/</u>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Northeast <u>3/</u>	\$12.08	\$11.96	\$12.13	\$11.85	\$12.24	\$12.56	\$12.72	\$12.71	\$12.91
Mideast	\$12.14	\$12.03	\$11.93	\$12.03	\$12.24	\$12.25	\$12.36	\$12.25	\$12.51
Appalachian	\$13.10	\$12.87	\$12.93	\$12.98	\$13.26	\$13.59	\$13.99	\$14.10	\$14.17
Southeast	\$12.55 *	\$12.34 *	\$12.27 *	\$12.25 *	\$12.52	\$12.80	\$13.23	\$13.21	\$13.26
Florida	\$14.88	\$14.91	\$14.77	\$14.95	\$15.25	\$15.66	\$16.10	\$16.25	\$16.55
Upper Midwest	\$11.42	\$11.04	\$11.04	\$11.12	\$11.10	\$11.35	\$11.97	\$11.76	\$12.43
Central	\$11.50	\$11.20	\$11.13	\$11.06	\$11.02	\$11.16	\$11.75	\$11.56	\$12.18
Southwest	\$12.06	\$11.77	\$11.66	\$11.49	\$11.73	\$11.59	\$12.01	\$12.03	\$12.20
Western	\$10.65 *	\$10.64 *	\$10.27 **	\$10.11 *	\$10.11	\$10.23 **	\$10.72 **	\$10.70	\$11.34
Pacific Northwest	\$11.26	\$11.20	\$11.30	\$11.37	\$11.68	\$11.83	\$11.92	\$11.85	\$12.17
All-Market Average <u>4/</u>	\$11.92 *	\$11.70 *	\$11.71 **	\$11.66 *	\$11.84	\$12.02 **	\$12.38 **	\$12.31	\$12.68
California <u>5/</u>	N/A	\$10.72	\$10.80	\$11.03	\$11.20	\$11.62	\$11.85	\$11.93	\$12.30

\* Revised November 3, 2000 Volume 67, Report 44

\*\* Revised February 9, 2001, Volume 68, Report 06

1/ Federal Milk Orders for which information could be released.

2/ Net pay price received by dairy farmers marketing their milk to handlers regulated under the Federal Milk Orders and California. Includes all payments received for milk sold and all cost associated with marketing the milk. Price is weighted average for the market and is reported at the market average butterfat test.

3/ Includes the value of Northeast Dairy Compact over-order payments received by qualified producers.

4/ Weighted average of the information for the selected orders combined.

5/ Calculated by California Dept. of Food & Agriculture. Published in "California Dairy Information Bulletin".

Source: Dairy Market News

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

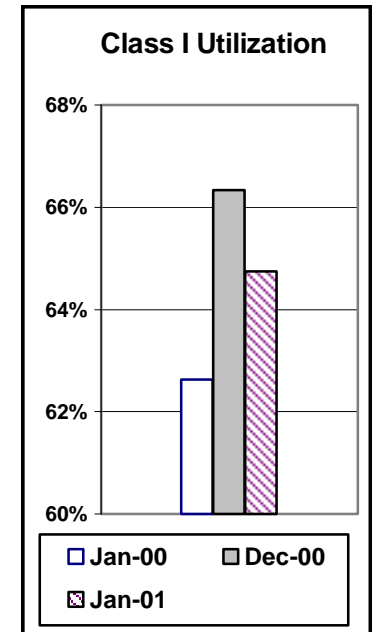
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04												

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,800**	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%

\*\* Estimated



**Southeast Marketing Area - Federal Order 7**

**Pool and Payment Dates for the Pooling Periods February 2001 through April 2001**

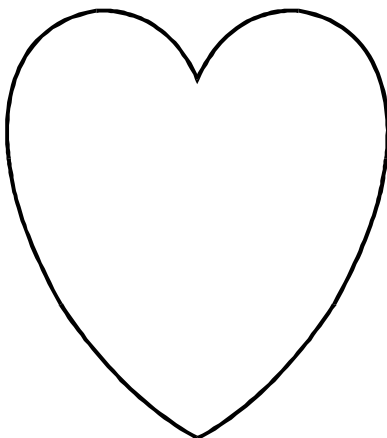
	<b>Pool &amp; Uniform Price</b>	<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
		<b>Due to :</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Release Date</b>	<b>All Funds</b>	<b>P/S &amp; T-Credit</b>	<b>Coop</b>	<b>Nonmember</b>	<b>Coop</b>	<b>Nonmember</b>
February	3/11/01	3/12/01	3/13/01	2/26/01	2/26/01	3/13/01	3/14/01
March	4/11/01	4/12/01	4/13/01	3/26/01	3/26/01	4/13/01	4/16/01
April	5/11/01	5/14/01	5/15/01	4/25/01	4/26/01	5/15/01	5/16/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 202509410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*



# Market Information BULLETIN

Sue L. Mosley, Market Administrator



Southeast Marketing Area  
Federal Order 7

www.fmmatlanta.com

March 2001

Volume 2—No. 3

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

## Regional Production Stagnant in 2000

The states which comprise Federal Order 7 (including other Federal Order portions of GA, KY, MO and TN) produced slightly less milk in 2000 than in 1999, according to NASS in a publication released last month. This occurred even though national production grew a very healthy 3.0. In a continuing trend, production growth is occurring in the western half of the country with Idaho, Colorado and New Mexico each experiencing double digit increases in production over 1999. And with the exception of Wyoming, all of the states with negative production growth are located in the southeast or along the eastern seaboard and northeast regions.

National herd size rose 0.6 percent, while milk per cow rose by 2.4 percent. However, state production growth is more closely linked with cow numbers than with milk per cow. Seven of the top ten states experiencing production growth were also in the top ten in rates of herd size increases. Conversely, of the ten states with the largest loses in production in 2000 versus 1999, all but one were also in the top ten for negative growth in cow numbers. In the big picture, the location of the herd is changing, thus we see huge gains and loses with individual states, but overall US production is better indicated by milk per cow changes.

National herd size rose 0.6 percent, while milk per cow rose by 2.4 percent. However, state production growth is more closely linked with cow numbers than with milk per cow. Seven of the top ten states experiencing production growth were also in the top ten in rates of herd size increases. Conversely, of the ten states with the largest loses in production in 2000 versus 1999, all but one were also in the top ten for negative growth in cow numbers. In the big picture, the location of the herd is changing, thus we see huge gains and loses with individual states, but overall US production is better indicated by milk per cow changes.

No.	State	Change From:		
		2000	1999	1995
1	CA	32,240	5.8	27.2
2	WI	23,259	0.8	1.4
3	NY	11,920	(1.3)	2.8
4	PA	11,156	2.1	5.2
5	MN	9,493	0.2	0.9
6	ID	7,223	11.9	71.6
7	TX	5,735	2.1	(6.2)
8	MI	5,705	4.6	2.5
9	WA	5,593	1.0	5.5
10	NM	5,236	10.8	44.5
11	OH	4,461	0.5	(3.0)
12	IA	3,934	3.5	(2.9)
13	AZ	3,017	2.9	35.3
14	VT	2,787	2.8	9.5
15	FL	2,461	2.6	3.3
17	MO	2,258	0.9	(16.1)
22	KY	1,690	2.4	(16.3)
26	GA	1,433	(1.1)	(7.8)
27	TN	1,405	(0.8)	(19.5)
32	LA	705	(0.8)	(22.1)
35	MS	544	(1.4)	(23.4)
36	AR	524	0.8	(28.4)
41	AL	348	(7.4)	(27.8)
	SE*	8,907	(0.1)	(21.7)
	US	167,658	3.0	7.9

\*All of AL, AR, GA, KY, LA, MO, MS, & TN  
Source: NASS

## Blend Slips on Butter

The uniform blend in Atlanta fell 58 cents for the month of February, settling at \$14.15 per hundredweight for milk at 3.5 percent. Class I utilization was slightly off at 61.23 percent, but it is not unusual to see such a change between January and February. Both the uniform skim price and uniform butterfat price were lower compared with January, by 21 cents and 11 cents respectively. Underlying these uniform skim and fat changes are a mix of effects.

First, the Class III skim price fell by 34 cents and Class I skim milk utilization fell by 3.6 percent. Most of the shift in utilization fell into Class III, at the lower price. Second, the Class II, III and IV butterfat price rose by approximately 17 cents. Butterfat in these classes normally comprises 1/5 to 1/4 of the pool value. Finally, the Class I butterfat price fell by 59 cents, which likewise normally provides 1/5 to 1/4 of the pool value. The major impact on the uniform price came from the sagging Class I butterfat price, with that effect simply outweighing the others.

The value of Class I butterfat going into the pool was 5.7 percent less in February than in January. Why? Because the advanced price survey conducted by NASS and used to calculate an advanced Class I skim and butterfat price captured the butter market when it was still reeling from the large declines after the holiday season. The survey which is used to calculate the remaining class prices found the butter market during the month of February relatively stronger. Thus, as seen on page 2, the Class I butterfat price is more than 20 cents below the other classes. The combination of these price and utilization changes were, on balance, detrimental to the uniform blend.

## National Dairy Situation

Monthly U.S. milk production was estimated at 14.05 billion pounds in January according to NASS, down 1.5 percent from a year ago but up 2.1 percent from December. Total cheese output was 678 million pounds in January, 1.2 percent less than a year prior, and 1.7 percent below the month of December. Total butter production was 128 million pounds, 9.7 percent below January 2000 but up 10.8 percent from the previous month.

The All Milk price in February was \$13.10 per hundredweight, 10 cents below the prior month. However this represents a gain of \$1.30 over February of 2000.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.21%	8,298,428	\$1.2352	\$ 10,250,218.25
Class I Differential at Location				244,609.93
Class II Butterfat	22.48%	5,152,106	\$1.4696	7,571,534.97
Class III Butterfat	19.59%	4,488,718	\$1.4626	6,565,198.98
Class IV Butterfat	21.72%	4,976,409	\$1.4626	7,278,495.81
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,915,661</b>		<b>\$ 31,910,057.94</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.3925**

**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	62.18%	371,258,909	\$7.89 /cwt.	\$ 29,292,327.93
Class I Butterfat	36.21%	8,298,428	\$1.2352 /lb.	10,250,218.25
Class I Differential at Location		379,557,337		11,218,897.16
<b>Total Class I Milk</b>	<b>61.23%</b>	<b>379,557,337</b>		<b>\$ 50,761,443.34</b>
Class II Skim Milk	11.25%	67,166,123	\$8.59 /cwt.	\$ 5,769,569.98
Class II Butterfat	22.48%	5,152,106	\$1.4696 /lb.	7,571,534.97
<b>Total Class II Milk</b>	<b>11.66%</b>	<b>72,318,229</b>		<b>\$ 13,341,104.95</b>
Class III Skim Milk	17.62%	105,198,053	\$5.34 /cwt.	\$ 5,617,576.01
Class III Butterfat	19.59%	4,488,718	\$1.4626 /lb.	6,565,198.98
<b>Total Class III Milk</b>	<b>17.69%</b>	<b>109,686,771</b>		<b>\$ 12,182,774.99</b>
Class IV Skim Milk	8.95%	53,429,547	\$7.86 /cwt.	\$ 4,199,562.39
Class IV Butterfat	21.72%	4,976,409	\$1.4626 /lb.	7,278,495.81
<b>Total Class IV Milk</b>	<b>9.42%</b>	<b>58,405,956</b>		<b>\$ 11,478,058.20</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>619,968,293</b>		<b>\$ 87,763,381.48</b>

**Adjustments**

Overage and Other Source	\$ 19,345.92
Inventory Adjustments	(22,785.86)
Producer butterfat at uniform butterfat price	(31,910,057.94)
Location Adjustments to Producers	1,499,331.42
1/2 Unobligated Balance in P.S.F.	294,458.70

<b>Adjusted Pool Value</b>	<b>\$ 9.65471</b>	<b>\$ 57,643,673.72</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04471</b>	266,915.78

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.61**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$14.15\***

\* 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 2001	MAR 2001	JAN 2001	FEB 2001	FEB 2001
Appalachian (Charlotte)	\$ 15.04	\$ 15.75	\$ 15.00	\$ 14.48	64.73%
Arizona-Las Vegas (Phoenix)	\$ 14.29	\$ 15.00	\$ 12.37	\$ 12.48	31.57%
Central (Kansas City)	\$ 13.94	\$ 14.65	\$ 11.85	\$ 11.82	30.18%
Florida (Tampa)	\$ 15.94	\$ 16.65	\$ 16.75	\$ 15.91	89.57%
Mid-East (Cleveland)	\$ 13.94	\$ 14.65	\$ 12.54	\$ 12.28	43.40%
Northeast (Boston)	\$ 15.19	\$ 15.90	\$ 13.76	\$ 13.62	43.30%
Pacific Northwest (Seattle)	\$ 13.84	\$ 14.55	\$ 12.34	\$ 12.35	31.90%
<b>Southeast (Atlanta)</b>	<b>\$ 15.04</b>	<b>\$ 15.75</b>	<b>\$ 14.73</b>	<b>\$ 14.15</b>	<b>61.23%</b>
Southwest (Dallas)	\$ 14.94	\$ 15.65	\$ 12.01	\$ 11.82	40.64%
Upper Midwest (Chicago)	\$ 13.74	\$ 14.45	\$ 11.02	\$ 11.15	19.70%
Western (Salt Lake City)	\$ 13.84	\$ 14.55	\$ 11.70	\$ 11.79	27.65%

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

<b>Receipts:</b>	FEBRUARY 2001	FEBRUARY 2000
<b>Producer Milk</b>		
Class I	379,557,337	399,062,055
Class II	72,318,229	67,499,376
Class III	109,686,771	98,700,248
Class IV	58,405,956	67,288,746
	<u>619,968,293</u>	<u>632,550,425</u>
Total Producer Milk	<b>619,968,293</b>	<b>632,550,425</b>
Average Butterfat Test	3.70%	3.66%
Percent of Producer Milk in Class I	61.23%	63.09%
Daily Average Receipts	22,141,725	21,812,084
<b>Other Source Milk</b>		
Class I	10,909,885	10,216,433
Class II	3,252,684	3,469,211
Class III	3,454,310	216,652
Class IV	9,002,351	5,015,477
	<u>26,619,230</u>	<u>18,917,773</u>
Total Other Source Milk	<b>26,619,230</b>	<b>18,917,773</b>
<b>Overage</b>		
Class I	0	0
Class II	0	514
Class III	0	0
Class IV	48,973	0
	<u>48,973</u>	<u>514</u>
Total Overage	<b>48,973</b>	<b>514</b>
<b>Opening Inventory</b>		
Class I	35,489,551	32,883,419
Class II	231,824	542,878
Class III	2,139,883	2,822,058
Class IV	23,397,056	17,250,886
	<u>61,258,314</u>	<u>53,499,241</u>
Total Opening Inventory	<b>61,258,314</b>	<b>53,499,241</b>
	<b>707,894,810</b>	<b>704,967,953</b>
	<b>Total Receipts</b>	<b>Total Receipts</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	33,892,343	39,340,457
Route Disposition Class I	374,530,546	392,162,336
Shrinkage	3,582,761	2,628,820
Transfers and Diversions to Nonpool	13,951,123	8,030,294
	<u>425,956,773</u>	<u>442,161,907</u>
Total Class I Utilization	<b>425,956,773</b>	<b>442,161,907</b>
Average Butterfat Test	2.18%	2.15%
Daily Average Utilization	15,212,742	15,246,962
<b>Class II Utilization</b>		
Nonfluid Used To Produce	1,866,238	2,374,597
Shrinkage	0	0
Transfers and Diversions to Nonpool	56,052,546	50,217,410
Used To Produce/Other Uses	17,883,953	18,919,972
	<u>75,802,737</u>	<u>71,511,979</u>
Total Class II Utilization	<b>75,802,737</b>	<b>71,511,979</b>
Average Butterfat Test	7.24%	7.69%
<b>Class III Utilization</b>		
Shrinkage	7,373,981	7,676,659
Transfers and Diversions to Nonpool	103,098,699	88,881,954
Used To Produce/Other Uses	4,808,284	5,180,345
	<u>115,280,964</u>	<u>101,738,958</u>
Total Class III Utilization	<b>115,280,964</b>	<b>101,738,958</b>
Average Butterfat Test	4.04%	4.41%
<b>Class IV Utilization</b>		
Inventory	23,504,409	19,019,745
Nonfluid Used To Fortify	1,943,972	1,777,723
Shrinkage	62	0
Transfers and Diversions to Nonpool	45,123,318	48,727,549
Used To Produce/Other Uses	20,282,575	20,030,092
	<u>90,854,336</u>	<u>89,555,109</u>
Total Class IV Utilization	<b>90,854,336</b>	<b>89,555,109</b>
Average Butterfat Test	7.23%	7.32%
	<b>707,894,810</b>	<b>704,967,953</b>
	<b>Total Utilization</b>	<b>Total Utilization</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2001 is \$14.15 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.61 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3925 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 62.18% of all producer skim milk (priced to handlers at \$7.89 per hundredweight, plus the Class I differential, see page 2) and 36.21% of producer butterfat (priced to handlers at \$1.2352 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.25% of all producer skim milk (\$8.59 per hundredweight) and 22.48% of producer butterfat (\$1.4696 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.62% of all producer skim milk (\$5.34 per hundredweight) and 19.59% of producer butterfat (\$1.4626 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.95% of all producer skim milk (\$7.86 per hundredweight) and 21.72% of producer butterfat (\$1.4626 per pound).

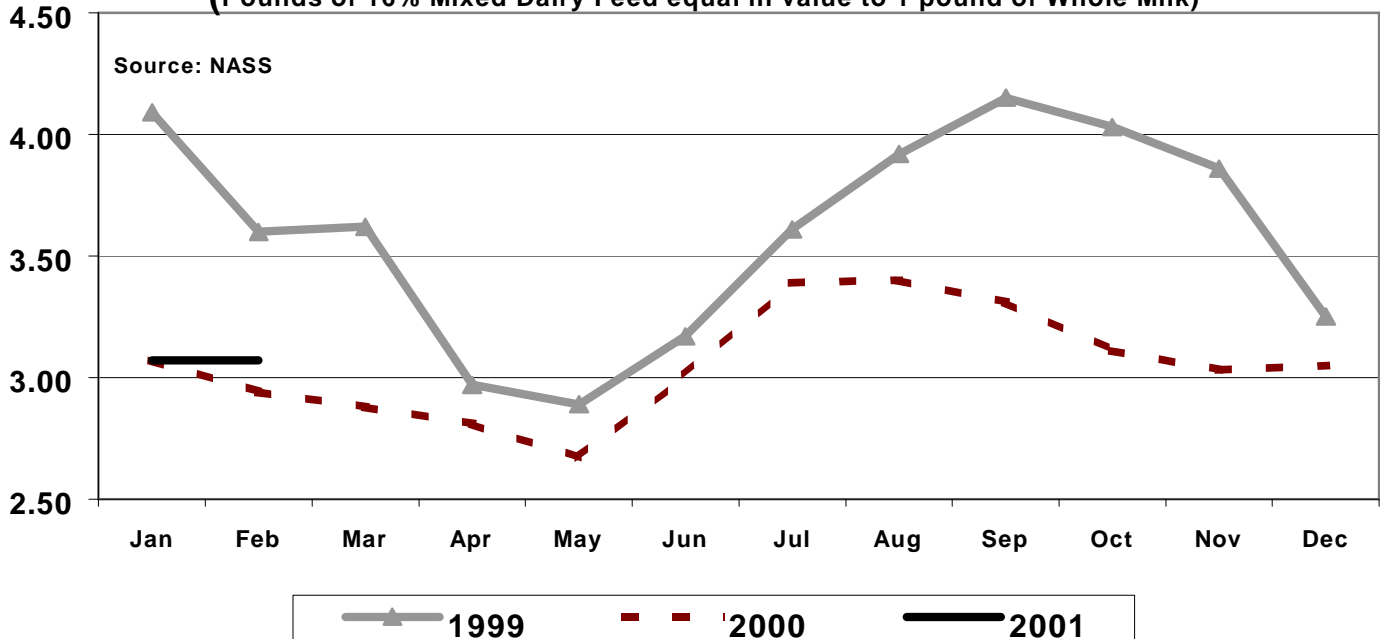
Receipts of producer milk during February 2001 totaled 620.0 million pounds. There were 32 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2001. Class I route disposition in the Southeast Market totaled 432.1 million pounds in January 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>January 2001</b>
Whole Milk	175,068,664
Fat Free Milk	53,337,369
Lowfat Milk (incl. 1%)	29,164,798
Reduced Fat Milk (incl. 2%)	125,757,202
Cultured Fluid Milk (incl. Buttermilk)	12,316,671
Flavored Drinks and Milk (incl. Eggnog)	36,431,940
<b>Total Disposition in Marketing Area</b>	<b>432,076,644</b>
Total Disposition by Pool Plants	363,456,289
Total Disposition by Nonpool Plants	68,620,355
<b>Total Disposition in Marketing Area</b>	<b>432,076,644</b>

### Milk-Feed Price Ratio:1999-to Date

(Pounds of 16% Mixed Dairy Feed equal in value to 1 pound of Whole Milk)





**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

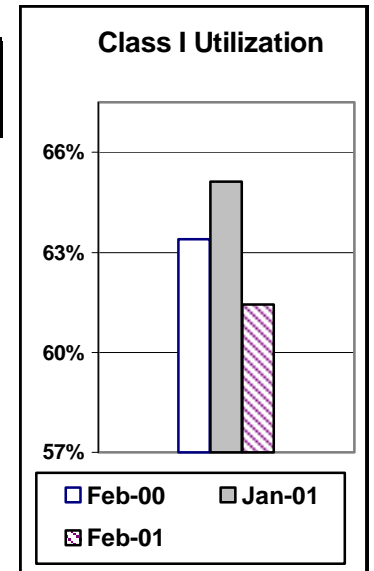
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
			Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,824	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,820**	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%

\*\* Estimated



**\*\*\*\*\*PAYMENT REMINDER\*\*\*\*\***

Payments to both producers and cooperatives are computed at 90% of the preceding month's uniform price, which is then adjusted for 100% of the plant location. See §1007.73 (a)(i) of the *Order Regulating the Handling of Milk in the Southeast Marketing Area*.

<b>Southeast Marketing Area - Federal Order 7</b>							
<b>Pool and Payment Dates for the Pooling Periods March 2001 through May 2001</b>							
		<u>MA Payment Dates</u>		<u>Payments for Producer Milk</u>			
<b>Pool &amp; Uniform Price</b>		<b>Due to :</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Release Date</b>	<b>All Funds</b>	<b>P/S &amp; T-Credit</b>	<b>Coop</b>	<b>Nonmember</b>	<b>Coop</b>	<b>Nonmember</b>
March	4/11/01	4/12/01	4/13/01	3/26/01	3/26/01	4/13/01	4/16/01
April	5/11/01	5/14/01	5/15/01	4/25/01	4/26/01	5/15/01	5/16/01
May	6/11/01	6/12/01	6/13/01	5/25/01	5/29/01	6/13/01	6/14/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (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) 72000 (voice and TDD).

To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*



# Market Information BULLETIN

Sue L. Mosley, Market Administrator



www.fmmatlanta.com

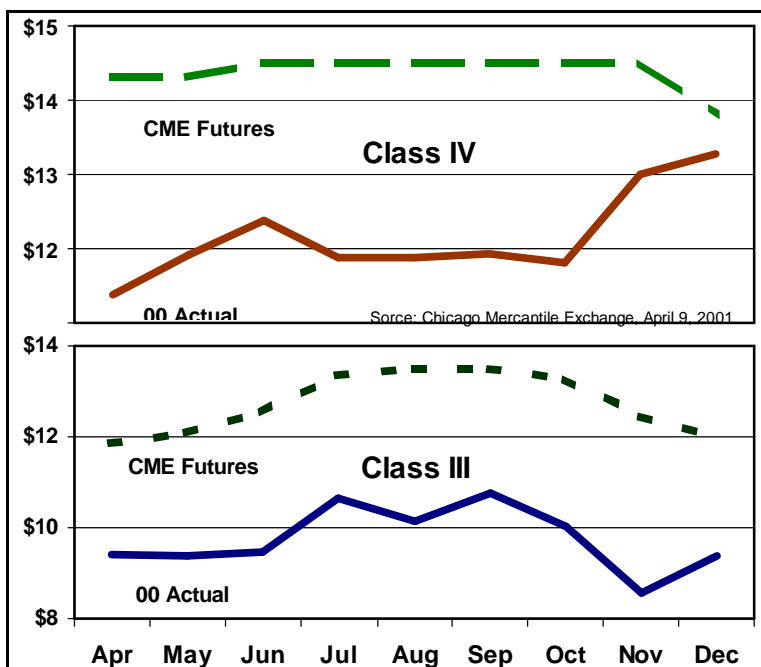
April 2001

Volume 2—No. 4

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

## Futures Markets Show Promise

Activity on the Chicago Mercantile Exchange indicates higher milk prices could be on their way. The graphs below depict Class III and Class IV futures contracts that, as of April 9th, would allow producers to lock in milk prices that are substantially higher than actual class prices of 2000. In fact, the average spread between last year's class prices and this year's futures prices for April through December is \$2.98/cwt on Class III and \$2.22/cwt on Class IV. Even if these higher prices don't materialize, they provide an opportunity for producers to use the futures markets to reduce the risk of changing milk prices. For more information on risk management tools go to [www.rma.usda.gov](http://www.rma.usda.gov) or [www.nfa.futures.org](http://www.nfa.futures.org).



## GAO Releases Imported UF Milk Study

The General Accounting Office's examination of ultra-filtered (UF) milk describes a dramatic rise in imported milk protein concentrates (MPC's) in the last five years, but could not verify that this rise was due to ultra-filtered milk. Ultra-filtered milk, with its high protein content, falls into the MPC classification set by the U.S. Customs Service, which includes many other products not made using a filtration process.

To protect the integrity of the price support program on nonfat dry milk, any imported nonfat dry milk with less than 40% protein is subject to a tariff rate quota. Protein levels between 40 and 90% are classified as MPC's and are subject to few trade restrictions. Download the entire report (GAO-01-326) at [www.gao.gov](http://www.gao.gov).

## Blend Bounces Back on Butter's Strength

March's uniform price in Atlanta jumped to \$14.92 per hundredweight for milk at 3.5 percent, up 77 cents from the prior month. Class I utilization held constant, and the utilization of skim and butterfat in all four classes were essentially unchanged. The distribution of milk among classes had almost no impact on the blend price. So if not utilization, we must look to changing prices for any change in the blend.

Comparing class prices from March to February shows just what those changes were. (Page 2 of this bulletin lists the skim and butterfat prices in each class.) Class III skim rose by 39 cents, which helped to boost the blend. But the real impact came from butterfat, with Classes I, II, III and IV gaining over 20 cents per class since February. While not directly related to the NASS manufacturer survey (and therefore class prices), the CME butter prices behaved remarkably similar over the same time frame. The average CME cash price of butter during February was \$1.38, rising 20 cents to \$1.58 during the month of March. Cash cheese prices have been higher as well, averaging 5 and 10 cents more for barrels and blocks respectively in March versus February.

Why are cash prices showing strength, and (see charts at left) futures markets suggesting higher prices through the end of the year? There are several factors most likely contributing to this optimism. First, USDA projects milk per cow growth at only about 1 percent. Second, a steady decline in overall cow numbers is anticipated for the year. Thus, growth in milk production is expected to be minimal. Third, demand increases may be less robust than in recent years, but will still be healthy despite the possible economic downturn. With supplies thought to be tightening and demand for dairy products estimated to remain relatively strong, prices will rise to equilibrate the market. Additionally, CCC purchases of nonfat dry milk powder during April 2-6th were "the smallest weekly net NDM purchase since December 1999", evidence of a declining supply of milk, and reason for guarded optimism.

## National Dairy Situation

NASS estimates U.S. milk production in February at 11.2 billion pounds, a decline of 0.9 percent after the leap year adjustment. Butter production was 115 million pounds in February, 11.6 percent below a year ago and 11.0 percent below January 2001. Total cheese output (excluding cottage cheese) was 637 million pounds, 1.4 percent below February 2000 and 7.3 percent below the previous month. Additionally, NDM production was down 14.2 percent from the year prior.

The All Milk price for March was \$13.60 per hundredweight, up \$1.70 from March 2000 and 60 cents above a revised February figure. The milk feed price ratio grew to 3.21, a sign that input costs are falling relative to output prices.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.19%	9,279,317	\$1.4483	\$ 13,439,234.83
Class I Differential at Location				273,760.83
Class II Butterfat	23.05%	5,909,509	\$1.6890	9,981,160.71
Class III Butterfat	21.43%	5,493,131	\$1.6820	9,239,446.36
Class IV Butterfat	19.33%	4,956,113	\$1.6820	8,336,182.05
<b>Total Butterfat</b>	<b>100.00%</b>	<b>25,638,070</b>		<b>\$ 41,269,784.78</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.6097**

**Calculation of Uniform Skim Milk Price:**

<b>Producer Milk</b>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	61.58%	420,875,411	\$7.86 /cwt.	\$ 33,080,807.30
Class I Butterfat	36.19%	9,279,317	\$1.4483 /lb.	13,439,234.83
Class I Differential at Location		430,154,728		12,706,007.55
<b>Total Class I Milk</b>	<b>60.68%</b>	<b>430,154,728</b>		<b>\$ 59,226,049.68</b>
Class II Skim Milk	11.74%	80,192,778	\$8.56 /cwt.	\$ 6,864,501.79
Class II Butterfat	23.05%	5,909,509	\$1.6890 /lb.	9,981,160.71
<b>Total Class II Milk</b>	<b>12.14%</b>	<b>86,102,287</b>		<b>\$ 16,845,662.50</b>
Class III Skim Milk	17.15%	117,163,057	\$5.73 /cwt.	\$ 6,713,443.18
Class III Butterfat	21.43%	5,493,131	\$1.6820 /lb.	9,239,446.36
<b>Total Class III Milk</b>	<b>17.30%</b>	<b>122,656,188</b>		<b>\$ 15,952,889.54</b>
Class IV Skim Milk	9.53%	65,087,432	\$7.85 /cwt.	\$ 5,109,363.41
Class IV Butterfat	19.33%	4,956,113	\$1.6820 /lb.	8,336,182.05
<b>Total Class IV Milk</b>	<b>9.88%</b>	<b>70,043,545</b>		<b>\$ 13,445,545.46</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>708,956,748</b>		<b>\$ 105,470,147.18</b>

**Adjustments**

Overage and Other Source	\$ 54,130.99
Inventory Adjustments	(34,907.32)
Producer butterfat at uniform butterfat price	(41,269,784.78)
Location Adjustments to Producers	1,681,022.63
1/2 Unobligated Balance in P.S.F.	165,493.04

**Adjusted Pool Value**

	<b>\$ 9.66842</b>	<b>\$ 66,066,101.74</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04842</b>	330,410.88

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

**\$9.62**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$14.92\***

\* 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 2001	APR 2001	FEB 2001	MAR 2001	MAR 2001
Appalachian (Charlotte)	\$ 15.75	\$ 16.54	\$ 14.48	\$ 15.16	61.56%
Arizona-Las Vegas (Phoenix)	\$ 15.00	\$ 15.79	\$ 12.48	\$ 13.31	31.81%
Central (Kansas City)	\$ 14.65	\$ 15.44	\$ 11.82	\$ 12.74	28.05%
Florida (Tampa)	\$ 16.65	\$ 17.44	\$ 15.91	\$ 16.69	91.30%
Mid-East (Cleveland)	\$ 14.65	\$ 15.44	\$ 12.28	\$ 13.24	44.30%
Northeast (Boston)	\$ 15.90	\$ 16.69	\$ 13.62	\$ 14.50	44.20%
Pacific Northwest (Seattle)	\$ 14.55	\$ 15.34	\$ 12.35	\$ 13.34	33.68%
<b>Southeast (Atlanta)</b>	<b>\$ 15.75</b>	<b>\$ 16.54</b>	<b>\$ 14.15</b>	<b>\$ 14.92</b>	<b>60.68%</b>
Southwest (Dallas)	\$ 15.65	\$ 16.44	\$ 13.24	\$ 14.18	50.87%
Upper Midwest (Chicago)	\$ 14.45	\$ 15.24	\$ 11.15	\$ 12.20	20.10%
Western (Salt Lake City)	\$ 14.55	\$ 15.34	\$ 11.79	\$ 12.89	29.74%

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

<b>Receipts:</b>	MARCH 2001	MARCH 2000
<b>Producer Milk</b>		
Class I	430,154,728	425,455,306
Class II	86,102,287	69,745,515
Class III	122,656,188	117,193,820
Class IV	<u>70,043,545</u>	<u>68,984,123</u>
Total Producer Milk	<b>708,956,748</b>	<b>681,378,764</b>
Average Butterfat Test	3.62%	3.58%
Percent of Producer Milk in Class I	60.67%	62.44%
Daily Average Receipts	22,869,573	21,979,960
<b>Other Source Milk</b>		
Class I	11,664,808	10,300,133
Class II	5,010,731	4,258,190
Class III	6,616,184	2,118,127
Class IV	<u>8,385,505</u>	<u>6,888,942</u>
Total Other Source Milk	<b>31,667,228</b>	<b>23,565,392</b>
<b>Overage</b>		
Class I	2,232	0
Class II	1,423	0
Class III	259	0
Class IV	<u>95,400</u>	<u>15,420</u>
Total Overage	<b>99,314</b>	<b>15,420</b>
<b>Opening Inventory</b>		
Class I	34,293,964	39,889,958
Class II	2,095,306	1,714,766
Class III	4,341,271	4,190,853
Class IV	<u>16,666,211</u>	<u>12,564,625</u>
Total Opening Inventory	<b>57,396,752</b>	<b>58,360,202</b>
	<b>Total Receipts</b>	<b>798,130,042</b>
		<b>763,319,778</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	35,146,571	40,435,046
Route Disposition Class I	422,284,680	424,838,016
Shrinkage	2,899,674	2,646,121
Transfers and Diversions to Nonpool	<u>15,784,807</u>	<u>7,726,214</u>
Total Class I Utilization	<b>476,115,732</b>	<b>475,645,397</b>
Average Butterfat Test	2.16%	2.16%
Daily Average Utilization	15,358,572	15,343,400
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,912,377	2,635,325
Shrinkage	0	0
Transfers and Diversions to Nonpool	68,813,163	50,446,309
Used To Produce/Other Uses	<u>21,484,207</u>	<u>22,636,837</u>
Total Class II Utilization	<b>93,209,747</b>	<b>75,718,471</b>
Average Butterfat Test	6.96%	8.28%
<b>Class III Utilization</b>		
Shrinkage	7,170,379	7,860,884
Transfers and Diversions to Nonpool	121,879,201	110,500,339
Used To Produce/Other Uses	<u>4,564,322</u>	<u>5,141,577</u>
Total Class III Utilization	<b>133,613,902</b>	<b>123,502,800</b>
Average Butterfat Test	4.31%	4.26%
<b>Class IV Utilization</b>		
Inventory	16,613,849	12,757,164
Nonfluid Used To Fortify	2,107,129	1,943,414
Shrinkage	0	0
Transfers and Diversions to Nonpool	52,053,004	49,523,254
Used To Produce/Other Uses	<u>24,416,679</u>	<u>24,229,278</u>
Total Class IV Utilization	<b>95,190,661</b>	<b>88,453,110</b>
Average Butterfat Test	6.57%	6.51%
	<b>Total Utilization</b>	<b>798,130,042</b>
		<b>763,319,778</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2001 is \$14.92 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.62 per hundredweight plus 3.5 times the uniform butterfat price of \$1.6097 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 61.58% of all producer skim milk (priced to handlers at \$7.86 per hundredweight, plus the Class I differential, see page 2) and 36.19% of producer butterfat (priced to handlers at \$1.4483 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.74% of all producer skim milk (\$8.56 per hundredweight) and 23.05% of producer butterfat (\$1.6890 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.15% of all producer skim milk (\$5.73 per hundredweight) and 21.43% of producer butterfat (\$1.6820 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.53% of all producer skim milk (\$7.85 per hundredweight) and 19.33% of producer butterfat (\$1.6820 per pound).

Receipts of producer milk during March 2001 totaled 709.0 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for March 2001. Class I route disposition in the Southeast Market totaled 383.7 million pounds in February 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>February 2001</b>
Whole Milk	152,820,194
Fat Free Milk	47,901,301
Lowfat Milk (incl. 1%)	25,461,345
Reduced Fat Milk (incl. 2%)	112,195,036
Cultured Fluid Milk (incl. Buttermilk)	10,955,184
Flavored Drinks and Milk (incl. Eggnog)	34,345,294
<b>Total Disposition in Marketing Area</b>	<b>383,678,354</b>
Total Disposition by Pool Plants	319,150,530
Total Disposition by Nonpool Plants	64,527,824
<b>Total Disposition in Marketing Area</b>	<b>383,678,194</b>

## 2000 Mailbox Prices For Selected Federal Milk Orders and California 2/

Federal Milk Order 1/	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Northeast 3/	\$12.08	\$11.96	\$12.13	\$11.85	\$12.24	\$12.56	\$12.72	\$12.71	\$12.91	\$12.85
Mideast	\$12.14	\$12.03	\$11.93	\$12.03	\$12.24	\$12.25	\$12.36	\$12.25	\$12.51	\$12.35
Appalachian	\$13.10	\$12.87	\$12.93	\$12.98	\$13.26	\$13.59	\$13.99	\$14.10	\$14.17	\$14.08
Southeast	\$12.55 *	\$12.34 *	\$12.27 *	\$12.25 *	\$12.52	\$12.80	\$13.23	\$13.21	\$13.26	\$13.14
<b>Florida</b>	<b>\$14.88</b>	<b>\$14.91</b>	<b>\$14.77</b>	<b>\$14.95</b>	<b>\$15.25</b>	<b>\$15.66</b>	<b>\$16.10</b>	<b>\$16.25</b>	<b>\$16.55</b>	<b>\$16.40</b>
Upper Midwest	\$11.42	\$11.04	\$11.04	\$11.12	\$11.10	\$11.35	\$11.97	\$11.76	\$12.43	\$12.00
Central	\$11.50	\$11.20	\$11.13	\$11.06	\$11.02	\$11.16	\$11.75	\$11.56	\$12.18	\$11.65
Southwest	\$12.06	\$11.77	\$11.66	\$11.49	\$11.73	\$11.59	\$12.01	\$12.03	\$12.20	\$12.06
Western	\$10.65	\$10.64	\$10.27	\$10.11	\$10.11	\$10.23	\$10.72	\$10.70	\$11.34	\$10.96
Pacific Northwest	\$11.26	\$11.20	\$11.30	\$11.37	\$11.68	\$11.83	\$11.92	\$11.85	\$12.17	\$12.01
All-Market Average 4/	\$11.92 *	\$11.70 *	\$11.71 *	\$11.66 *	\$11.84	\$12.02	\$12.38	\$12.31	\$12.68	\$12.44
California 5/	N/A	\$10.72	\$10.80	\$11.03	\$11.20	\$11.62	\$11.85	\$11.93	\$12.30	\$11.47

\* Revised November 3, 2000 Volume 67, Report 44

1/ Federal Milk Orders for which information could be released.

2/ Net pay price received by dairy farmers marketing their milk to handlers regulated under the Federal milk orders and California. Includes all payments received for milk sold and all cost associated with marketing the milk. Price is weighted average for the market and is reported at the market average butterfat test.

3/ Includes the value of Northeast Dairy Compact over-order payments received by qualified producers.

4/ Weighted average of the information for the selected orders combined.

5/ Calculated by California Dept. of Food & Agriculture. Published in "California Dairy Information Bulletin."

Source: Dairy Market News.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

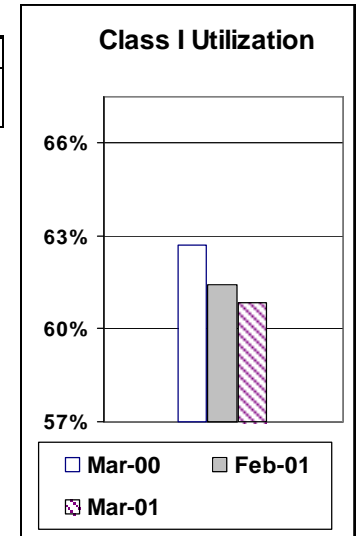
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,824	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,700**	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%

\*\* Estimated



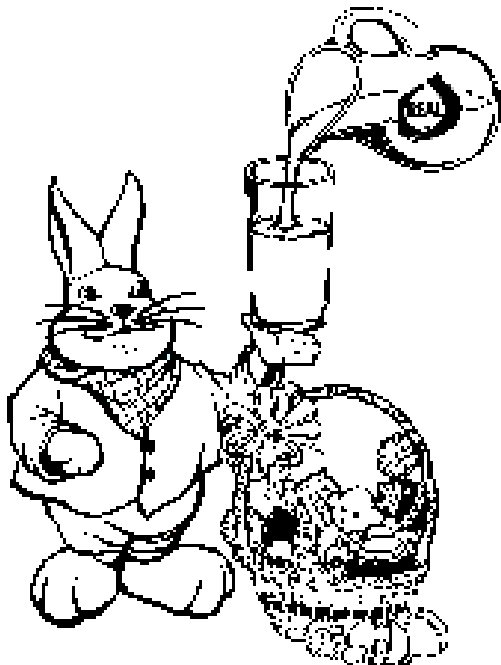
<b>Southeast Marketing Area - Federal Order 7</b>							
<b>Pool and Payment Dates for the Pooling Periods April 2001 through June 2001</b>							
		<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
	<b>Pool &amp; Uniform Price</b>	<b>Due to :</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Release Date</b>	<b>All Funds</b>	<b>P/S &amp; T-Credit</b>	<b>Coop</b>	<b>Nonmember</b>	<b>Coop</b>	<b>Nonmember</b>
April	5/11/01	5/14/01	5/15/01	4/25/01	4/26/01	5/15/01	5/16/01
May	6/11/01	6/12/01	6/13/01	5/25/01	5/29/01	6/13/01	6/14/01
June	7/11/01	7/12/01	7/13/01	6/25/01	6/26/01	7/13/01	7/16/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*





# Market Information BULLETIN

Sue L. Mosley, Market Administrator



Southeast Marketing Area  
Federal Order 7

www.fmmatlanta.com

May 2001

Volume 2—No. 5

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

## Quarterly Production Declines

National milk production during the first quarter of 2001 was 3.1% below the first quarter of 2000. The chart below shows how the states comprising F.O. 7 performed. Most of

Preliminary NASS Estimates: January-March, 2000-2001						
	Milk Cows			Milk Production		
	1,000 Head		% Chg	Million Pounds		% Chg
	2000	2001		2000	2001	
AL	26	22	-15.4%	104	86	-17.3%
MO	157	148	-5.7%	599	517	-13.7%
LA	60	56	-6.7%	210	184	-12.4%
AR	42	39	-7.1%	141	125	-11.3%
MS	36	36	0.0%	162	148	-8.6%
TN	96	93	-3.1%	380	350	-7.9%
KY	131	128	-2.3%	451	426	-5.5%
GA	88	86	-2.3%	402	387	-3.7%
<b>SE States</b>	<b>636</b>	<b>608</b>	<b>-4.4%</b>	<b>2,449</b>	<b>2,223</b>	<b>-9.2%</b>
FL	157	155	-1.3%	687	666	-3.1%
<b>US</b>	<b>9,188</b>	<b>9,155</b>	<b>-0.4%</b>	<b>42,630</b>	<b>41,326</b>	<b>-3.1%</b>

the decline is due to lower milk per cow figures, because while the size of the nation's herd fell less than half a percent, production was off over three percent. When compared with the same period in 2000, each state shown above, except for Mississippi, has declining cow numbers with even greater declines in milk production. The additional decline results from lower productivity as measured by milk per cow.

## Nominees Sought for National Dairy Board

The USDA asks farmers and organizations to submit nominations to the National Dairy Promotion and Research Board. The twelve new members will serve 3-year terms beginning Nov. 1, 2001. Appointments will be made from all across the country, with one made from Region 4 (AR, KS, NM, OK and TX) and one from Region 10 (FL, GA, NC, SC and VA). For more information, contact David R. Jamison, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA Room 2958-S, Stop 0233, 1400 Independence Ave., SE, Washington D.C. 20250-0233: (202) 720-6909. The deadline for nominations is May 31, 2001.

## Thanks to Butter, Uniform Price Rises

The continued strength in butter prices has for the second consecutive month boosted the blend price. Despite the lowest Class I utilization ever seen in F.O. 7, April's uniform price in Atlanta rose to \$15.57 per hundredweight, up 55 cents from the previous month. The uniform skim price fell to \$9.37 per hundredweight and the uniform butterfat price soared to \$1.8656 per pound.

One must only glance at the CME or the NASS survey of cheese and butter prices to understand why the uniform price is higher today than anytime since December 1999. But an understanding of why commodity prices are higher requires a bit more explanation. First is lower milk production (see opposite column). With relatively less milk currently available when compared with last year, and expectations that less milk will be produced as the year progresses, the price has been bid higher in response.

Second, the commodities for which milk is an input are being produced at a rate less than the previous year. While total cheese production in March is 13 percent higher than February, cumulative cheese output for 2001 is still 1.2 percent lower than the same January-March period of 2000. Butter production in March is 8 percent less than February, and cumulative production is down 12 percent from the period of the previous year. Production of dry milk products is also low relative to last year. As these commodity markets tighten, the price of milk will rise accordingly.

Forecasts made by the USDA World Agricultural Board have been adjusted recently to reflect these strong commodity prices. The 2000/01 all milk price is forecast at \$14.10 to \$14.30 per hundredweight, up from \$13.40 to \$13.70 per hundredweight from the previous estimate made in April. But production is expected to respond to these higher prices in a relatively quick fashion because the current downturn in production is due to low milk per cow numbers. Only a one percent decline in milk production is expected by the board.

## Proposed Manufacturing Grade Milk Standards

Proposed changes in the Recommended Requirements for handling manufacturing grade milk have been made by USDA. The proposed changes to the "Milk for Manufacturing Purposes and Its Production and Processing" document have mainly to do with drug residue standards that were not consistent with the standards in place for Grade A milk. Send comments postmarked by June 19 to Duane R. Spomer, Chief, Dairy Standardization Branch, Dairy Programs, AMS, USDA Room 2746-SB, PO Box 96456, Washington D.C. 20090-6456 or faxed to (202) 720-2643. Go to [www.ams.usda.gov.dairy.stand.htm](http://www.ams.usda.gov.dairy.stand.htm) for the current Recommended Requirements and the proposed changes.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.20%	8,497,618	\$1.6722	\$ 14,209,716.82
Class I Differential at Location				249,634.60
Class II Butterfat	24.09%	5,984,541	\$1.9553	11,701,573.01
Class III Butterfat	23.98%	5,957,888	\$1.9483	11,607,753.19
Class IV Butterfat	17.73%	4,404,765	\$1.9483	8,581,803.65
<b>Total Butterfat</b>	<b>100.00%</b>	<b>24,844,812</b>		<b>\$ 46,350,481.27</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.8656**

**Calculation of Uniform Skim Milk Price:**

<b>Producer Milk</b>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	56.53%	383,733,407	\$7.86 /cwt.	\$ 30,161,445.80
Class I Butterfat	34.20%	8,497,618	\$1.6722 /lb.	14,209,716.82
Class I Differential at Location		392,231,025		11,553,767.94
<b>Total Class I Milk</b>	<b>55.73%</b>	<b>392,231,025</b>		<b>\$ 55,924,930.56</b>
Class II Skim Milk	12.20%	82,819,216	\$8.56 /cwt.	\$ 7,089,324.89
Class II Butterfat	24.09%	5,984,541	\$1.9553 /lb.	11,701,573.01
<b>Total Class II Milk</b>	<b>12.62%</b>	<b>88,803,757</b>		<b>\$ 18,790,897.90</b>
Class III Skim Milk	21.52%	146,120,207	\$5.43 /cwt.	\$ 7,934,327.25
Class III Butterfat	23.98%	5,957,888	\$1.9483 /lb.	11,607,753.19
<b>Total Class III Milk</b>	<b>21.61%</b>	<b>152,078,095</b>		<b>\$ 19,542,080.44</b>
Class IV Skim Milk	9.75%	66,225,839	\$7.87 /cwt.	\$ 5,211,973.50
Class IV Butterfat	17.73%	4,404,765	\$1.9483 /lb.	8,581,803.65
<b>Total Class IV Milk</b>	<b>10.04%</b>	<b>70,630,604</b>		<b>\$ 13,793,777.15</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>703,743,481</b>		<b>\$ 108,051,686.05</b>

**Adjustments**

Overage and Other Source	\$ 16,792.40
Inventory Adjustments	(7,420.95)
Producer butterfat at uniform butterfat price	(46,350,481.27)
Location Adjustments to Producers	1,921,390.91
1/2 Unobligated Balance in P.S.F.	303,907.65
<b>Adjusted Pool Value</b>	<b>\$ 9.41759</b>
Reserve for Producer Settlement Fund	\$ 0.04759
	<b>\$ 63,935,874.79</b>
	323,069.48

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.37**

**Uniform Price per cwt. (Fulton County, Georgia):** **\$15.57\***

\* 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 %
	APR 2001	MAY 2001	MAR 2001	APR 2001	APR 2001
Appalachian (Charlotte)	\$ 16.54	\$ 17.31	\$ 15.16	\$ 15.84	55.18%
Arizona-Las Vegas (Phoenix)	\$ 15.79	\$ 16.56	\$ 13.31	\$ 14.07	29.05%
Central (Kansas City)	\$ 15.44	\$ 16.21	\$ 12.74	\$ 13.42	25.34%
Florida (Tampa)	\$ 17.44	\$ 18.21	\$ 16.69	\$ 17.34	87.63%
Mid-East (Cleveland)	\$ 15.44	\$ 16.21	\$ 13.24	\$ 13.94	40.10%
Northeast (Boston)	\$ 16.69	\$ 17.46	\$ 14.50	\$ 15.24	41.20%
Pacific Northwest (Seattle)	\$ 15.34	\$ 16.11	\$ 13.34	\$ 14.05	32.37%
<b>Southeast (Atlanta)</b>	<b>\$ 16.54</b>	<b>\$ 17.31</b>	<b>\$ 14.92</b>	<b>\$ 15.57</b>	<b>55.73%</b>
Southwest (Dallas)	\$ 16.44	\$ 17.21	\$ 14.18	\$ 14.91	47.38%
Upper Midwest (Chicago)	\$ 15.24	\$ 16.01	\$ 12.20	\$ 12.89	18.60%
Western (Salt Lake City)	\$ 15.34	\$ 16.11	\$ 12.89	\$ 13.41	23.98%

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

<b>Receipts:</b>	APRIL 2001	APRIL 2000
<b>Producer Milk</b>		
Class I	392,231,025	383,301,398
Class II	88,803,757	70,002,113
Class III	152,078,095	121,556,267
Class IV	70,630,604	96,627,293
	<u>703,743,481</u>	<u>671,487,071</u>
Total Producer Milk	<b>703,743,481</b>	<b>671,487,071</b>
Average Butterfat Test	3.53%	3.53%
Percent of Producer Milk in Class I	55.73%	57.08%
Daily Average Receipts	23,458,116	22,382,902
<b>Other Source Milk</b>		
Class I	10,318,461	10,283,753
Class II	5,546,130	3,886,226
Class III	6,131,194	1,672,329
Class IV	7,942,064	8,610,426
	<u>29,937,849</u>	<u>24,452,734</u>
Total Other Source Milk	<b>29,937,849</b>	<b>24,452,734</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	8,619	17,867
	<u>8,619</u>	<u>17,867</u>
Total Overage	<b>8,619</b>	<b>17,867</b>
<b>Opening Inventory</b>		
Class I	35,146,571	40,435,046
Class II	966,376	794,865
Class III	1,092,220	377,333
Class IV	14,555,253	11,584,966
	<u>51,760,420</u>	<u>53,192,210</u>
Total Opening Inventory	<b>51,760,420</b>	<b>53,192,210</b>
	<b>785,450,369</b>	<b>749,149,882</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	34,825,634	35,390,645
Route Disposition Class I	387,846,190	387,807,368
Shrinkage	2,605,304	1,398,032
Transfers and Diversions to Nonpool	12,418,929	9,424,152
	<u>437,696,057</u>	<u>434,020,197</u>
Total Class I Utilization	<b>437,696,057</b>	<b>434,020,197</b>
Average Butterfat Test	2.17%	2.15%
Daily Average Utilization	14,589,869	14,467,340
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,774,123	2,740,817
Shrinkage	0	0
Transfers and Diversions to Nonpool	70,626,703	52,611,928
Used To Produce/Other Uses	21,915,437	19,330,459
	<u>95,316,263</u>	<u>74,683,204</u>
Total Class II Utilization	<b>95,316,263</b>	<b>74,683,204</b>
Average Butterfat Test	6.79%	7.78%
<b>Class III Utilization</b>		
Shrinkage	7,243,356	7,530,304
Transfers and Diversions to Nonpool	146,965,059	111,163,945
Used To Produce/Other Uses	5,093,094	4,911,680
	<u>159,301,509</u>	<u>123,605,929</u>
Total Class III Utilization	<b>159,301,509</b>	<b>123,605,929</b>
Average Butterfat Test	3.86%	4.01%
<b>Class IV Utilization</b>		
Inventory	22,871,267	31,244,915
Nonfluid Used To Fortify	2,046,556	1,775,893
Shrinkage	0	19836
Transfers and Diversions to Nonpool	48,178,847	62,292,918
Used To Produce/Other Uses	20,039,870	21,506,990
	<u>93,136,540</u>	<u>116,840,552</u>
Total Class IV Utilization	<b>93,136,540</b>	<b>116,840,552</b>
Average Butterfat Test	6.04%	5.43%
	<b>785,450,369</b>	<b>749,149,882</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2001 is \$15.57 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.37 per hundredweight plus 3.5 times the uniform butterfat price of \$1.8656 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

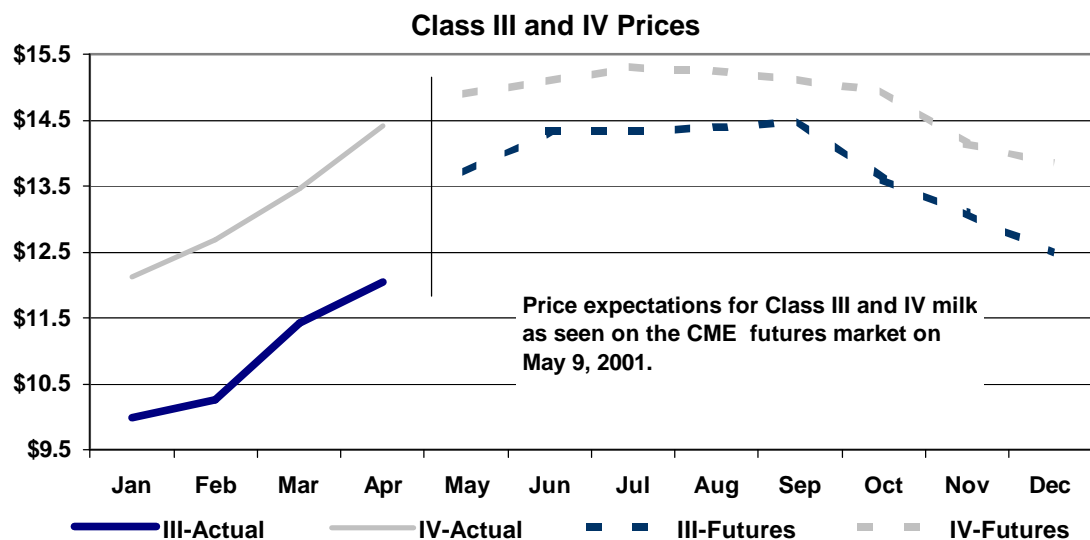
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In April, Class I use, which is primarily bottled or packaged fluid milk, accounted for 56.53% of all producer skim milk (priced to handlers at \$7.86 per hundredweight, plus the Class I differential, see page 2) and 34.20% of producer butterfat (priced to handlers at \$1.6722 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.20% of all producer skim milk (\$8.56 per hundredweight) and 24.09% of producer butterfat (\$1.9553 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.52% of all producer skim milk (\$5.43 per hundredweight) and 23.98% of producer butterfat (\$1.9483 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.75% of all producer skim milk (\$7.87 per hundredweight) and 17.73% of producer butterfat (\$1.9483 per pound).

Receipts of producer milk during April 2001 totaled 703.7 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2001. Class I route disposition in the Southeast Market totaled 435.4 million pounds in March 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>March 2001</b>
Whole Milk	175,132,537
Fat Free Milk	53,765,578
Lowfat Milk (incl. 1%)	29,659,536
Reduced Fat Milk (incl. 2%)	126,299,659
Cultured Fluid Milk (incl. Buttermilk)	12,440,333
Flavored Drinks and Milk (incl. Eggnog)	38,091,399
<b>Total Disposition in Marketing Area</b>	<b>435,389,042</b>
Total Disposition by Pool Plants	360,940,076
Total Disposition by Nonpool Plants	74,448,966
<b>Total Disposition in Marketing Area</b>	<b>435,389,042</b>

This chart shows both the actual Class III and IV prices through April and the prices of futures contracts on Class III and IV milk as traded on the Chicago Mercantile Exchange for May through December. The upward trend, leveling off and then downswing in both III and IV



is consistent with the following scenario: the current slowdown in production will soon respond to higher price signals because most of the decline is due to milk per cow, which can adjust more quickly than cow numbers. These expectations have been rising steadily over the past few months, with the peak September Class III prices advancing from \$11.40 in January to nearly \$14.50 as of May 9. Similar movements have been seen in Class IV, when in January \$12.70 was the expected September price, which has since increase to over \$15.00.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

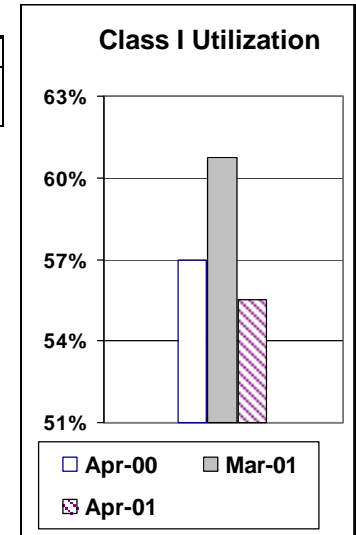
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform	Skim/cwt	Bfat/lb	Uniform
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$ 7.85	\$1.6820	\$13.46	\$ 9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$ 7.87	\$1.9483	\$14.41	\$ 9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,824	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,733	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,700**	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%

\*\* Estimated



<b>Southeast Marketing Area - Federal Order 7</b>							
<b>Pool and Payment Dates for the Pooling Periods May 2001 through July 2001</b>							
		<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
	<b>Pool &amp; Uniform Price</b>	<b>Due to :</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Release Date</b>	<b>All Funds</b>	<b>P/S &amp; T-Credit</b>	<b>Coop</b>	<b>Nonmember</b>	<b>Coop</b>	<b>Nonmember</b>
May	6/11/01	6/12/01	6/13/01	5/25/01	5/29/01	6/13/01	6/14/01
June	7/11/01	7/12/01	7/13/01	6/25/01	6/26/01	7/13/01	7/16/01
July	8/11/01	8/13/01	8/14/01	7/25/01	7/26/01	8/14/01	8/15/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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) 720-6000 (voice and TDD).

To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*



# Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

June 2001

Volume 2—No. 6



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

## Butter/Powder Tilt Tilted

The U.S. Department of Agriculture announced that the Commodity Credit Corporation (CCC) will increase the price it pays for butter by 19.99 cents to \$0.8548 per pound, and decrease the price of nonfat dry milk (NFDM) by 10.32 cents to \$0.9000 per pound. These changes took effect May 31. The purchase prices for block Cheddar and barrel cheese remain unchanged at \$1.1314 and \$1.1014 per pound.

Cheese, butter and nonfat dry milk are purchased by CCC to provide a price support of \$9.90 per hundredweight of milk with an annual average milk fat content of 3.67 percent. The decision to change the butter and NFDM prices was based on an "accumulation of nonfat dry milk stocks in quantities well above USDA's ability to use the product; the level of expenditures to USDA, and significant market distortions". (See graphs of CCC NFDM stocks and world prices on page 4) Under the Milk Price Support Program the USDA may adjust the balance between the purchase prices of butter and NFDM twice each calendar year.

What might result from this change in the manner USDA supports the price of milk? Undoubtedly, the price of powder will decline and the question simply becomes how much will it decline. Some in the industry have assumed a full 10.32 cent drop in the NFDM price. This translates to a loss of approximately 90 cents on Class I, II and IV because Class IV is based on NFDM (and butter), Class II is driven by the Class IV price, and Class I is moved by the 'higher of' provision. However, the decline in the US powder price will be limited by the international price for powder, currently ranging between 93.0 and 99.8 cents per pound. A loss of between 75 and 15 cents on Class I, II and IV would occur if US prices aligned to these world prices.

In the long run, this tilt will make it more likely to see Class III become the Class I mover. This should improve the price signals being sent to producers by putting more emphasis on the Class III market, which was nearly four times as large as the Class IV market last year for all milk Federally regulated. It should also increase the competitiveness of NFDM in the world market and with imported milk protein concentrates here at home, creating potential outlets for NFDM in the future.

## Uniform Rises, Commodity Prices Strong

The uniform price in Atlanta rose 97 cents in May to \$16.54 per hundredweight. Class I utilization rose to 57.55 percent, and both the uniform skim and butterfat prices were higher. This marks the third straight month of climbing prices, corresponding to the strength in commodity prices.

On the Chicago Mercantile Exchange, cheese and butter continue to remain significantly above last years prices. The average Grade AA butter price on the CME during May was \$1.87/lb., sixty three cents higher than May 2000. Similarly, both block and barrel Cheddar cheese prices averaged nearly fifty cents per pound more than a year ago. The first week of June saw this trend continue for butter and cheese. Look for nonfat dry milk prices to decline sometime after June 13, as a result of the butter/powder tilt. Any powder produced prior to May 31 and offered to CCC by June 13 is subject to the 1.0032 support price (1.0132 for fortified product), after which the new support prices take effect.

## Appointments to Fluid Milk Promotion Board

Secretary of Agriculture Ann M. Veneman announced the appointment of five new members to the National Fluid Milk Processor Promotion Board, two of which will serve from regions representing the Southeastern states. Mary Williams from Athens, TN and John D. Robinson from Dallas, TX will serve 3-year terms on the board. The states of Georgia, North Carolina and South Carolina comprise Region 4 and Region 10 is the state of Texas.

## Hearing on Pooling Concerns Set

A public hearing will be held on June 26 in Bloomington, MN to consider proposals that would prevent the pooling of milk on the Upper Midwest Federal milk marketing order that is already pooled on a State milk marketing order that has market wide pooling. Additionally, a proposal that would provide for separate pooling provisions for milk from areas outside of the states comprising the Upper Midwest order will also be considered. Details of the proposal are available in the June 11 *Federal Register* ([http://www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html)) or from USDA/AMS/Dairy Programs, Room 2967, South Building, P.O. Box 96456, Washington, DC 20090-6456, (202) 690-1366.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MAY 2001

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	35.82%	8,830,124	\$1.8887	\$ 16,677,455.20
Class I Differential at Location				258,675.49
Class II Butterfat	23.40%	5,768,390	\$2.1261	12,264,173.98
Class III Butterfat	23.82%	5,870,935	\$2.1191	12,441,098.37
Class IV Butterfat	16.96%	4,181,209	\$2.1191	8,860,400.00
<b>Total Butterfat</b>	<b>100.00%</b>	<b>24,650,658</b>		<b>\$ 50,501,803.04</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$2.0487**

### 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	58.34%	395,494,260	\$7.88 /cwt.	\$ 31,164,947.71
Class I Butterfat	35.82%	8,830,124	\$1.8887 /lb.	16,677,455.20
Class I Differential at Location		404,324,384		11,891,880.61
<b>Total Class I Milk</b>	<b>57.55%</b>	<b>404,324,384</b>		<b>\$ 59,734,283.52</b>
Class II Skim Milk	12.32%	83,486,909	\$8.58 /cwt.	\$ 7,163,176.82
Class II Butterfat	23.40%	5,768,390	\$2.1261 /lb.	12,264,173.98
<b>Total Class II Milk</b>	<b>12.71%</b>	<b>89,255,299</b>		<b>\$ 19,427,350.80</b>
Class III Skim Milk	21.69%	146,987,579	\$6.65 /cwt.	\$ 9,774,674.03
Class III Butterfat	23.82%	5,870,935	\$2.1191 /lb.	12,441,098.37
<b>Total Class III Milk</b>	<b>21.76%</b>	<b>152,858,514</b>		<b>\$ 22,215,772.40</b>
Class IV Skim Milk	7.65%	51,860,053	\$7.90 /cwt.	\$ 4,096,944.21
Class IV Butterfat	16.96%	4,181,209	\$2.1191 /lb.	8,860,400.00
<b>Total Class IV Milk</b>	<b>7.98%</b>	<b>56,041,262</b>		<b>\$ 12,957,344.21</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>702,479,459</b>		<b>\$ 114,334,750.93</b>

### Adjustments

Overage and Other Source	\$ 40,397.53
Inventory Adjustments	(19,583.74)
Producer butterfat at uniform butterfat price	(50,501,803.04)
Location Adjustments to Producers	1,976,250.79
1/2 Unobligated Balance in P.S.F	320,029.74

### Adjusted Pool Value

Reserve for Producer Settlement Func	\$ 9,75911	\$ 66,150,042.21
	\$ 0.04911	332,865.66

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

**\$9.71**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$16.54\***

\* 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 %
	MAY 2001	JUN 2001	APR 2001	MAY 2001	MAY 2001
Appalachian (Charlotte)	\$ 17.31	\$ 18.09	\$ 15.84	\$ 16.77	58.01%
Arizona-Las Vegas (Phoenix)	\$ 16.56	\$ 17.34	\$ 14.07	\$ 15.11	28.58%
Central (Kansas City)	\$ 16.21	\$ 16.99	\$ 13.42	\$ 14.80	25.56%
Florida (Tampa)	\$ 18.21	\$ 18.99	\$ 17.34	\$ 18.22	90.40%
Midwest (Cleveland)	\$ 16.21	\$ 16.99	\$ 13.94	\$ 15.12	37.30%
Northeast (Boston)	\$ 17.46	\$ 18.24	\$ 15.24	\$ 16.32	41.10%
Pacific Northwest (Seattle)	\$ 16.11	\$ 16.89	\$ 14.05	\$ 15.12	27.74%
<b>Southeast (Atlanta)</b>	<b>\$ 17.31</b>	<b>\$ 18.09</b>	<b>\$ 15.57</b>	<b>\$ 16.54</b>	<b>57.55%</b>
Southwest (Dallas)	\$ 17.21	\$ 17.99	\$ 14.91	\$ 16.05	41.56%
Upper Midwest (Chicago)	\$ 16.01	\$ 16.79	\$ 12.89	\$ 14.50	20.70%
Western (Salt Lake City)	\$ 16.11	\$ 16.89	\$ 13.41	\$ 14.74	22.32%



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

<b>Receipts:</b>	MAY 2001	MAY 2000
<b>Producer Milk</b>		
Class I	404,324,384	406,532,814
Class II	89,255,299	66,959,737
Class III	152,858,514	129,749,908
Class IV	56,041,262	59,692,731
	<u>702,479,459</u>	<u>662,935,190</u>
Total Producer Milk		
Average Butterfat Test	3.51%	3.52%
Percent of Producer Milk in Class I	57.55%	61.32%
Daily Average Receipts	22,660,628	21,385,006
<b>Other Source Milk</b>		
Class I	11,392,556	9,945,586
Class II	5,241,933	7,752,524
Class III	7,244,831	2,460,555
Class IV	5,468,383	8,835,905
	<u>29,347,703</u>	<u>28,994,570</u>
Total Other Source Milk		
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	32,425	0
Class IV	18,046	0
	<u>50,471</u>	<u>0</u>
Total Overage		
<b>Opening Inventory</b>		
Class I	34,825,634	36,904,968
Class II	184,342	2,338,010
Class III	3,609,587	5,953,570
Class IV	19,077,338	21,438,832
	<u>57,696,901</u>	<u>66,635,380</u>
Total Opening Inventory		
<b>Total Receipts</b>	<b>789,574,534</b>	<b>758,565,140</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	34,223,172	30,884,778
Route Disposition Class I	400,952,782	408,847,068
Shrinkage	3,947,426	4,601,276
Transfers and Diversions to Nonpool	11,419,194	9,050,246
	<u>450,542,574</u>	<u>453,383,368</u>
Total Class I Utilization		
Average Butterfat Test	2.18%	2.18%
Daily Average Utilization	14,533,631	14,625,270
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,663,188	3,002,414
Shrinkage	0	0
Transfers and Diversions to Nonpool	69,099,563	51,814,606
Used To Produce/Other Uses	22,918,823	22,233,251
	<u>94,681,574</u>	<u>77,050,271</u>
Total Class II Utilization		
Average Butterfat Test	6.63%	8.20%
<b>Class III Utilization</b>		
Shrinkage	7,852,617	7,933,970
Transfers and Diversions to Nonpool	150,728,707	125,282,129
Used To Produce/Other Uses	5,164,033	4,947,934
	<u>163,745,357</u>	<u>138,164,033</u>
Total Class III Utilization		
Average Butterfat Test	3.80%	3.82%
<b>Class IV Utilization</b>		
Inventory	19,678,291	20,040,034
Nonfluid Used To Fortify	2,105,817	1,956,900
Shrinkage	0	0
Transfers and Diversions to Nonpool	37,767,728	49,975,872
Used To Produce/Other Uses	21,058,193	17,994,662
	<u>80,605,029</u>	<u>89,967,468</u>
Total Class IV Utilization		
Average Butterfat Test	6.63%	6.00%
<b>Total Utilization</b>	<b>789,574,534</b>	<b>758,565,140</b>

## Southeast Market Summary

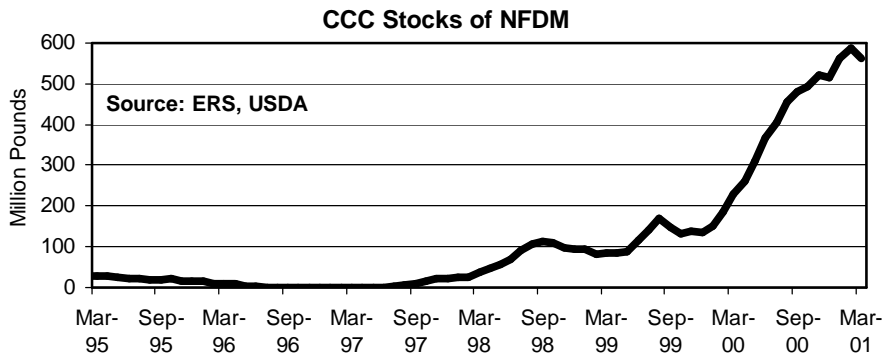
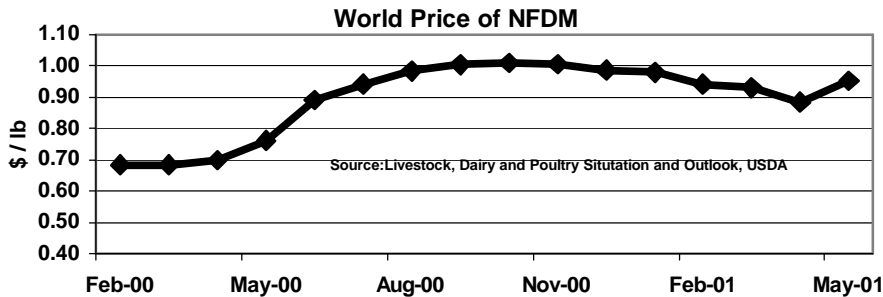
The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2001 is \$16.54 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.37 per hundredweight plus 3.5 times the uniform butterfat price of \$2.0487 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 May, Class I use, which is primarily bottled or packaged fluid milk, accounted for 58.34% of all producer skim milk (priced to handlers at \$7.88 per hundredweight, plus the Class I differential, see page 2) and 35.82% of producer butterfat (priced to handlers at \$1.8887 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.32% of all producer skim milk (\$8.58 per hundredweight) and 23.40% of producer butterfat (\$2.1261 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.69% of all producer skim milk (\$6.65 per hundredweight) and 3.82% of producer butterfat (\$2.1191 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.65% of all producer skim milk (\$7.90 per hundredweight) and 16.96% of producer butterfat (\$2.1191 per pound).

Receipts of producer milk during May 2001 totaled 702.5 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2001. Class I route disposition in the Southeast Market totaled 394.9 million pounds in April 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>April 2001</b>
Whole Milk	157,061,441
Fat Free Milk	52,454,696
Lowfat Milk (incl. 1%)	26,355,622
Reduced Fat Milk (incl. 2%)	111,243,305
Cultured Fluid Milk (incl. Buttermilk)	11,233,573
Flavored Drinks and Milk (incl. Eggnog)	36,507,743
<b>Total Disposition in Marketing Area</b>	<b>394,856,380</b>
Total Disposition by Pool Plants	331,617,028
Total Disposition by Nonpool Plants	63,239,352



The world price for nonfat dry milk will limit the decline in domestic prices resulting from the 'tilt' in the butter and powder support prices. Opportunities for expanded international trade may very well present themselves to domestic manufacturers. The graph shows world prices have spent much of the last twelve months above the last issued NFDM purchase prices.

The second graph displays the fundamental problems with the relative butter and powder support prices; the accumulation of massive amounts of NFDM in government storage without any productive uses.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

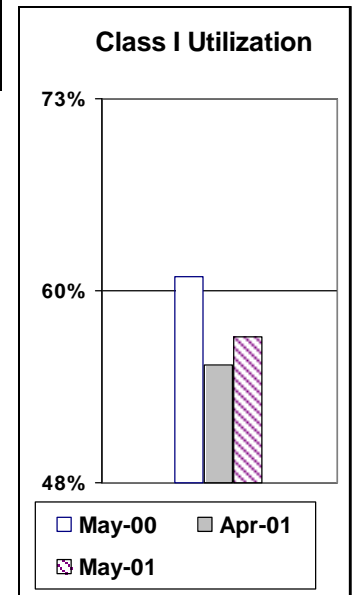
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$ 7.85	\$1.6820	\$13.46	\$ 9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$ 7.87	\$1.9483	\$14.41	\$ 9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$ 7.90	\$2.1191	\$15.04	\$ 9.71	\$2.0487	\$16.54
Jun	\$11.00	\$2.1343	\$18.09	\$8.60											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,824	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,733	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,650**	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%

\*\* Estimated



**Southeast Marketing Area Federal Milk Order 7**

**Pool and Payment Dates for the Pooling Periods June 2001 through August 2001**

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
June	07/11/01	07/12/01	07/13/01	06/25/01	06/26/01	07/13/01	07/16/01
July	08/11/01	08/13/01	08/14/01	07/25/01	07/26/01	08/14/01	08/15/01
August	09/11/01	09/12/01	09/13/01	08/27/01	08/27/01	09/13/01	09/14/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 202509410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

FEDERAL MILK MARKET ADMINISTRATOR  
U.S. DEPARTMENT OF AGRICULTURE  
P.O. BOX 1208  
NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*

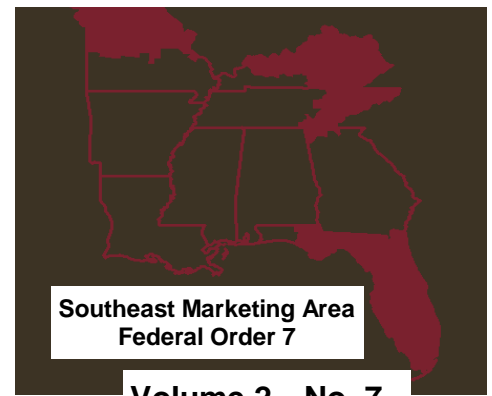
**JUNE IS  
DAIRY MONTH**

# Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

July 2001



Volume 2—No. 7

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

## Mushroom Check Off Struck Down

In a 6-3 ruling on June 25, the U.S. Supreme Court agreed with United Foods, Inc. that compulsory payments to a mushroom check off program for the sole purpose of generic advertising violated the company's First Amendment right to free speech. In delivering the ruling, Justice Anthony M. Kennedy stated "Just as the First Amendment may prevent the government from prohibiting free speech, the amendment may prevent the government from compelling individuals to express certain views, or from compelling certain individuals to pay subsidies for speech to which they object."

What does this case about mushrooms have to do with dairy? Some see the potential for legal challenges to the compulsory funding of the two generic dairy advertising programs, the National Fluid Milk Processor Promotion Program and National Dairy Promotion and Research Program. The former assesses 20 cents per hundredweight on all fluid milk processed (to be paid by processors) and the latter collects 15 cents per hundredweight from dairy farmers on all commercially marketed milk. The legal hurdle these check off programs must clear has been better defined, yet questions of their constitutionality still linger. In his dissenting opinion, Justice Stephen G. Breyer, wrote that the mushroom marketing order "does not compel speech itself; it compels the payment of money. Money and speech are not identical..." USDA has not issued a statement regarding this issue.

## Tilt's Effects Are A Mixed Bag

The markets seemed to be confused about how to react to USDA's decision to lower the support price on nonfat dry milk. CME cash prices have yet to move from their pre-tilt \$1.03 per pound price (for Extra Grade NFDM). The NASS survey prices remained firm for most of the month of June, until the last week in which the price fell to \$0.964 per pound. Also, all sales to the CCC at the new support price ceased until late in the month. NFDM offers to the CCC have continued on into July at the new \$0.90 support price. It remains to be seen whether the CME or NASS survey prices will fall closer to the support, or if international demand and the U.S. milk production situation will keep the domestic supply and demand in an above support equilibrium.

## Uniform Price Continues to Climb

June's uniform price in Atlanta, GA increased 74 cents per hundredweight from May. Class I utilization was also up, at nearly two percentage points above the previous month. This utilization change is most likely due to the significantly smaller amount of milk pooled, as well as seasonal and calendar composition factors.

On the Chicago Mercantile Exchange, product prices remained strong. Butter's monthly average price was \$1.9783 per pound, an increase of \$0.1070 over last month and an increase of \$0.7343 over June of 2000. We find a similar story for both Cheddar cheese barrel and blocks. June cheese prices for both were over \$0.40 higher than the same time last year, and about a nickel above the previous month. The first week of July shows prices holding or slightly higher for cheese, while butter fell to \$1.8000 by July 12th. Much of the decline in butter prices may have resulted from USDA's Cold Storage Report of total end of month US stock of butter, which rose 26% between April and May. CME prices are available at <http://www.ams.usda.gov/dairy/mnacs/average.htm>, while the Cold Storage Report can be found at <http://usda.mannlib.cornell.edu/reports/nassr/other/pcs-bb/>.

## National Dairy Situation

National Agricultural Statistics Service (NASS) estimates U.S. milk production in May at 14.63 billion pounds, down 1.1 percent from a year ago and cumulatively down 2.4 from 2000. The decline in cow numbers has slowed, but the expected recovery in milk per cow continues to limit milk production growth. Total cheese output (excluding cottage cheese) was 707 million pounds, 3.1 percent below May 2000 but 4.8 percent above April 2001. Through May of this year, total cheese production has lagged last year's output by an estimated 1.9 percent. Butter production was 111 million pounds in May, 1.6 percent above May 2000 and 4.4 percent above April 2001. Year to date output (through May) of the nations butter churns has been 8.5 percent less than the same time period last year. Combine these lower product quantities with moderately strong demand seen thus far in 2001, and the strength in commodity prices is more easily understood.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JUNE 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.58%	8,642,587	\$2.1033	\$ 18,177,953.26
Class I Differential at Location				254,273.51
Class II Butterfat	26.92%	6,032,225	\$2.2159	13,366,807.38
Class III Butterfat	22.65%	5,075,211	\$2.2089	11,210,633.56
Class IV Butterfat	11.85%	2,655,726	\$2.2089	5,866,233.16
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,405,749</b>		<b>\$ 48,875,900.87</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$2.1814**

**Calculation of Uniform Skim Milk Price:**

<b>Producer Milk</b>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	61.07%	371,697,277	\$7.90 /cwt.	\$ 29,364,084.89
Class I Butterfat	38.58%	8,642,587	\$2.1033 /lb.	18,177,953.26
Class I Differential at Location		380,339,864		11,181,252.45
<b>Total Class I Milk</b>	<b>60.27%</b>	<b>380,339,864</b>		<b>\$ 58,723,290.60</b>
Class II Skim Milk	13.22%	80,440,369	\$8.60 /cwt.	\$ 6,917,871.71
Class II Butterfat	26.92%	6,032,225	\$2.2159 /lb.	13,366,807.38
<b>Total Class II Milk</b>	<b>13.70%</b>	<b>86,472,594</b>		<b>\$ 20,284,679.09</b>
Class III Skim Milk	20.11%	122,386,036	\$7.55 /cwt.	\$ 9,240,145.73
Class III Butterfat	22.65%	5,075,211	\$2.2089 /lb.	11,210,633.56
<b>Total Class III Milk</b>	<b>20.20%</b>	<b>127,461,247</b>		<b>\$ 20,450,779.29</b>
Class IV Skim Milk	5.60%	34,103,537	\$7.87 /cwt.	\$ 2,683,948.34
Class IV Butterfat	11.85%	2,655,726	\$2.2089 /lb.	5,866,233.16
<b>Total Class IV Milk</b>	<b>5.83%</b>	<b>36,759,263</b>		<b>\$ 8,550,181.50</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>631,032,968</b>		<b>\$ 108,008,930.48</b>

**Adjustments**

Overage and Other Source	\$ 13,219.95
Inventory Adjustments	14,358.69
Producer butterfat at uniform butterfat price	(48,875,900.87)
Location Adjustments to Producers	1,706,605.05
1/2 Unobligated Balance in P.S.F	244,426.22
<b>Adjusted Pool Value</b>	<b>\$ 10.04090</b>
Reserve for Producer Settlement Func	\$ 0.04090
	<b>\$ 61,111,639.52</b>

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

**\$10.00**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$17.28\***

\* 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 %
	JUNE 2001	JULY 2001	MAY 2001	JUNE 2001	JUNE 2001
Appalachian (Charlotte)	\$ 18.09	\$ 18.09	\$ 16.77	\$ 17.33	58.22%
Arizona-Las Vegas (Phoenix)	\$ 17.34	\$ 17.34	\$ 15.11	\$ 15.88	29.04%
Central (Kansas City)	\$ 16.99	\$ 16.99	\$ 14.80	\$ 15.79	23.90%
Florida (Tampa)	\$ 18.99	\$ 18.99	\$ 18.22	\$ 18.89	91.28%
Mideast (Cleveland)	\$ 16.99	\$ 16.99	\$ 15.12	\$ 15.97	32.10%
Northeast (Boston)	\$ 18.24	\$ 18.24	\$ 16.32	\$ 17.08	40.70%
Pacific Northwest (Seattle)	\$ 16.89	\$ 16.89	\$ 15.12	\$ 15.78	26.62%
<b>Southeast (Atlanta)</b>	<b>\$ 18.09</b>	<b>\$ 18.09</b>	<b>\$ 16.54</b>	<b>\$ 17.28</b>	<b>60.27%</b>
Southwest (Dallas)	\$ 17.99	\$ 17.99	\$ 16.05	\$ 16.85	41.10%
Upper Midwest (Chicago)	\$ 16.79	\$ 16.79	\$ 14.50	\$ 15.52	19.80%
Western (Salt Lake City)	\$ 16.89	\$ 16.89	\$ 14.74	\$ 15.67	17.32%

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

<b>Receipts:</b>	JUNE 2001	JUNE 2000
<b>Producer Milk</b>		
Class I	380,339,864	388,579,745
Class II	86,472,594	79,961,937
Class III	127,461,247	113,405,075
Class IV	36,759,263	22,718,724
	<hr/>	<hr/>
Total Producer Milk	<b>631,032,968</b>	<b>604,665,481</b>
Average Butterfat Test	3.55%	3.53%
Percent of Producer Milk in Class I	60.27%	64.26%
Daily Average Receipts	21,034,432	20,155,516
<b>Other Source Milk</b>		
Class I	9,004,279	10,015,506
Class II	6,173,302	10,806,244
Class III	9,883,794	2,832,863
Class IV	5,424,516	4,472,089
	<hr/>	<hr/>
Total Other Source Milk	<b>30,486,891</b>	<b>28,126,702</b>
<b>Overage</b>		
Class I	0	7,007
Class II	0	0
Class III	231	0
Class IV	5,777	3,733
	<hr/>	<hr/>
Total Overage	<b>6,008</b>	<b>10,740</b>
<b>Opening Inventory</b>		
Class I	34,333,590	32,295,824
Class II	1,675,563	3,082,218
Class III	3,231,720	5,321,361
Class IV	14,660,590	10,225,409
	<hr/>	<hr/>
Total Opening Inventory	<b>53,901,463</b>	<b>50,924,812</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>715,426,330</b>	<b>683,727,735</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	31,308,352	39,472,333
Route Disposition Class I	380,457,589	379,927,289
Shrinkage	1,849,247	2,512,974
Transfers and Diversions to Nonpool	10,062,545	8,985,486
	<hr/>	<hr/>
Total Class I Utilization	<b>423,677,733</b>	<b>430,898,082</b>
Average Butterfat Test	2.27%	2.25%
Daily Average Utilization	14,122,591	14,363,269
<b>Class II Utilization</b>		
Nonfluid Used To Produce	3,159,299	2,972,926
Shrinkage	0	0
Transfers and Diversions to Nonpool	68,415,377	68,334,751
Used To Produce/Other Uses	22,746,783	22,542,722
	<hr/>	<hr/>
Total Class II Utilization	<b>94,321,459</b>	<b>93,850,399</b>
Average Butterfat Test	7.22%	6.63%
<b>Class III Utilization</b>		
Shrinkage	6,941,790	7,469,453
Transfers and Diversions to Nonpool	128,571,342	109,134,111
Used To Produce/Other Uses	5,063,860	4,955,735
	<hr/>	<hr/>
Total Class III Utilization	<b>140,576,992</b>	<b>121,559,299</b>
Average Butterfat Test	3.90%	4.05%
<b>Class IV Utilization</b>		
Inventory	15,515,329	9,832,030
Nonfluid Used To Fortify	2,014,492	1,987,142
Shrinkage	0	0
Transfers and Diversions to Nonpool	28,229,751	21,344,161
Used To Produce/Other Uses	11,090,574	4,256,622
	<hr/>	<hr/>
Total Class IV Utilization	<b>56,850,146</b>	<b>37,419,955</b>
Average Butterfat Test	6.34%	9.32%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>715,426,330</b>	<b>683,727,735</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2001 is \$17.28 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.00 per hundredweight plus 3.5 times the uniform butterfat price of \$2.1814 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 61.07% of all producer skim milk (priced to handlers at \$790 per hundredweight, plus the Class I differential, see page 2) and 38.58% of producer butterfat (priced to handlers at \$2.1033 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.22% of all producer skim milk (\$8.60 per hundredweight) and 26.92% of producer butterfat (\$2.2159 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.11% of all producer skim milk (\$7.55 per hundredweight) and 22.65% of producer butterfat (\$2.2089 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.60% of all producer skim milk (\$7.87 per hundredweight) and 11.85% of producer butterfat (\$2.2089 per pound).

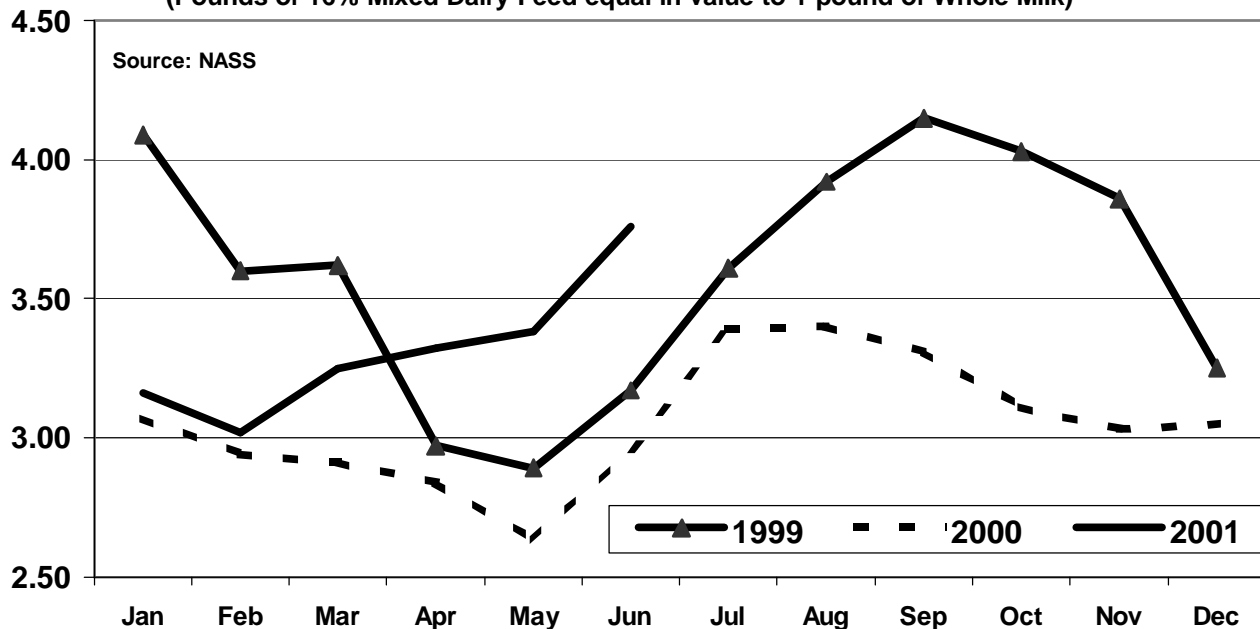
Receipts of producer milk during June 2001 totaled 631.0 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 4 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2001. Class I route disposition in the Southeast Market totaled 415.3 million pounds in May 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>MAY 2001</b>	
Whole Milk	164,884,444
Fat Free Milk	51,595,580
Lowfat Milk (incl. 1%)	27,625,580
Reduced Fat Milk (incl. 2%)	121,484,930
Cultured Fluid Milk (incl. Buttermilk)	12,744,803
Flavored Drinks and Milk (incl. Eggnog)	36,977,757
<b>Total Disposition in Marketing Area</b>	<b>415,313,094</b>
Total Disposition by Pool Plants	342,217,448
Total Disposition by Nonpool Plants	73,096,646
<b>Total Disposition in Marketing Area</b>	<b>415,313,094</b>

## Milk-Feed Price Ratio

(Pounds of 16% Mixed Dairy Feed equal in value to 1 pound of Whole Milk)





**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

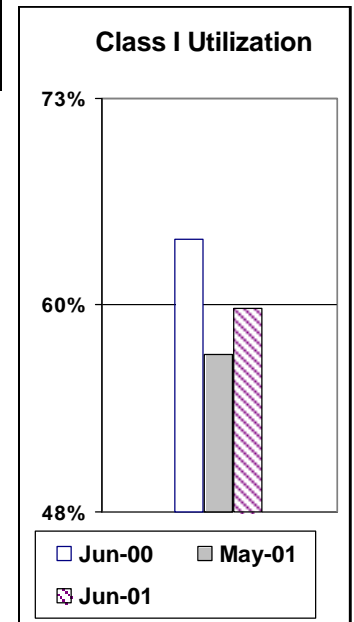
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$ 7.85	\$1.6820	\$13.46	\$ 9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$ 7.87	\$1.9483	\$14.41	\$ 9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$ 7.90	\$2.1191	\$15.04	\$ 9.71	\$2.0487	\$16.54
June	\$11.00	\$2.1343	\$18.09	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$ 7.87	\$2.2089	\$15.33	\$ 10.00	\$2.1814	\$17.28
July	\$10.98	\$2.2414	\$18.44	\$8.58											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
			Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,712	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,805	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,824	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,733	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,750	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%
Jun	631,033	4,750**	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%

\*\* Estimated



**Southeast Marketing Area Federal Milk Order 7**

**Pool and Payment Dates for the Pooling Periods July 2001 through September 2001**

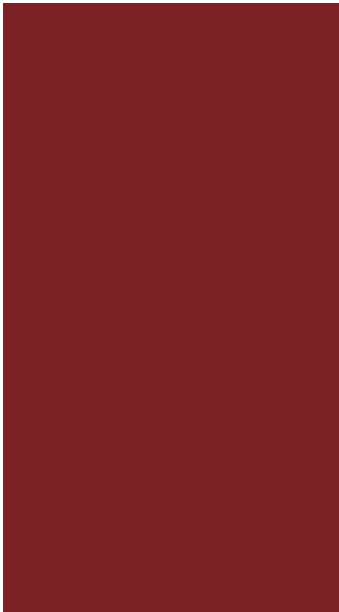
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
July	08/11/01	08/13/01	08/14/01	07/25/01	07/26/01	08/14/01	08/15/01
August	09/11/01	09/12/01	09/13/01	08/27/01	08/27/01	09/13/01	09/14/01
September	10/11/01	10/12/01	10/15/01	09/25/01	09/26/01	10/15/01	10/16/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 202509410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*



# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

[www.fmmlanta.com](http://www.fmmlanta.com)

August 2001

Volume 2—No. 8

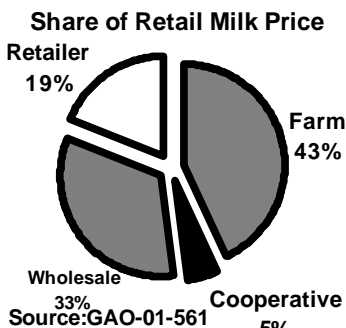
ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## WTO Victory for Dairy Industry

The World Trade Organization's dispute settlement panel ruled on July 12 that Canadian dairy export subsidies constitute a violation of WTO rules. The panel stated Canadian remedies addressing previous trade violations were insufficient in this latest complaint brought by the US and New Zealand. The US estimates Canadian export subsidies cost American dairy farmers and processors up to \$35 million per year. Canada has 60 days to appeal this decision, which could allow the US to impose retaliatory trade sanctions on a variety of Canadian products. See [www.wto.org](http://www.wto.org) for additional details on the ruling.

## Study Shows Greater Farm-To-Retail Price Spread

The General Accounting Office (GAO) recently released a follow-up to their 1998 study of dairy industry prices for fluid milk. The chart at left displays the average share of the retail price of a gallon of 2% milk between marketing levels, for the US as a whole. The previous study showed that during January 1996 through February 1998 US farms held a 42% share of the retail milk price, wholesalers 31%, retailers 17% and cooperatives 10%. The coop share was overestimated, as costs such as hauling were included in it's share. It would seem farms actually fared better (43%) during the latest study period of March 1998 to September 2000, but because these are national averages, regional differences are masked. The three markets from the Southeast included in the study all show increasing farm-to-retail spreads in the latest study period. These increases, \$.53 in Atlanta, \$.26 in New Orleans and \$.15 in Miami mean farmers are getting less of the retail price of milk relative to the cooperative, wholesale and retail levels. The GAO cites production and marketing costs, governmental policies, level of competition, demographics of the localized market, retailers' operating costs and perhaps most interestingly, the pricing strategies pursued by retailers and their competitors as the factors influencing the retail price of milk. Find the report number GAO-01-561 at [www.gao.gov](http://www.gao.gov).



## Blend Price Steadies, Class III Is Mover

The uniform price in Atlanta rose \$0.26 to \$17.54 per hundredweight in July, and for the first time since Order Reform, Class III is the Class I price mover. Class I utilization rose to 64% while both the uniform skim and butterfat prices were higher

Looking to the Chicago Mercantile Exchange, we find the best proxy for understanding how the Class I, II, III and IV butterfat prices behave. The Class I butterfat price, announced June 22nd was based on a survey of manufacturing plants that the National Agricultural Statistics Service (NASS) conducted during the first two weeks of June. At that time, the CME butter price was between \$1.95 and \$1.98 per pound. The Class II, III and IV butterfat prices were based on a NASS survey during the entire month of July, when the CME cash butter price averaged \$1.90. These CME prices clearly do not reflect the actual prices surveyed by NASS, but they may be used to glean insights as to the direction and magnitude of changes in the NASS survey.

## National Dairy Situation

Total cheese output (excluding cottage cheese) was 684 million pounds in June, 1.7 percent below June 2000 and 3.6 percent below May 2001. Butter production was 88.1 million pounds in June, 1.1 percent below June 2000 and 19.2 percent below May 2001.

The quarterly production of milk for the U.S. as a whole was 42.6 billion pounds, 1.3 percent below the April-June period last year. The average number of milk cows in the U.S. during the April-June quarter was 9.12 million head, 89,000 head less than the same period last year. July's milk-feed price ratio was 3.61, down from a revised June figure of 3.73. This indicates rising input costs relative to output price and will tend to dampen milk production growth and output.

## Transportation Credit Update

The available balance in the F.O.7 transportation credit balancing fund for July was \$2,276,223.77. Claims were made for \$546,986.71. Since sufficient funds were available, all eligible claims were paid in full.

New Website Tools Available at  
[www.fmmlanta.com/TCBF/tcbf1.htm](http://www.fmmlanta.com/TCBF/tcbf1.htm)



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

<b>Receipts:</b>	JULY 2001	JULY 2000
<b>Producer Milk</b>		
Class I	379,996,976	373,855,725
Class II	74,883,609	73,621,107
Class III	101,520,566	92,045,661
Class IV	39,012,771	30,478,086
Total Producer Milk	<u>595,413,922</u>	<u>570,000,679</u>
Average Butterfat Test	3.57%	3.55%
Percent of Producer Milk in Class I	63.82%	65.59%
Daily Average Receipts	19,206,901	18,387,115
<b>Other Source Milk</b>		
Class I	10,352,319	9,301,367
Class II	7,212,714	8,418,462
Class III	3,722,313	1,631,359
Class IV	7,672,831	6,553,972
Total Other Source Milk	<u>28,960,177</u>	<u>25,905,160</u>
<b>Overage</b>		
Class I	0	0
Class II	0	102,973
Class III	0	327
Class IV	0	94,352
Total Overage	<u>0</u>	<u>197,652</u>
<b>Opening Inventory</b>		
Class I	31,308,352	39,472,333
Class II	1,044,751	670,835
Class III	92,195	76,315
Class IV	14,378,383	9,084,880
Total Opening Inventory	<u>46,823,681</u>	<u>49,304,363</u>
<b>Total Receipts</b>	<b>671,197,780</b>	<b>645,407,754</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	32,575,719	31,604,135
Route Disposition Class I	374,111,697	378,312,976
Shrinkage	4,241,923	2,841,652
Transfers and Diversions to Nonpool	10,728,308	9,870,662
Total Class I Utilization	<u>421,657,647</u>	<u>422,629,425</u>
Average Butterfat Test	2.27%	2.25%
Daily Average Utilization	13,601,860	13,633,207
<b>Class II Utilization</b>		
Nonfluid Used To Produce	3,363,481	3,907,002
Shrinkage	0	0
Transfers and Diversions to Nonpool	56,611,272	56,496,776
Used To Produce/Other Uses	23,166,321	22,409,599
Total Class II Utilization	<u>83,141,074</u>	<u>82,813,377</u>
Average Butterfat Test	7.77%	7.50%
<b>Class III Utilization</b>		
Shrinkage	0	7,164,613
Transfers and Diversions to Nonpool	105,335,074	81,624,308
Used To Produce/Other Uses	0	4,964,741
Total Class III Utilization	<u>105,335,074</u>	<u>93,753,662</u>
Average Butterfat Test	3.94%	4.18%
<b>Class IV Utilization</b>		
Inventory	18,507,711	28,324,397
Nonfluid Used To Fortify	2,001,553	1,858,291
Shrinkage	714,1396	0
Transfers and Diversions to Nonpool	27,209,277	16,028,602
Used To Produce/Other Uses	6,204,048	0
Total Class IV Utilization	<u>61,063,985</u>	<u>46,211,290</u>
Average Butterfat Test	6.34%	7.33%
<b>Total Utilization</b>	<b>671,197,780</b>	<b>645,407,754</b>

## Southeast Market Summary

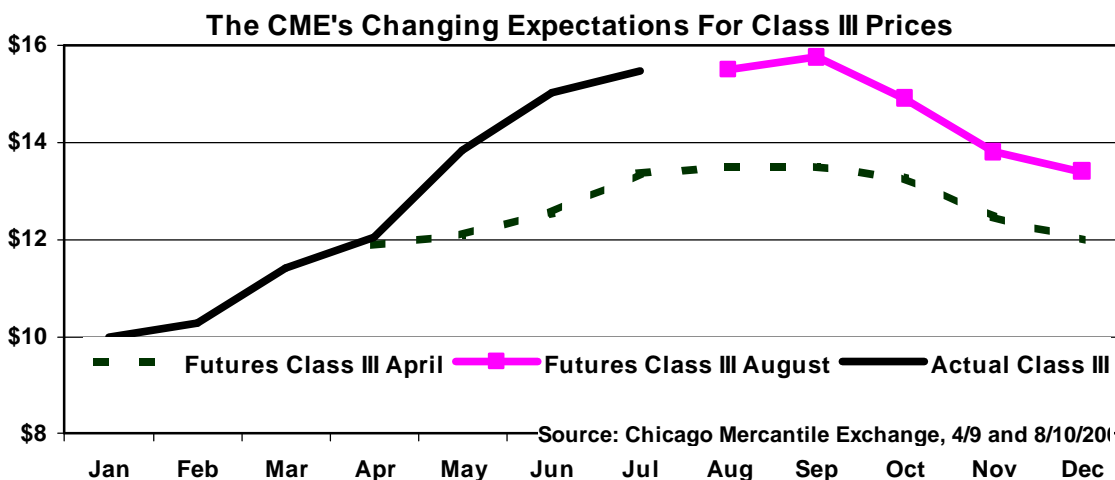
The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2001 is \$17.54 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.16 per hundredweight plus 3.5 times the uniform butterfat price of \$2.2111 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 64.68% of all producer skim milk (priced to handlers at \$7.88 per hundredweight, plus the Class I differential, see page 2) and 40.57% of producer butterfat (priced to handlers at \$2.2104 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.04% of all producer skim milk (\$8.58 per hundredweight) and 27.08% of producer butterfat (\$2.1953 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.98% of all producer skim milk (\$8.08 per hundredweight) and 18.90% of producer butterfat (\$2.1883 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.30% of all producer skim milk (\$7.41 per hundredweight) and 13.45% of producer butterfat (\$2.1883 per pound).

Receipts of producer milk during July 2001 totaled 595.4 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 4 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2001. Class I route disposition in the Southeast Market totaled 394.2 million pounds in June 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>JUNE 2001</b>	
Whole Milk	164,354,790
Fat Free Milk	50,340,496
Lowfat Milk (incl. 1%)	26,424,004
Reduced Fat Milk (incl. 2%)	119,023,919
Cultured Fluid Milk (incl. Buttermilk)	11,539,243
Flavored Drinks and Milk (incl. Egnog)	22,512,118
<b>Total Disposition in Marketing Area</b>	<b>394,194,570</b>
Total Disposition by Pool Plants	326,676,575
Total Disposition by Nonpool Plants	67,517,995
<b>Total Disposition in Marketing Area</b>	<b>394,194,570</b>



In April's Market Information Bulletin, the futures market prices for Class III and IV milk were presented. At the time this represented the best guesses as to future prices. Let's revisit those April expectations and

compare them to current futures prices for Class III milk.

On April 9<sup>th</sup>, a September Class III contract traded at \$13.50/cwt, while four months later, on August 10<sup>th</sup>, September contracts traded for \$15.75/cwt. Milk output, cheese production, weather and its effects on feed costs, and USDA's decision to alter the support prices for butter and NFDM powder have induced higher expectations for Class III for the remainder of the year. The CME futures market can be used to gain insights as to the direction and magnitude of future price changes. It is hoped the chart above will send a cautionary note to remain current with market fundamentals, for the promise of higher prices made back in April proved too conservative, as much higher prices are now being traded on the CME.

**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

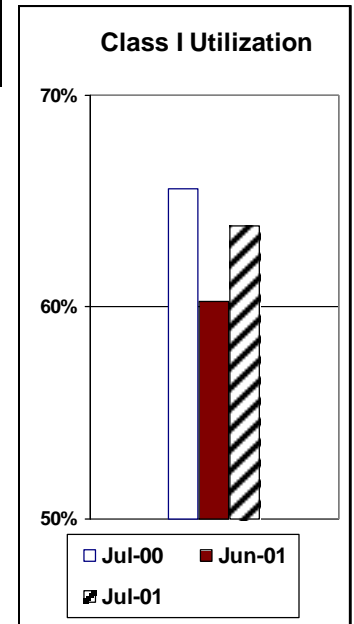
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Jan 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$7.87	\$1.9483	\$14.41	\$9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$7.90	\$2.1191	\$15.04	\$9.71	\$2.0487	\$16.54
Jun	\$11.00	\$2.1343	\$18.09	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$7.87	\$2.2089	\$15.33	\$10.00	\$2.1814	\$17.28
Jul	\$10.98	\$2.2414	\$18.44	\$8.58	\$2.1953	\$15.96	\$8.08	\$2.1883	\$15.46	\$7.41	\$2.1883	\$14.81	\$10.16	\$2.2111	\$17.54
Aug	\$11.00	\$2.2522	\$18.50	\$8.20											

\* Class I and uniform prices are at Fulton County (Atlanta), Georgia.

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,837	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,992	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,927	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	5,065	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,040	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,859	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,706	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,808	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,825	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,728	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,751	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%
Jun	631,033	4,773	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,770**	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%

\*\* Estimated



**Southeast Marketing Area Federal Milk Order 7**

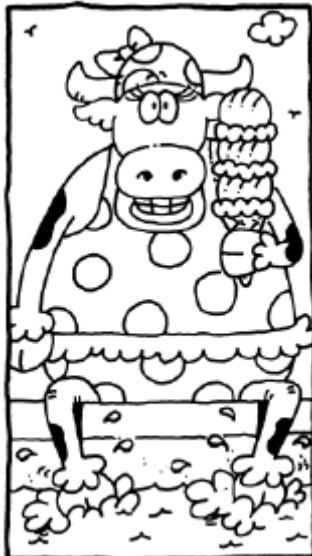
**Pool and Payment Dates for the Pooling Periods September 2001 through November 2001**

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
September	10/11/01	10/12/01	10/15/01	09/25/01 1	09/26/01	10/15/01 1	10/16/01
October	11/11/01	11/13/01	11/14/01	10/25/01 1	10/26/01	11/14/01 1	11/15/01
November	12/11/01	12/12/01	12/13/01	11/26/01 1	11/26/01	12/13/01 1	12/14/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*





# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

[www.fmmatlanta.com](http://www.fmmatlanta.com)

September 2001

Volume 2—No. 9

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

## Changes Proposed to Dairy Plant Standards

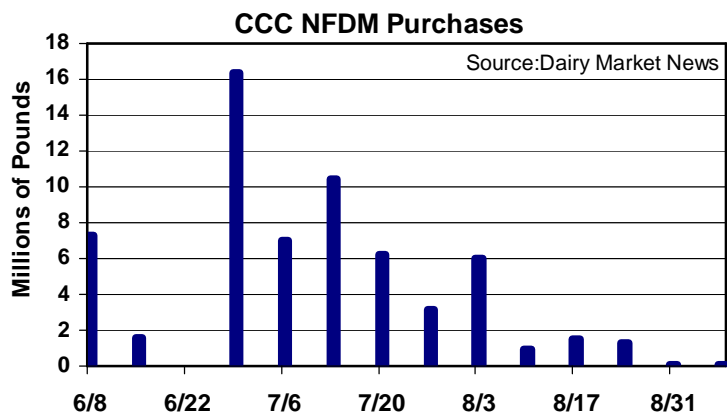
The USDA is seeking comments on its proposal to change the General Specifications for Dairy Plants Approved for USDA Inspection and Grading Service. The proposed changes would lower the maximum allowable bacterial estimate for producer herd milk from 1,000,000 to 500,000 per milliliter, modify the follow-up procedure when producer herd milk exceeds the maximum allowable bacterial estimate, lower the maximum permitted bacterial estimate in commingled milk from 3,000,000 to 1,000,000 per milliliter and lower the maximum allowable somatic cell count in cow's milk from 1,000,000 to 750,000 per milliliter. Agriculture Marketing Service provides voluntary, user-fee funded inspection and grading services to approximately 400 dairy manufacturing plants. Written comments submitted by Oct. 12 may be sent to: Duane R. Spomer, Chief, Dairy Standardization Branch, Dairy Programs, Agricultural Marketing Service, U.S. Department of Agriculture, Room 2746-SB, P.O. Box 96456, Washington, DC 20090-6456; faxed to (202) 720-2643; or, e-mailed to [Duane.Spomer@usda.gov](mailto:Duane.Spomer@usda.gov). The proposed changes are available at [www.ams.usda.gov/dairy/stand.htm](http://www.ams.usda.gov/dairy/stand.htm).

## Blend Continues It's Assent

The Federal Order 7 blend increased again in August marking the sixth consecutive monthly gain. At \$17.87 per hundredweight for 3.5 percent butterfat, producers qualifying on the Southeast pool will receive an additional 33 cents compared to July of this year and \$3.72 more than August of 2000. Both the uniform skim and butterfat prices increased based on the strength in both cheese and butter prices which offset the decline in the non-fat dry milk price. In addition, Class I utilization rose to 68.63 percent, it's highest in 11 months and the third highest since Order reform.

On the Chicago Mercantile Exchange, commodity prices began the month of August strong and ended stronger. Butter began trading at \$1.98 per pound and ended 31 days later at \$2.23 per pound. The monthly average price of \$2.09 per pound was 90 cents above August 2000. The futures market as of September 10 felt these prices were unsustainable, with December contracts settling at \$1.81 and March 2002 contracts settling at \$1.50. It is true that the small volume of activity in butter futures (it is only a fraction of the volume of the Class III market) make it a less than perfect price predictor, yet it does provide some indication of future butter prices. And with the uncertainty of which class will be the 'higher of' and therefore the Class I mover, any insight as to future commodity prices is welcome.

On the production side, NASS estimates 1.2 percent less milk was produced in July than the same time last year while remaining essentially the same compared with last month. Not surprising given the sustained decline in milk production, cumulative butter production through July is 7.8 percent less than during 2000, while cumulative cheese production is down 1.8 percent. The milk-feed price ratio declined slightly between July and August, meaning input costs (feed) were cheaper relative to output prices (the milk price).



The chart above displays the weekly government purchases of non-fat dry milk since the implementation of the butter/powder tilt. In June, the Commodity Credit Corporation (CCC) lowered by 10.32 cents the price it would pay for butter from \$1.0032 to \$0.9000/lb. To maintain the milk support price at \$9.90/cwt, the butter support price was raised to \$0.8548/lb.

## Transportation Credit Update

The available balance in the F.O.7 transportation credit balancing fund for August was \$2,026,497.37. Claims were made for \$995,413.89. Since sufficient funds were available, all eligible claims were paid in full.

Website Tools Available at  
[www.fmmatlanta.com/TCBF/tcbf1.htm](http://www.fmmatlanta.com/TCBF/tcbf1.htm)

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - AUGUST 2001

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.36%	9,042,677	\$2.2212	\$ 20,085,594.15
Class I Differential at Location				265,495.97
Class II Butterfat	27.58%	5,886,743	\$2.3046	13,566,587.90
Class III Butterfat	17.33%	3,699,059	\$2.2976	8,498,957.98
Class IV Butterfat	12.73%	2,716,257	\$2.2976	6,240,872.06
<b>Total Butterfat</b>	<b>100.00%</b>	<b>21,344,736</b>		<b>\$ 48,657,508.06</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia)</b>			<b>\$2.2796</b>	

### 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	69.60%	400,250,640	\$7.90 /cwt.	\$ 31,619,800.58
Class I Butterfat	42.36%	9,042,677	\$2.2212 /lb.	20,085,594.15
Class I Differential at Location		409,293,317		12,105,422.02
<b>Total Class I Milk</b>	<b>68.63%</b>	<b>409,293,317</b>		<b>\$ 63,810,816.75</b>
Class II Skim Milk	11.42%	65,686,513	\$8.20 /cwt.	\$ 5,386,294.05
Class II Butterfat	27.58%	5,886,743	\$2.3046 /lb.	13,566,587.90
<b>Total Class II Milk</b>	<b>12.00%</b>	<b>71,573,256</b>		<b>\$ 18,952,881.95</b>
Class III Skim Milk	15.10%	86,846,524	\$7.78 /cwt.	\$ 6,756,659.55
Class III Butterfat	17.33%	3,699,059	\$2.2976 /lb.	8,498,957.98
<b>Total Class III Milk</b>	<b>15.18%</b>	<b>90,545,583</b>		<b>\$ 15,255,617.53</b>
Class IV Skim Milk	3.88%	22,293,336	\$7.27 /cwt.	\$ 1,620,725.50
Class IV Butterfat	12.73%	2,716,257	\$2.2976 /lb.	6,240,872.06
<b>Total Class IV Milk</b>	<b>4.19%</b>	<b>25,009,593</b>		<b>\$ 7,861,597.56</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>596,421,749</b>		<b>\$ 105,880,913.79</b>

### Adjustments

Overage and Other Source	\$ 10,693.35
Inventory Adjustments	58,562.60
Producer butterfat at uniform butterfat price	(48,657,508.06)
Location Adjustments to Producers	1,663,165.62
1/2 Unobligated Balance in P.S.F.	239,718.98
<b>Adjusted Pool Value</b>	<b>\$ 10,29350</b>
Reserve for Producer Settlement Fund	\$ 0.04350
	<b>\$ 59,195,546.28</b>

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

**\$10.25**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$17.87\***

\* 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 %
	AUG 2001	SEP 2001	JULY 2001	AUG 2001	AUG 2001
Appalachian (Charlotte)	\$ 18.40	\$ 18.56	\$ 17.61	\$ 18.01	74.80%
Arizona-Las Vegas (Phoenix)	\$ 17.75	\$ 17.91	\$ 16.08	\$ 16.39	37.11%
Central (Kansas City)	\$ 17.40	\$ 17.56	\$ 16.14	\$ 16.29	27.35%
Florida (Tampa)	\$ 19.40	\$ 19.56	\$ 18.88	\$ 19.19	90.96%
Midwest (Cleveland)	\$ 17.40	\$ 17.56	\$ 16.24	\$ 16.54	37.10%
Northeast (Boston)	\$ 18.65	\$ 18.81	\$ 17.21	\$ 17.53	43.70%
Pacific Northwest (Seattle)	\$ 17.30	\$ 17.46	\$ 15.80	\$ 15.99	27.71%
<b>Southeast (Atlanta)</b>	<b>\$ 18.50</b>	<b>\$ 18.66</b>	<b>\$ 17.54</b>	<b>\$ 17.87</b>	<b>68.63%</b>
Southwest (Dallas)	\$ 18.40	\$ 18.56	\$ 17.12	\$ 17.12	43.42%
Upper Midwest (Chicago)	\$ 17.20	\$ 17.36	\$ 15.91	\$ 16.06	21.80%
Western (Salt Lake City)	\$ 17.30	\$ 17.46	\$ 15.90	\$ 16.04	19.92%

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

<b>Receipts:</b>	AUGUST 2001	AUGUST 2000
<b>Producer Milk</b>		
Class I	409,293,317	415,781,926
Class II	71,573,256	61,071,348
Class III	90,545,583	72,602,767
Class IV	25,009,593	17,607,353
	<hr/>	<hr/>
Total Producer Milk	<b>596,421,749</b>	<b>567,063,394</b>
Average Butterfat Test	3.58%	3.57%
Percent of Producer Milk in Class I	68.63%	73.32%
Daily Average Receipts	19,239,411	18,292,368
<b>Other Source Milk</b>		
Class I	29,553,165	19,467,639
Class II	6,774,100	6,996,119
Class III	6,247,616	3,690,161
Class IV	10,102,041	4,824,901
	<hr/>	<hr/>
Total Other Source Milk	<b>52,676,922</b>	<b>34,978,820</b>
<b>Overage</b>		
Class I	0	0
Class II	297	0
Class III	0	0
Class IV	136,213	7,238
	<hr/>	<hr/>
Total Overage	<b>136,510</b>	<b>7,238</b>
<b>Opening Inventory</b>		
Class I	33,414,509	32,133,656
Class II	2,314,110	1,965,795
Class III	876,017	5,449,484
Class IV	14,525,774	20,403,607
	<hr/>	<hr/>
Total Opening Inventory	<b>51,130,410</b>	<b>59,952,542</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>700,365,591</b>	<b>662,001,994</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	39,938,429	39,092,621
Route Disposition Class I	415,456,783	414,181,335
Shrinkage	3,061,715	3,521,493
Transfers and Diversions to Nonpool	13,804,064	10,587,772
	<hr/>	<hr/>
Total Class I Utilization	<b>472,260,991</b>	<b>467,383,221</b>
Average Butterfat Test	2.19%	2.20%
Daily Average Utilization	15,234,226	15,076,878
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,920,698	3,992,283
Shrinkage	0	0
Transfers and Diversions to Nonpool	54,411,748	44,185,991
Used To Produce/Other Uses	23,329,317	21,854,988
	<hr/>	<hr/>
Total Class II Utilization	<b>80,661,763</b>	<b>70,033,262</b>
Average Butterfat Test	8.01%	8.26%
<b>Class III Utilization</b>		
Shrinkage	0	7,548,062
Transfers and Diversions to Nonpool	97,669,216	68,385,687
Used To Produce/Other Uses	0	5,808,663
	<hr/>	<hr/>
Total Class III Utilization	<b>97,669,216</b>	<b>81,742,412</b>
Average Butterfat Test	4.01%	4.30%
<b>Class IV Utilization</b>		
Inventory	11,412,142	19,837,410
Nonfluid Used To Fortify	2,516,295	2,080,608
Shrinkage	7,597,765	0
Transfers and Diversions to Nonpool	22,998,637	20,925,081
Used To Produce/Other Uses	5,248,782	0
	<hr/>	<hr/>
Total Class IV Utilization	<b>49,773,621</b>	<b>42,843,099</b>
Average Butterfat Test	8.20%	9.34%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>700,365,591</b>	<b>662,001,994</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2001 is \$17.87 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.25 per hundredweight plus 3.5 times the uniform butterfat price of \$2.2796 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

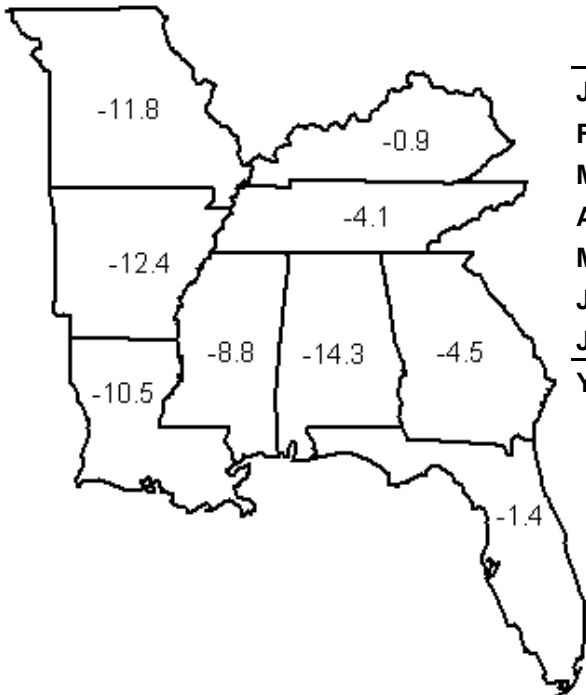
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In August, Class I use, which is primarily bottled or packaged fluid milk, accounted for 69.60% of all producer skim milk (priced to handlers at \$7.90 per hundredweight, plus the Class I differential, see page 2) and 42.36% of producer butterfat (priced to handlers at \$2.2212 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.42% of all producer skim milk (\$8.20 per hundredweight) and 27.58% of producer butterfat (\$2.3046 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.10% of all producer skim milk (\$7.78 per hundredweight) and 17.33% of producer butterfat (\$2.2976 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.88% of all producer skim milk (\$7.27 per hundredweight) and 12.73% of producer butterfat (\$2.2976 per pound).

Receipts of producer milk during August 2001 totaled 596.4 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants, and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2001. Class I route disposition in the Southeast Market totaled 389.2 million pounds in July 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>JULY 2001</b>	
Whole Milk	162,159,429
Fat Free Milk	49,402,041
Lowfat Milk (incl. 1%)	26,797,621
Reduced Fat Milk (incl. 2%)	117,463,390
Cultured Fluid Milk (incl. Buttermilk)	11,339,384
Flavored Drinks and Milk (incl. Egnog)	22,072,039
<b>Total Disposition in Marketing Area</b>	<b>389,233,904</b>
Total Disposition by Pool Plants	319,615,786
Total Disposition by Nonpool Plants	69,618,118
<b>Total Disposition in Marketing Area</b>	<b>389,233,904</b>

### % Change in Pooled Milk Through July, 2000 vs. 2001



	AL	AR	GA	KY	LA	MS	MO	TN	FL	SE States
<b>Jan</b>	-16.3	-13.2	-2.8	-3.7	-12.7	-10.9	-12.0	-7.4	-1.3	-6.8
<b>Feb</b>	-17.7	-16.6	-6.8	-5.1	-13.9	-13.7	-14.1	-8.5	-3.3	-8.9
<b>Mar</b>	-15.4	-16.6	-4.7	-4.8	-11.3	-9.5	-9.5	-6.9	-1.5	-6.7
<b>Apr</b>	-14.1	-12.0	-5.1	-2.2	-9.9	-7.1	-11.0	-4.1	-2.2	-6.0
<b>May</b>	-11.7	-9.0	-9.6	4.4	-8.2	-6.4	-11.5	-0.1	1.6	-3.9
<b>Jun</b>	-11.5	-8.3	-1.4	6.2	-8.3	-5.5	-12.4	0.7	-2.2	-3.4
<b>Jul</b>	-12.2	-10.5	0.5	0.1	-8.0	-7.1	-12.4	-1.2	-1.1	-4.2
<b>YTD</b>	-14.3	-12.4	-4.5	-0.9	-10.5	-8.8	-11.8	-4.1	-1.4	-5.8

Both table and map show the percentage change in milk pooled on Federal Orders 5, 6, 7, 32, and 33 between 2000 and 2001 by state. For example, 4.5 percent less milk originating from Georgia was pooled on a Federal Order in 2001 than the year prior. Combining all Southeastern states in Federal Order 6 and 7 shows an overall decline of 5.8 percent. This compares to National Agricultural Statistics Service's estimate of a 2.0 percent year-to-date decline in national production, through July.

**FEDERAL ORDER 6 - FLORIDA: CLASS AND UNIFORM PRICES**

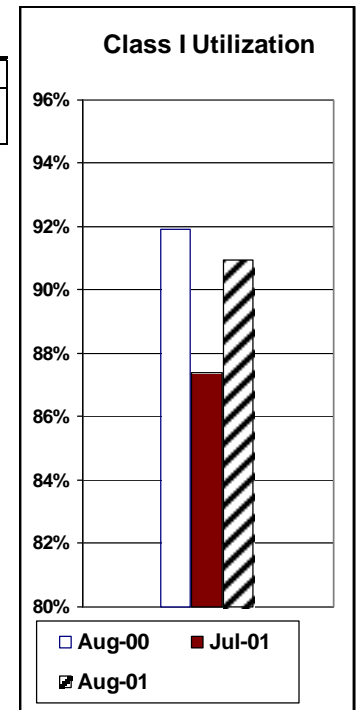
MONTH & YEAR	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
Jan 2000	\$11.72	\$1.0254	\$14.90	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$11.32	\$0.9855	\$14.37
Feb	\$11.72	\$0.9702	\$14.71	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$11.41	\$0.9673	\$14.40
Mar	\$11.71	\$1.0113	\$14.84	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$11.30	\$1.0175	\$14.47
Apr	\$11.70	\$1.0389	\$14.93	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$11.13	\$1.0897	\$14.55
May	\$11.70	\$1.1959	\$15.48	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$11.18	\$1.2408	\$15.13
Jun	\$11.70	\$1.2595	\$15.70	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$11.32	\$1.3282	\$15.57
Jul	\$11.71	\$1.4755	\$16.46	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$11.31	\$1.3901	\$15.78
Aug	\$11.70	\$1.3313	\$15.95	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$11.51	\$1.3058	\$15.68
Sep	\$11.70	\$1.2991	\$15.84	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$11.48	\$1.2893	\$15.59
Oct	\$11.76	\$1.2966	\$15.89	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$11.41	\$1.2758	\$15.48
Nov	\$11.74	\$1.2835	\$15.82	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$11.36	\$1.4117	\$15.90
Dec	\$11.75	\$1.3683	\$16.13	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$11.26	\$1.4959	\$16.10
Jan 2001	\$11.88	\$1.8644	\$17.99	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$11.56	\$1.5988	\$16.75
Feb	\$11.89	\$1.2752	\$15.94	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$11.54	\$1.3644	\$15.91
Mar	\$11.86	\$1.4883	\$16.65	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$11.58	\$1.5768	\$16.69
Apr	\$11.86	\$1.7122	\$17.44	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$7.87	\$1.9483	\$14.41	\$11.36	\$1.8210	\$17.34
May	\$11.88	\$1.9287	\$18.21	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$7.90	\$2.1191	\$15.04	\$11.58	\$2.0139	\$18.22
Jun	\$11.90	\$2.1433	\$18.99	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$7.87	\$2.2089	\$15.33	\$11.69	\$2.1732	\$18.89
Jul	\$11.88	\$2.2504	\$19.34	\$8.58	\$2.1953	\$15.96	\$8.08	\$2.1883	\$15.46	\$7.41	\$2.1883	\$14.81	\$11.49	\$2.2253	\$18.88
Aug	\$11.90	\$2.2612	\$19.40	\$8.20	\$2.3046	\$15.98	\$7.78	\$2.2976	\$15.55	\$7.27	\$2.2976	\$15.06	\$11.62	\$2.2799	\$19.19
Sep	\$11.99	\$2.2832	\$19.56	\$7.94											

\* Class I and uniform prices are at Hillsborough County (Tampa), Florida.

**FEDERAL ORDER 6 - FLORIDA: POOLED RECEIPTS AND UTILIZATION OF PRODUCER MILK**

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS	1,000 LBS	% IN CLASS
Jan 2000	255,525	275	224,785	87.97%	15,200	5.95%	7,712	3.02%	7,829	3.06%
Feb	243,677	250	220,592	90.53%	15,069	6.18%	5,204	2.14%	2,811	1.15%
Mar	270,661	244	236,388	87.34%	19,765	7.30%	5,144	1.90%	9,364	3.46%
Apr	258,886	250	211,666	81.75%	19,073	7.37%	6,153	2.38%	21,994	8.50%
May	254,692	245	214,790	84.34%	19,991	7.85%	5,968	2.34%	13,943	5.47%
Jun	228,335	245	202,603	88.74%	18,208	7.97%	4,434	1.94%	3,089	1.35%
Jul	225,202	310	199,325	88.51%	17,091	7.59%	5,293	2.35%	3,494	1.55%
Aug	220,189	318	202,356	91.91%	12,493	5.67%	3,788	1.72%	1,550	0.70%
Sep	203,778	309	186,789	91.66%	12,219	6.00%	3,448	1.69%	1,322	0.65%
Oct	221,324	311	198,743	89.79%	12,564	5.68%	5,772	2.61%	4,243	1.92%
Nov	231,820	306	208,965	90.14%	14,095	6.08%	4,249	1.83%	4,512	1.95%
Dec	253,076	307	218,778	86.45%	17,825	7.04%	6,525	2.58%	9,947	3.93%
Jan 2001	259,032	265	232,905	89.91%	16,619	6.42%	5,561	2.15%	3,947	1.52%
Feb	233,485	241	209,315	89.57%	16,832	7.20%	4,364	1.87%	3,170	1.36%
Mar	262,748	234	239,873	91.30%	17,686	6.73%	3,717	1.41%	1,472	0.56%
Apr	240,954	229	211,136	87.63%	16,701	6.93%	6,493	2.69%	6,624	2.75%
May	235,280	200	212,698	90.40%	16,496	7.01%	5,127	2.18%	959	0.41%
Jun	222,089	219	202,721	91.28%	15,503	6.98%	3,499	1.58%	366	0.16%
Jul	225,754	300	197,340	87.41%	16,840	6.41%	1,583	0.70%	9,991	4.43%
Aug	218,562	300**	198,789	90.96%	16,097	7.36%	1,197	0.55%	2,478	1.13%

\*\* Estimated



**Southeast Marketing Area Federal Milk Order 7**

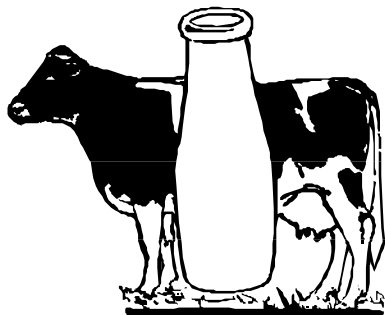
**Pool and Payment Dates for the Pooling Periods September 2001 through November 2001**

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
September	10/11/01	10/12/01	10/15/01	09/25/01 1	09/26/01	10/15/01 1	10/16/01
October	11/11/01	11/13/01	11/14/01	10/25/01 1	10/26/01	11/14/01 1	11/15/01
November	12/11/01	12/12/01	12/13/01	11/26/01 1	11/26/01	12/13/01 1	12/14/01

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, marital or familial status, political beliefs, parental status or protected genetic information. (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) 720-6000 (voice and TDD). To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*



# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

[www.fmmlanta.com](http://www.fmmlanta.com)

October 2001

Volume 2—No. 10

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

## A.J. Yates to Head AMS

Agriculture Secretary Veneman announced the selection of A.J. Yates as the Administrator of USDA's Agricultural Marketing Service. For nine years, Yates worked for the California Department of Food and Agriculture, serving as Deputy Secretary from August 1991 to December 1996 and Under Secretary until January 1999. In these positions, Yates managed Animal Health, Food Safety Services, Inspection Services, Marketing Services, Plant Health, and Pest Prevention Services divisions.

## Dairy Board Members Appointed

The U.S. Department of Agriculture has announced nine new appointments and four reappointments to the National Dairy Promotion and Research Board. Lynda S. Foster, Ft. Scott, KS, will represent Region 4, which includes Arkansas, Kansas, New Mexico, Oklahoma, and Texas. Robert K. Herman, Taylorsville, NC, was appointed to represent Region 10, covering Florida, Georgia, North Carolina, South Carolina, and Virginia. The members for Region 8 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee) are unchanged. See [www.ams.usda.gov/dairy/dairypr.htm](http://www.ams.usda.gov/dairy/dairypr.htm) for more information.

## Nominations for Fluid Milk Board Sought

USDA is asking dairy processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board. Six members will be appointed to serve 3-year terms beginning July 2002. The geographic regions are: Region 2 (New Jersey and New York); Region 5 (Florida); Region 8 (Illinois and Indiana); Region 11 (Arkansas, Iowa, Kansas, Missouri, Nebraska, and Oklahoma); and Region 14 (Northern California). To nominate an individual, submit a copy of the nomination form and a signed background form for each nominee by Dec. 1. For nominating forms and procedures, contact David R. Jamison, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Stop 0233, Room 2958-S, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; or E-mail at [david.jamison2@usda.gov](mailto:david.jamison2@usda.gov).

## Mideast Hearing Set

Dairy farmers, milk processors, and the public are invited to testify at a public hearing Tuesday, Oct. 23, 2001, at 8:30 am on proposals that would amend certain pooling and related provisions in the Mideast milk marketing order. The hearing will be held at the Holiday Inn Express Hotel and Suites/Galaxy Banquet Center, Wadsworth, Ohio. USDA will consider proposals to increase the minimum route disposition requirements, amend the automatic pool plant provision and decrease diversion limits for producer milk among other proposals. For more details visit [www.fmmaclev.com](http://www.fmmaclev.com) or the September 28 Federal Register at [www.access.gpo.gov/nara](http://www.access.gpo.gov/nara).

## Blend Reaches its Peak?

The uniform price for September in the Southeast Order was \$18.09 per hundredweight for 3.5 percent butterfat in Fulton County, GA. Qualifying milk will receive an additional 22 cents compared with August and \$3.93 more than September 2000, despite Class I utilization falling several percentage points from last month.

Recent history suggests the question mark in this month's headline is most likely not necessary. On the CME, both butter and cheese lost significant value during late September and early October. The chart on page 4 of this publication shows the NASS survey prices for those commodities, with only butter demonstrating its dramatic falloff. In the 3 weeks of trading since September 21, the price of AA butter on the CME has declined by 57 cents, over one quarter of its value. The NASS survey tracks this decline for butter, but due to the nature of the survey it will take a few more weeks for NASS to reveal the similar fate of cheese prices. The markets for both block and barrel cheese have suffered large losses since October 1. Beginning the month at \$1.64 and \$1.68, barrels and blocks ended the trading session on October 12 at \$1.24 and \$1.27 respectively. Expect October's class prices (released Nov. 2) as well as November's Class I announced price (released Oct. 19) to reflect this activity.

## National Dairy Situation

USDA estimates milk production in August at 13.68 billion pounds, down 1.6 percent from July and 0.8 percent from August 2000. Total cheese output was 664 million pounds, 2.9 percent below August 2000 and 2.2 percent below July 2001. Butter production was 76.5 million pounds in August, 8.5 percent below August 2000 and 4.2 percent below July 2001. 2.8 million pounds of nonfat dry milk was purchased by the CCC under the support price program, the first purchases made since early September when slightly over 0.1 million pounds were purchased.

## Transportation Credit Update

The available balance in the F.O.7 transportation credit balancing fund for September was \$1,115,683.61. Claims were made for \$1,057,837.93. Since sufficient funds were available, all eligible claims were paid in full.

Website Tools Available at  
[www.fmmlanta.com/TCBF/tcbf1.htm](http://www.fmmlanta.com/TCBF/tcbf1.htm)

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - SEPTEMBER 2001

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.48%	8,251,865	\$2.2432	\$ 18,510,583.58
Class I Differential at Location				244,231.16
Class II Butterfat	21.81%	4,676,827	\$2.4519	11,467,112.14
Class III Butterfat	19.75%	4,234,838	\$2.4449	10,353,755.45
Class IV Butterfat	19.96%	4,280,553	\$2.4449	10,465,524.03
<b>Total Butterfat</b>	<b>100.00%</b>	<b>21,444,083</b>		<b>\$ 51,041,206.36</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia): \$2.3802**

### 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	65.53%	371,539,744	\$7.99 /cwt.	\$ 29,686,025.54
Class I Butterfat	38.48%	8,251,865	\$2.2432 /lb.	18,510,583.58
Class I Differential at Location		379,791,609		11,227,716.32
<b>Total Class I Milk</b>	<b>64.55%</b>	<b>379,791,609</b>		<b>\$ 59,424,325.44</b>
Class II Skim Milk	9.52%	53,988,220	\$7.94 /cwt.	\$ 4,286,664.64
Class II Butterfat	21.81%	4,676,827	\$2.4519 /lb.	11,467,112.14
<b>Total Class II Milk</b>	<b>9.97%</b>	<b>58,665,047</b>		<b>\$ 15,753,776.78</b>
Class III Skim Milk	17.73%	100,506,934	\$7.61 /cwt.	\$ 7,648,577.67
Class III Butterfat	19.75%	4,234,838	\$2.4449 /lb.	10,353,755.45
<b>Total Class III Milk</b>	<b>17.80%</b>	<b>104,741,772</b>		<b>\$ 18,002,333.12</b>
Class IV Skim Milk	7.22%	40,925,430	\$7.29 /cwt.	\$ 2,983,463.85
Class IV Butterfat	19.96%	4,280,553	\$2.4449 /lb.	10,465,524.03
<b>Total Class IV Milk</b>	<b>7.68%</b>	<b>45,205,983</b>		<b>\$ 13,448,987.88</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>588,404,411</b>		<b>\$ 106,629,423.22</b>

### Adjustments

Overage and Other Source	\$ 11,415.29
Inventory Adjustments	5,103.63
Producer butterfat at uniform butterfat price	(51,041,206.36)
Location Adjustments to Producers	1,724,036.37
1/2 Unobligated Balance in P.S.F.	241,569.07

### Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10.15421	\$ 57,570,341.22
	<b>\$ 0.04421</b>	250,652.08

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

**\$10.11**

### Uniform Price per cwt. (Fulton County, Georgia)

**\$18.09\***

\* 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 %
	SEP 2001	OCT 2001	AUG 2001	SEP 2001	SEP 2001
Appalachian (Charlotte)	\$ 18.66	\$ 19.03	\$ 18.01	\$ 18.17	68.96%
Arizona-Las Vegas (Phoenix)	\$ 17.91	\$ 18.28	\$ 16.39	\$ 16.70	35.04%
Central (Kansas City)	\$ 17.56	\$ 17.93	\$ 16.29	\$ 16.56	28.23%
Florida (Tampa)	\$ 19.56	\$ 19.93	\$ 19.19	\$ 19.45	89.39%
Midwest (Cleveland)	\$ 17.56	\$ 17.93	\$ 16.54	\$ 16.87	41.00%
Northeast (Boston)	\$ 18.81	\$ 19.18	\$ 17.53	\$ 17.76	44.60%
Pacific Northwest (Seattle)	\$ 17.46	\$ 17.83	\$ 15.99	\$ 16.34	27.40%
<b>Southeast (Atlanta)</b>	<b>\$ 18.66</b>	<b>\$ 19.03</b>	<b>\$ 17.87</b>	<b>\$ 18.09</b>	<b>64.55%</b>
Southwest (Dallas)	\$ 18.56	\$ 18.93	\$ 17.12	\$ 17.60	49.42%
Upper Midwest (Chicago)	\$ 17.36	\$ 17.73	\$ 16.06	\$ 16.28	18.70%
Western (Salt Lake City)	\$ 17.46	\$ 17.83	\$ 16.04	\$ 16.32	18.30%



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

<b>Receipts:</b>	SEPTEMBER 2001	SEPTEMBER 2000
<b>Producer Milk</b>		
Class I	379,791,609	405,277,537
Class II	58,665,047	62,224,862
Class III	104,741,772	80,395,466
Class IV	45,205,983	15,458,747
	<hr/>	<hr/>
Total Producer Milk	<b>588,404,411</b>	<b>563,356,612</b>
Average Butterfat Test	3.64%	3.62%
Percent of Producer Milk in Class I	64.55%	71.94%
Daily Average Receipts	19,613,480	18,778,554
<b>Other Source Milk</b>		
Class I	23,105,857	20,790,919
Class II	5,048,807	5,676,864
Class III	4,467,925	2,287,680
Class IV	12,200,480	7,284,841
	<hr/>	<hr/>
Total Other Source Milk	<b>44,823,069</b>	<b>36,040,304</b>
<b>Overage</b>		
Class I	0	0
Class II	0	2,779
Class III	0	0
Class IV	130,005	2,975
	<hr/>	<hr/>
Total Overage	<b>130,005</b>	<b>5,754</b>
<b>Opening Inventory</b>		
Class I	40,013,979	40,099,257
Class II	33,076	786,894
Class III	0	3,960,948
Class IV	11,609,054	14,082,932
	<hr/>	<hr/>
Total Opening Inventory	<b>51,656,109</b>	<b>58,930,031</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>685,013,594</b>	<b>658,332,701</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	34,904,993	34,755,629
Route Disposition Class I	391,406,118	416,941,356
Shrinkage	4,939,469	4,130,380
Transfers and Diversions to Nonpool	11,660,865	10,340,348
	<hr/>	<hr/>
Total Class I Utilization	<b>442,911,445</b>	<b>466,167,713</b>
Average Butterfat Test	2.17%	2.16%
Daily Average Utilization	14,763,715	15,538,924
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,431,594	3,137,747
Shrinkage	0	0
Transfers and Diversions to Nonpool	42,554,042	47,685,265
Used To Produce/Other Uses	18,761,294	17,868,387
	<hr/>	<hr/>
Total Class II Utilization	<b>63,746,930</b>	<b>68,691,399</b>
Average Butterfat Test	7.99%	8.28%
<b>Class III Utilization</b>		
Shrinkage	0	7,852,100
Transfers and Diversions to Nonpool	109,209,697	73,453,791
Used To Produce/Other Uses	0	5,338,203
	<hr/>	<hr/>
Total Class III Utilization	<b>109,209,697</b>	<b>86,644,094</b>
Average Butterfat Test	4.02%	4.39%
<b>Class IV Utilization</b>		
Inventory	30,236,722	15,550,476
Nonfluid Used To Fortify	2,079,604	2,007,539
Shrinkage	7,864,164	0
Transfers and Diversions to Nonpool	24,294,438	19,271,480
Used To Produce/Other Uses	4,670,594	0
	<hr/>	<hr/>
Total Class IV Utilization	<b>69,145,522</b>	<b>36,829,495</b>
Average Butterfat Test	8.12%	11.20%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>685,013,594</b>	<b>658,332,701</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2001 is \$18.09 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.11 per hundredweight plus 3.5 times the uniform butterfat price of \$2.3802 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

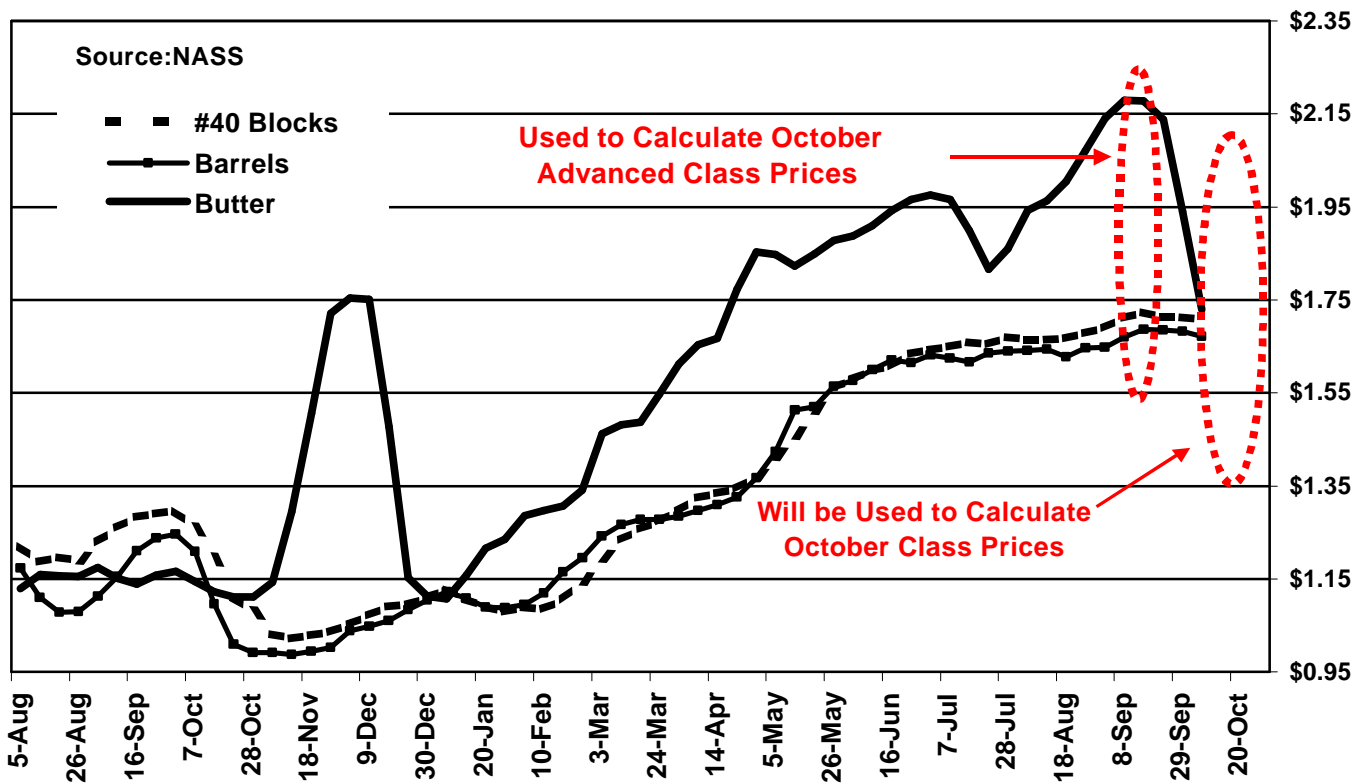
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.53% of all producer skim milk (priced to handlers at \$7.99 per hundredweight, plus the Class I differential, see page 2) and 38.48% of producer butterfat (priced to handlers at \$2.2432 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.52% of all producer skim milk (\$7.94 per hundredweight) and 21.81% of producer butterfat (\$2.4519 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.73% of all producer skim milk (\$7.61 per hundredweight) and 19.75% of producer butterfat (\$2.4449 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.22% of all producer skim milk (\$7.29 per hundredweight) and 19.96% of producer butterfat (\$2.4449 per pound).

Receipts of producer milk during September 2001 totaled 588.4 million pounds. There were 30 regulated pool distributing plants, 5 pool supply/cooperative manufacturing plants and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2001. Class I route disposition in the Southeast Market totaled 419.7 million pounds in August 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>August 2001</b>	
Whole Milk	169,675,460
Fat Free Milk	51,948,008
Lowfat Milk (incl. 1%)	29,621,059
Reduced Fat Milk (incl. 2%)	123,648,290
Cultured Fluid Milk (incl. Buttermilk)	11,904,514
Flavored Drinks and Milk (incl. Egnog)	32,908,899
<b>Total Disposition in Marketing Area</b>	<b>419,706,230</b>
Total Disposition by Pool Plants	355,223,849
Total Disposition by Nonpool Plants	64,482,381
<b>Total Disposition in Marketing Area</b>	<b>419,706,230</b>

### August 2000 to October 2001 NASS Price Surveys (Block and Barrel Cheese:Butter)

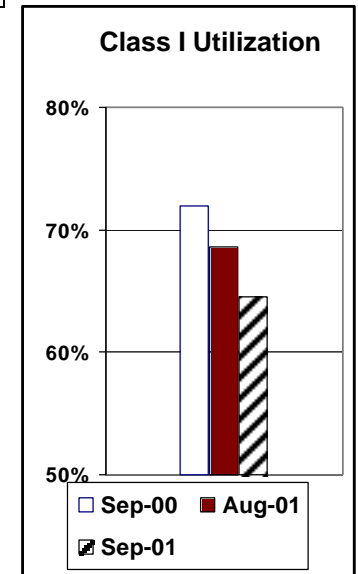


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$7.87	\$1.9483	\$14.41	\$9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$7.90	\$2.1191	\$15.04	\$9.71	\$2.0487	\$16.54
Jun	\$11.00	\$2.1343	\$18.09	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$7.87	\$2.2089	\$15.33	\$10.00	\$2.1814	\$17.28
Jul	\$10.98	\$2.2414	\$18.44	\$8.58	\$2.1953	\$15.96	\$8.08	\$2.1883	\$15.46	\$7.41	\$2.1883	\$14.81	\$10.16	\$2.2111	\$17.54
Aug	\$11.00	\$2.2522	\$18.50	\$8.20	\$2.3046	\$15.98	\$7.78	\$2.2976	\$15.55	\$7.27	\$2.2976	\$15.06	\$10.25	\$2.2796	\$17.87
Sep	\$11.09	\$2.2742	\$18.66	\$7.94	\$2.4519	\$16.24	\$7.61	\$2.4449	\$15.90	\$7.29	\$2.4449	\$15.59	\$10.11	\$2.3802	\$18.09
Oct	\$10.48	\$2.5470	\$19.03	\$8.00											

**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 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,837	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,992	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,927	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	5,065	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,040	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,859	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,706	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,808	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,825	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,728	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,751	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%
Jun	631,033	4,773	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,980	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,989	409,293	68.63%	71,573	12.00%	90,546	15.18%	25,010	4.19%
Sep	588,404	5,000**	379,792	64.55%	58,665	9.97%	104,742	17.80%	45,206	7.68%



\* 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 October 2001 through December 2001**

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
October	11/11/01	11/13/01	11/14/01	10/25/01	10/26/01	11/14/01	11/15/01
November	12/11/01	12/12/01	12/13/01	11/26/01	11/26/01	12/13/01	12/14/01
December	01/11/02	01/14/02	01/15/02	12/26/02	12/26/02	01/15/02	01/16/02

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, marital or familial status, political beliefs, parental status or protected genetic information. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

---

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208  
*Address Correction Requested*



# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

[www.fmmlanta.com](http://www.fmmlanta.com)

November 2001

Volume 2—No. 11

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

## USDA Recommends Class III and IV Pricing Formula Revisions

USDA issued a recommended decision to amend Class III and Class IV pricing formulas. This issuance stems from a Congressional mandate to reconsider the pricing formulas adopted under Federal Order reform. It follows a Tentative Final Decision issued Nov. 29, 2000, an Interim Final Rule implemented Jan. 1, 2001 and an injunction in Federal court which blocked portions of the Interim Final Rule from taking effect.

This decision would leave in place the revised manufacturing allowances for butter, cheese, and non-fat dry milk, but reverse the previous determination that there should be separate butterfat prices for milk used in Class III (cheese) and Class IV (butter and dry milk products). The make allowance for dry whey used in the 'other solids' price, one of the factors in calculating Class III value, would be increased from the \$0.140 left in place under the injunction to \$0.159 per pound. In addition, the current practice of 'snubbing' the other solids price at zero, which prevents the factor becoming negative if the dry whey survey price falls below \$0.140 per pound, would be discontinued.

The other change would be to the protein price formula where two very technical adjustments are recommended. They are intended to better account for the relationship between fat and protein in milk and the amount of fat that is utilized in the cheese-making process versus the amount actually found in finished cheese. (See page four for further discussion of the potential impact of these changes.)

The recommended decision was published in the Oct. 25 Federal Register ([www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html)), and interested persons have until Nov. 26 to file comments in response to the recommended decision. Comments should be faxed to Connie Brenner at 202-690-0552 or emailed to [connie.brenner@usda.gov](mailto:connie.brenner@usda.gov) or [carol.warlick@usda.gov](mailto:carol.warlick@usda.gov). Dairy programs personnel will assure proper delivery of comments to the Hearing Clerk for official receipt. Comments longer than six pages are requested via email in WordPerfect or Microsoft Word format. Contact Connie Brenner at 202-720-2357 for any additional questions regarding submission of comments on Class III and IV Pricing Formulas.

## Uniform Price Follows Commodity Decline

The blend price in Fulton County, GA for October was \$16.70 per hundredweight. This was \$1.39 below last month, but still \$2.81 higher than October of 2000.

The decline in commodity prices that began in late September continued through October, perhaps stabilizing in early November. The past six weeks have seen butter lose over one third of its value on the Chicago Mercantile Exchange. Cheese block and barrels fared only slightly better, falling 28 percent.

But the structure of the Federal Order system pricing and the timing of commodity surveys will temper the effects of these declines. The October Class II, III and IV prices, based on surveys of the entire month of October, are \$2.71, \$1.30 and \$2.82 less than September. However the November Class I price, based on surveys of the first two weeks of October, will still be relatively strong at \$18.86 per hundredweight in Atlanta at 3.5 percent, off only 17 cents from September.

The good news for F.O. 7 producers is that while October's Class I price was based on \$10.48 skim milk and \$2.55 butterfat, November is based on \$12.70 skim milk and \$1.89 butterfat. Class I prices are reported at 3.5 percent butterfat, yet in reality Class I is closer to 2.2 percent. Being a Class I market and having a stronger skim milk price relative to butterfat will partially insulate the Southeast from the lower national commodity prices, but expect a decline in blend prices nonetheless.

## National Dairy Situation

USDA estimates milk production in September at 13.14 billion pounds, down 0.8 percent from September 2000 and 3.4 percent from August 2001. Total cheese output (excluding cottage cheese) was 646 million pounds, 1.1 percent below September 2000 and 2.6 percent below August 2001. Butter production was 88.8 million pounds in September, 1.2 percent below September 2000 but 15.6 percent above August 2001.

## Transportation Credit Update

Claims on the F.O.7 transportation credit balancing fund for October were made for \$868,373.73. Since the available balance was \$347,449.55, eligible claims were paid at a rate of approximately \$0.40 to the dollar.

Website Tools Available at  
[www.fmmlanta.com/TCBF/tcbf1.htm](http://www.fmmlanta.com/TCBF/tcbf1.htm)

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - OCTOBER 2001**

**Calculation of Uniform Butterfat Price:**

	<u>Utilizator</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.64%	9,084,043	\$2.5160	\$ 22,855,452.20
Class I Differential at Location				266,685.53
Class II Butterfat	21.12%	4,966,426	\$1.6596	8,242,280.60
Class III Butterfat	21.93%	5,157,112	\$1.6526	8,522,643.29
Class IV Butterfat	18.31%	4,304,582	\$1.6526	7,113,752.22
<b>Total Butterfat</b>	<b>100.00%</b>	<b>23,512,163</b>		<b>\$ 47,000,813.84</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia) \$1.9990**

**Calculation of Uniform Skim Milk Price**

<b>Producer Milk</b>	<u>Utilizator</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	67.27%	406,190,643	\$7.38 /cwt.	\$ 29,976,869.43
Class I Butterfat	38.64%	9,084,043	\$2.5160 /lb.	22,855,452.20
Class I Differential at Location		415,274,686		12,266,188.65
<b>Total Class I Milk</b>	<b>66.19%</b>	<b>415,274,686</b>		<b>\$ 65,098,510.28</b>
Class II Skim Milk	9.86%	59,564,203	\$8.00 /cwt.	\$ 4,765,136.24
Class II Butterfat	21.12%	4,966,426	\$1.6596 /lb.	8,242,280.60
<b>Total Class II Milk</b>	<b>10.29%</b>	<b>64,530,629</b>		<b>\$ 13,007,416.84</b>
Class III Skim Milk	18.56%	112,083,509	\$9.14 /cwt.	\$ 10,244,432.73
Class III Butterfat	21.93%	5,157,112	\$1.6526 /lb.	8,522,643.29
<b>Total Class III Milk</b>	<b>18.69%</b>	<b>117,240,621</b>		<b>\$ 18,767,076.02</b>
Class IV Skim Milk	4.31%	26,011,316	\$7.24 /cwt.	\$ 1,883,219.30
Class IV Butterfat	18.31%	4,304,582	\$1.6526 /lb.	7,113,752.22
<b>Total Class IV Milk</b>	<b>4.83%</b>	<b>30,315,898</b>		<b>\$ 8,996,971.52</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>627,361,834</b>		<b>\$ 105,869,974.66</b>

**Adjustments**

Overage and Other Source	\$ 8,737.99
Inventory Adjustments	(77,676.25)
Producer butterfat at uniform butterfat price	(47,000,813.84)
Location Adjustments to Producers	1,913,379.71
1/2 Unobligated Balance in P.S.F.	296,345.12
<b>Adjusted Pool Value</b>	<b>\$ 10,10350</b>
Reserve for Producer Settlement Fund	\$ 0.04350
	<b>\$ 61,009,947.39</b>

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

**\$10.06**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$16.70\***

\* 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 %
	OCT 2001	NOV 2001	SEP 2001	OCT 2001	OCT 2001
Appalachian (Charlotte)	\$ 19.03	\$ 18.86	\$ 18.17	\$ 16.73	73.38%
Arizona-Las Vegas (Phoenix)	\$ 18.28	\$ 18.11	\$ 16.70	\$ 15.01	34.89%
Central (Kansas City)	\$ 17.93	\$ 17.76	\$ 16.56	\$ 14.92	29.99%
Florida (Tampa)	\$ 19.93	\$ 19.76	\$ 19.45	\$ 18.30	91.96%
Mideast (Cleveland)	\$ 17.93	\$ 17.76	\$ 16.87	\$ 15.03	41.60%
Northeast (Boston)	\$ 19.18	\$ 19.01	\$ 17.76	\$ 16.04	47.80%
Pacific Northwest (Seattle)	\$ 17.83	\$ 17.66	\$ 16.34	\$ 14.38	33.40%
<b>Southeast (Atlanta)</b>	<b>\$ 19.03</b>	<b>\$ 18.86</b>	<b>\$ 18.09</b>	<b>\$ 16.70</b>	<b>66.19%</b>
Southwest (Dallas)	\$ 18.93	\$ 18.76	\$ 17.60	\$ 16.05	49.37%
Upper Midwest (Chicago)	\$ 17.73	\$ 17.56	\$ 16.28	\$ 14.75	19.90%
Western (Salt Lake City)	\$ 17.83	\$ 17.66	\$ 16.32	\$ 14.35	31.20%

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

<b>Receipts:</b>	OCTOBER 2001	OCTOBER 2000
<b>Producer Milk</b>		
Class I	415,274,686	415,490,888
Class II	64,530,629	73,764,031
Class III	117,240,621	94,574,477
Class IV	30,315,898	42,197,433
	<hr/>	<hr/>
Total Producer Milk	<b>627,361,834</b>	<b>626,026,829</b>
Average Butterfat Test	3.75%	3.74%
Percent of Producer Milk in Class I	66.19%	66.37%
Daily Average Receipts	20,237,479	20,194,414
<b>Other Source Milk</b>		
Class I	19,819,695	17,036,244
Class II	5,012,158	4,811,140
Class III	4,156,076	3,927,669
Class IV	8,263,438	8,558,430
	<hr/>	<hr/>
Total Other Source Milk	<b>37,251,367</b>	<b>34,333,483</b>
<b>Overage</b>		
Class IV	27,210	5,144
	<hr/>	<hr/>
Total Overage	<b>27,210</b>	<b>5,144</b>
<b>Opening Inventory</b>		
Class I	35,023,057	34,755,629
Class II	380,420	497,859
Class III	198,738	2,204,515
Class IV	29,539,500	12,848,102
	<hr/>	<hr/>
Total Opening Inventory	<b>65,141,715</b>	<b>50,306,105</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>729,782,126</b>	<b>710,671,561</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	34,695,440	37,681,174
Route Disposition Class I	418,541,932	414,962,449
Shrinkage	3,179,476	3,951,410
Transfers and Diversions to Nonpool	13,700,590	10,687,728
	<hr/>	<hr/>
Total Class I Utilization	<b>470,117,438</b>	<b>467,282,761</b>
Average Butterfat Test	2.18%	2.18%
Daily Average Utilization	15,165,079	15,073,637
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,288,154	1,639,319
Transfers and Diversions to Nonpool	47,037,188	57,452,803
Used To Produce/Other Uses	20,597,865	19,980,908
	<hr/>	<hr/>
Total Class II Utilization	<b>69,923,207</b>	<b>79,073,030</b>
Average Butterfat Test	7.71%	8.00%
<b>Class III Utilization</b>		
Shrinkage	0	7,899,787
Transfers and Diversions to Nonpool	121,595,435	87,366,980
Used To Produce/Other Uses	0	5,439,894
	<hr/>	<hr/>
Total Class III Utilization	<b>121,595,435</b>	<b>100,706,661</b>
Average Butterfat Test	4.36%	4.49%
<b>Class IV Utilization</b>		
Inventory	24,339,510	19,150,369
Nonfluid Used To Fortify	2,646,223	2,323,975
Shrinkage	7,473,973	0
Transfers and Diversions to Nonpool	28,409,003	42,134,765
Used To Produce/Other Uses	5,277,337	0
	<hr/>	<hr/>
Total Class IV Utilization	<b>68,146,046</b>	<b>63,609,109</b>
Average Butterfat Test	8.98%	8.59%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>729,782,126</b>	<b>710,671,561</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2001 is \$16.70 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.06 per hundredweight plus 3.5 times the uniform butterfat price of \$1.9990 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

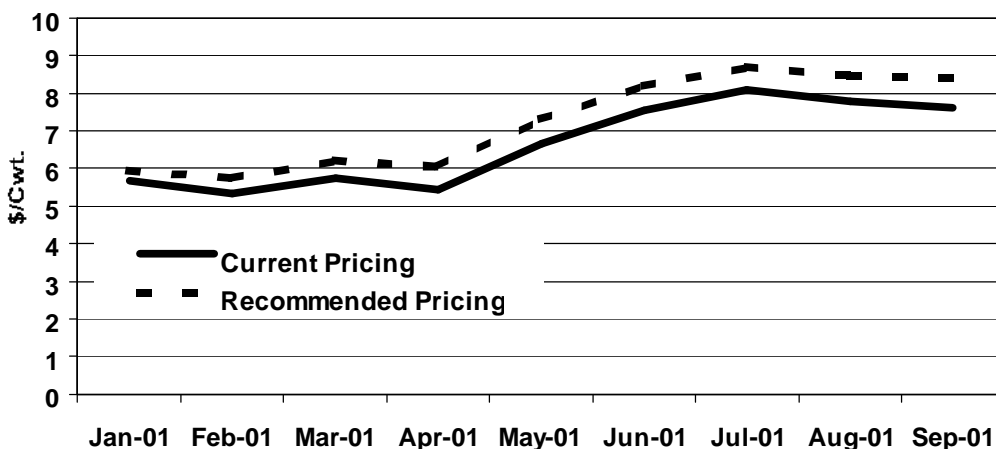
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In October, Class I use, which is primarily bottled or packaged fluid milk, accounted for 67.27% of all producer skim milk (priced to handlers at \$7.38 per hundredweight, plus the Class I differential, see page 2) and 38.64% of producer butterfat (priced to handlers at \$2.5160 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.86% of all producer skim milk (\$8.00 per hundredweight) and 21.12% of producer butterfat (\$1.6596 per pound). Class III use, mostly milk used to produce cheese, accounted for 18.56% of all producer skim milk (\$9.14 per hundredweight) and 21.93% of producer butterfat (\$1.6526 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.31% of all producer skim milk (\$7.24 per hundredweight) and 18.31% of producer butterfat (\$1.6526 per pound).

Receipts of producer milk during October 2001 totaled 627.4 million pounds. There were 30 regulated pool distributing plants, 5 pool supply plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2001. Class I route disposition in the Southeast Market totaled 395.5 million pounds in September 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>September 2001</b>	
Whole Milk	156,976,966
Fat Free Milk	49,122,865
Lowfat Milk (incl. 1%)	28,252,784
Reduced Fat Milk (incl. 2%)	114,063,334
Cultured Fluid Milk (incl. Buttermilk)	10,266,325
Flavored Drinks and Milk (incl. Eggnog)	36,849,890
<b>Total Disposition in Marketing Area</b>	<b>395,532,164</b>
Total Disposition by Pool Plants	328,335,662
Total Disposition by Nonpool Plants	67,196,502
<b>Total Disposition in Marketing Area</b>	<b>395,532,164</b>

### Class III Skim Price Adjusted Under Latest Recommended Decision



Both the protein and other solids prices, which are altered under the recommended decision, figure into the Class III skim price. The alterations cause the other solids price to decrease a little, but this is offset by an increase in the protein price. The chart above considers only the effects on this year's

Class III skim prices of the recommended decision because there is nothing in the decision to alter the Class III butterfat price or any of the Class II or Class IV prices as currently enforced. Since there is only one butterfat price for Class III and IV under this recommendation, instead of the originally suggested two, it is the higher of Class III skim or Class IV skim that drives the Class I price. The major difference between the current pricing formulas and those contained in the recommended decision is that the Class III skim price would tend to be a bit higher under the latter. These results are from the application of the formulas to prior marketing situations. They should not be interpreted as prices that would have actually occurred because industry participants likely would have reacted differently, influencing supply and demand and therefore prices.

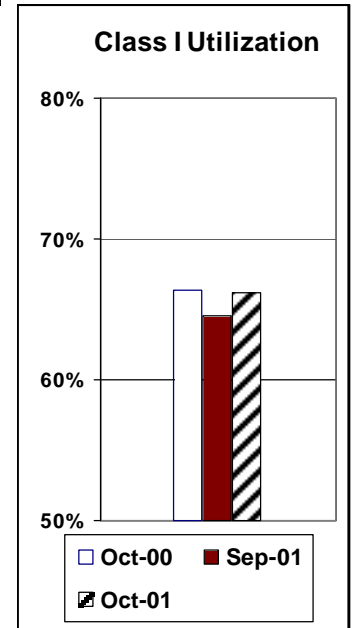


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$7.87	\$1.9483	\$14.41	\$9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$7.90	\$2.1191	\$15.04	\$9.71	\$2.0487	\$16.54
Jun	\$11.00	\$2.1343	\$18.09	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$7.87	\$2.2089	\$15.33	\$10.00	\$2.1814	\$17.28
Jul	\$10.98	\$2.2414	\$18.44	\$8.58	\$2.1953	\$15.96	\$8.08	\$2.1883	\$15.46	\$7.41	\$2.1883	\$14.81	\$10.16	\$2.2111	\$17.54
Aug	\$11.00	\$2.2522	\$18.50	\$8.20	\$2.3046	\$15.98	\$7.78	\$2.2976	\$15.55	\$7.27	\$2.2976	\$15.06	\$10.25	\$2.2796	\$17.87
Sep	\$11.09	\$2.2742	\$18.66	\$7.94	\$2.4519	\$16.24	\$7.61	\$2.4449	\$15.90	\$7.29	\$2.4449	\$15.59	\$10.11	\$2.3802	\$18.09
Oct	\$10.48	\$2.5470	\$19.03	\$8.00	\$1.6596	\$13.53	\$9.14	\$1.6526	\$14.60	\$7.24	\$1.6526	\$12.77	\$10.06	\$1.9990	\$16.70
Nov	\$12.70	\$1.8866	\$18.86	\$7.96											

**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 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,837	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,992	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,927	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	5,065	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,040	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,859	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,706	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,808	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,825	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,728	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,751	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%
Jun	631,033	4,773	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,980	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,989	409,293	68.63%	71,573	12.00%	90,546	15.18%	25,010	4.19%
Sep	588,404	4,863	379,792	64.55%	58,665	9.97%	104,742	17.80%	45,206	7.68%
Oct	627,362	4,700**	415,275	66.19%	64,531	10.29%	117,241	18.69%	30,316	4.83%



\* 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 November 2001 through January 2002**

Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
November	12/11/01	12/12/01	12/13/01	11/26/01	11/26/01	12/13/01	12/14/01
December	01/11/02	01/14/02	01/15/02	12/26/02	12/26/02	01/15/02	01/16/02
January 2002	02/11/02	02/12/02	02/13/02	01/25/02	01/28/02	02/13/02	02/14/02

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, marital or familial status, political beliefs, parental status or protected genetic information. (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, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*



# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

www.fmmatlanta.com

December 2001

Volume 2—No. 12

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

## Comment Period on Class III/IV Pricing Formula Decision Extended

USDA has extended the time allowed for filing comments on the Class III and Class IV Recommended Decision until Jan. 25, 2002. The recommended decision originally allowed for a 30-day comment period. The decision, issued Oct. 19, 2001, would result in some changes to pricing formulas used in Federal Milk Orders.

Comments should be filed with the Hearing Clerk, Room 1083, South Building, United States Department of Agriculture, Washington, DC 20250. Parties filing comments are advised that faxing comments to (202) 690-0552 or e-mailing them to "joyce.mcpherson@usda.gov" or to "clifford.carman@usda.gov" may better assure their timely receipt and consideration. Reference should be made to the title of action and docket number, as follows: "Comments on Recommended Decision for Milk in the Northeast and Other Marketing Areas; Docket No. AO-14-A69, et al.; DA-00-03."

## Pacific Northwest Order Holds Hearings

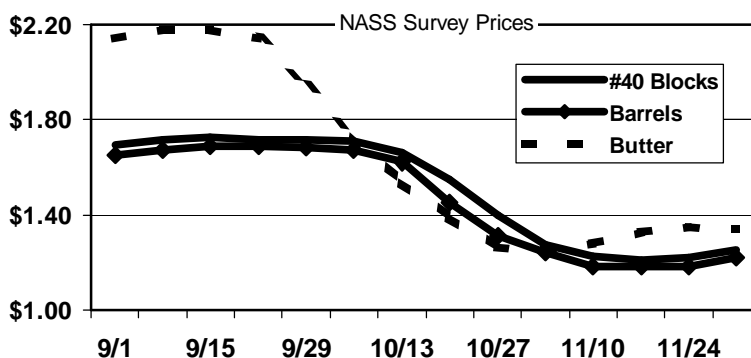
The fourth in a series of Federal Order hearings were held in Seattle, WA on Dec. 4th. Similar to hearings held in the Upper Midwest, Mideast and Central Orders, this hearing was requested by dairy cooperatives who supply the fluid and manufacturing milk needs of the market. One proposal sought the elimination of certain supply plant qualification standards of cooperative associations and the inclusion of milk diverted as a qualifying shipment for pooling. It also sought the addition of a provision that would provide for two or more cooperative pool manufacturing plants to operate as a system in meeting the shipment requirements for pooling.

A second proposal would have reduced the amount of milk that a pool plant may divert for the months of March through August from 99 percent to 80 percent and added a "touch base" provision that would require at least six days' milk production of a dairy farmer be physically received at a pool plant in order to be eligible for pooling diversions.

Hearing transcripts will likely be made available in upcoming weeks at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).

## Uniform Price Slips to \$16.20

The blend price in Fulton County, GA for November was \$16.20 per hundredweight for milk at 3.5 percent butterfat. This was \$0.50 below last month, but still \$2.06 higher than November of 2000.



The chart above shows why the Southeast blend price fell. November's Class I (and II skim) price was based in part on October's significantly lower butter price. Therefore the cheese price was stronger relative to butter, and this resulted in the Class III skim price (the Class I 'mover' in November) being \$2.22 higher than last month. Yet even with this large gain in the skim milk value, the blend price was still dragged lower from the falloff in the butter price.

## National Dairy Situation

USDA estimates milk production in October at 13.67 billion pounds, down 0.3 percent from October 2000 but up 3.9 percent from September 2001. Total cheese output (excluding cottage cheese) was 681 million pounds, 1.1 percent below October 2000 but 5.6 percent above September 2001. Butter production was 111 million pounds in October, 6.9 percent above October 2000 and 25.2 percent above September 2001. The milk-feed price ratio fell to 3.24 in November, down 0.3 index points from last month.

## Transportation Credit Update

Claims on the F.O.7 transportation credit balancing fund for November were made for \$639,340.47. Since the available balance was \$287,221.60, eligible claims were paid at a rate of approximately \$0.45 to the dollar.

Website Tools Available at  
[www.fmmatlanta.com/TCBF/tcbf1.htm](http://www.fmmatlanta.com/TCBF/tcbf1.htm)

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2001

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.53%	9,246,338	\$1.8556	\$ 17,157,504.79
Class I Differential at Location				272,037.62
Class II Butterfat	21.55%	5,172,691	\$1.4570	7,536,610.79
Class III Butterfat	23.65%	5,676,075	\$1.4500	8,230,308.75
Class IV Butterfat	16.27%	3,905,849	\$1.4500	5,663,481.05
<b>Total Butterfat</b>	<b>100.00%</b>	<b>24,000,953</b>		<b>\$ 38,859,943.00</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.6191</b>	

### 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	64.91%	401,059,772	\$9.60 /cwt.	\$ 38,501,738.11
Class I Butterfat	38.53%	9,246,338	\$1.8556 /lb.	17,157,504.79
Class I Differential at Location		410,306,110		12,110,002.09
<b>Total Class I Milk</b>	<b>63.91%</b>	<b>410,306,110</b>		<b>\$ 67,769,244.99</b>
Class II Skim Milk	10.13%	62,592,033	\$7.96 /cwt.	\$ 4,982,325.80
Class II Butterfat	21.55%	5,172,691	\$1.4570 /lb.	7,536,610.79
<b>Total Class II Milk</b>	<b>10.56%</b>	<b>67,764,724</b>		<b>\$ 12,518,936.59</b>
Class III Skim Milk	20.26%	125,216,036	\$6.46 /cwt.	\$ 8,088,955.93
Class III Butterfat	23.65%	5,676,075	\$1.4500 /lb.	8,230,308.75
<b>Total Class III Milk</b>	<b>20.39%</b>	<b>130,892,111</b>		<b>\$ 16,319,264.68</b>
Class IV Skim Milk	4.70%	29,059,763	\$7.15 /cwt.	\$ 2,077,773.07
Class IV Butterfat	16.27%	3,905,849	\$1.4500 /lb.	5,663,481.05
<b>Total Class IV Milk</b>	<b>5.14%</b>	<b>32,965,612</b>		<b>\$ 7,741,254.12</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>641,928,557</b>		<b>\$ 104,348,700.38</b>

### Adjustments

Overage and Other Source	\$ 10,788.77
Inventory Adjustments	(19,172.20)
Producer butterfat at uniform butterfat price	(38,859,943.00)
Location Adjustments to Producers	2,027,133.86
1/2 Unobligated Balance in P.S.F	254,656.11
<b>Adjusted Pool Value</b>	<b>\$ 10.96604</b>
Reserve for Producer Settlement Fund	\$ 0.04604
	<b>\$ 67,762,163.92</b>

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

**\$10.92**

**Uniform Price per cwt. (Fulton County, Georgia)**

**\$16.20\***

\* 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 %
	NOV 2001	DEC 2001	OCT 2001	NOV 2001	NOV 2001
Appalachian (Charlotte)	\$ 18.86	\$ 15.08	\$ 16.73	\$ 16.76	72.82%
Arizona-Las Vegas (Phoenix)	\$ 18.11	\$ 14.33	\$ 15.01	\$ 13.73	35.06%
Central (Kansas City)	\$ 17.76	\$ 13.98	\$ 14.92	\$ 13.17	29.41%
Florida (Tampa)	\$ 19.76	\$ 15.98	\$ 18.30	\$ 18.59	90.17%
Midwest (Cleveland)	\$ 17.76	\$ 13.98	\$ 15.03	\$ 13.79	39.50%
Northeast (Boston)	\$ 19.01	\$ 15.23	\$ 16.04	\$ 15.28	47.80%
Pacific Northwest (Seattle)	\$ 17.66	\$ 13.88	\$ 14.38	\$ 13.30	30.66%
<b>Southeast (Atlanta)</b>	<b>\$ 18.86</b>	<b>\$ 15.08</b>	<b>\$ 16.70</b>	<b>\$ 16.20</b>	<b>63.91%</b>
Southwest (Dallas)	\$ 18.76	\$ 14.98	\$ 16.05	\$ 15.08	48.77%
Upper Midwest (Chicago)	\$ 17.56	\$ 13.78	\$ 14.75	\$ 12.45	19.70%
Western (Salt Lake City)	\$ 17.65	\$ 13.87	\$ 14.35	\$ 12.87	20.15%

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

<b>Receipts:</b>	NOVEMBER 2001	NOVEMBER 2000
<b>Producer Milk</b>		
Class I	410,306,110	416,778,506
Class II	67,764,724	62,202,616
Class III	130,892,111	98,993,636
Class IV	32,965,612	30,028,441
	<u>641,928,557</u>	<u>608,003,199</u>
Total Producer Milk		
Average Butterfat Test	3.74%	3.80%
Percent of Producer Milk in Class I	63.91%	68.55%
Daily Average Receipts	21,397,619	20,266,773
<b>Other Source Milk</b>		
Class I	12,441,258	14,177,896
Class II	4,077,471	4,837,752
Class III	3,105,881	2,054,669
Class IV	9,401,536	14,044,564
	<u>29,026,146</u>	<u>35,114,881</u>
Total Other Source Milk		
<b>Overage</b>		
Class III	2,436	16,779
Class IV	7,332	10,814
	<u>9,768</u>	<u>117,593</u>
Total Overage		
<b>Opening Inventory</b>		
Class I	35,426,945	38,403,722
Class II	1,798,888	2,344,406
Class III	6,679,811	2,893,050
Class IV	15,129,306	13,190,365
	<u>59,034,950</u>	<u>56,831,543</u>
Total Opening Inventory		
<b>Total Receipts</b>	<b>729,999,421</b>	<b>700,067,216</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	37,357,137	39,025,456
Route Disposition Class I	405,342,359	415,349,611
Shrinkage	4,818,899	3,805,480
Transfers and Diversions to Nonpool	10,665,918	11,179,577
	<u>458,174,313</u>	<u>469,360,124</u>
Total Class I Utilization		
Average Butterfat Test	2.60%	2.26%
Daily Average Utilization	15,272,477	15,645,337
<b>Class II Utilization</b>		
Nonfluid Used To Produce	1,707,460	1,295,646
Shrinkage	490	0
Transfers and Diversions to Nonpool	51,729,129	48,246,756
Used To Produce/Other Uses	20,204,004	19,842,372
	<u>73,641,083</u>	<u>69,384,774</u>
Total Class II Utilization		
Average Butterfat Test	8.16%	8.66%
<b>Class III Utilization</b>		
Shrinkage	8,280,907	7,382,723
Transfers and Diversions to Nonpool	127,331,566	91,397,604
Used To Produce/Other Uses	5,067,766	5,177,807
	<u>140,680,239</u>	<u>103,958,134</u>
Total Class III Utilization		
Average Butterfat Test	4.16%	4.31%
<b>Class IV Utilization</b>		
Inventory	13,875,969	19,426,429
Nonfluid Used To Fortify	3,732,106	4,022,145
Shrinkage	0	0
Transfers and Diversions to Nonpool	39,895,711	30,159,855
Used To Produce/Other Uses	0	3,755,755
	<u>57,503,786</u>	<u>57,364,184</u>
Total Class IV Utilization		
Average Butterfat Test	9.34%	9.60%
<b>Total Utilization</b>	<b>729,999,421</b>	<b>700,067,216</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2001 is \$16.20 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.92 per hundredweight plus 3.5 times the uniform butterfat price of \$1.6191 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 November, Class I use, which is primarily bottled or packaged fluid milk, accounted for 64.91% of all producer skim milk (priced to handlers at \$9.60 per hundredweight, plus the Class I differential, see page 2) and 38.53% of producer butterfat (priced to handlers at \$1.8556 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.13% of all producer skim milk (\$7.96 per hundredweight) and 21.55% of producer butterfat (\$1.4570 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.26% of all producer skim milk (\$6.46 per hundredweight) and 23.65% of producer butterfat (\$1.4500 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.70% of all producer skim milk (\$7.15 per hundredweight) and 16.27% of producer butterfat (\$1.4500 per pound).

Receipts of producer milk during November 2001 totaled 641.9 million pounds. There were 30 regulated pool distributing plants, 5 pool supply plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2001. Class I route disposition in the Southeast Market totaled 431.6 million pounds in October 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>October 2001</b>
Whole Milk	169,210,312
Fat Free Milk	52,452,716
Lowfat Milk (incl. 1%)	29,813,662
Reduced Fat Milk (incl. 2%)	126,329,782
Cultured Fluid Milk (incl. Buttermilk)	11,722,763
Flavored Drinks and Milk (incl. Eggnog)	42,100,269
<b>Total Disposition in Marketing Area</b>	<b>431,629,504</b>
Total Disposition by Pool Plants	357,938,637
Total Disposition by Nonpool Plants	73,690,867
<b>Total Disposition in Marketing Area</b>	<b>431,629,504</b>

### Mailbox Prices for Selected Reporting Areas

Reporting Area	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Simple 6 Mo. Average
Florida	16.66	15.90	16.54	17.05	17.69	18.36	17.03
Southeast States	14.99	14.23	14.79	15.33	16.10	16.82	15.38
Appalachian States	14.64	14.04	14.65	15.24	15.95	16.41	15.16
Northeast Federal Milk Order	13.19	13.22	14.03	14.37	15.43	16.19	14.41
Southern Missouri	13.56	12.94	13.69	14.11	15.03	15.77	14.18
Western Texas	13.12	12.76	13.70	14.17	15.00	15.70	14.08
Michigan	12.85	12.64	13.61	14.23	15.12	15.71	14.03
Wisconsin	12.38	12.52	13.55	14.12	15.36	16.05	14.00
Minnesota	12.33	12.57	13.45	14.03	15.33	15.90	13.94
Illinois	12.37	12.35	13.16	13.73	15.04	16.08	13.79
Corn Belt States	12.19	12.26	13.13	13.72	14.80	15.62	13.62
Northern Missouri	12.25	12.15	12.99	13.48	14.61	15.65	13.52
New Mexico	12.21	12.01	12.96	13.47	14.20	14.77	13.27
Weighted Average of Federal Order Reporting Areas	12.97	12.91	13.79	14.29	15.29	15.95	14.20
California	12.01	12.23	12.95	13.71	14.54	15.23	13.45

Source: DAIRY MARKET NEWS, NOVEMBER 12 – 16, 2001 VOLUME 68, REPORT 46

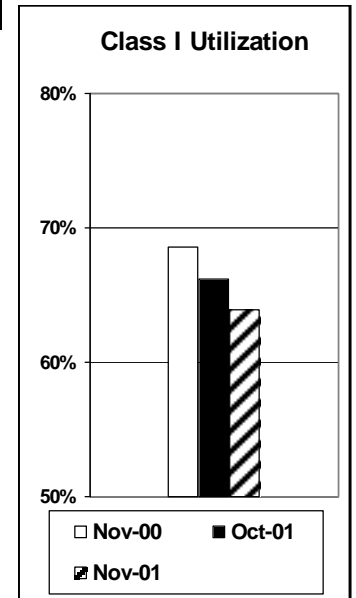
<http://www.ams.usda.gov/dairy/mncs/v68rpt46.pdf>

**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 2000	\$10.82	\$1.0164	\$14.00	\$8.42	\$0.9436	\$11.43	\$7.02	\$0.9366	\$10.05	\$7.72	\$0.9366	\$10.73	\$9.78	\$0.9663	\$12.82
Feb	\$10.82	\$0.9612	\$13.81	\$8.42	\$0.9658	\$11.51	\$6.41	\$0.9588	\$9.54	\$7.71	\$0.9588	\$10.80	\$9.72	\$0.9606	\$12.74
Mar	\$10.81	\$1.0023	\$13.94	\$8.41	\$1.0261	\$11.71	\$6.19	\$1.0191	\$9.54	\$7.70	\$1.0191	\$11.00	\$9.62	\$1.0138	\$12.83
Apr	\$10.80	\$1.0299	\$14.03	\$8.40	\$1.1422	\$12.10	\$5.63	\$1.1352	\$9.41	\$7.68	\$1.1352	\$11.38	\$9.36	\$1.0996	\$12.88
May	\$10.80	\$1.1869	\$14.58	\$8.40	\$1.2924	\$12.63	\$5.05	\$1.2854	\$9.37	\$7.68	\$1.2854	\$11.91	\$9.36	\$1.2488	\$13.40
Jun	\$10.80	\$1.2505	\$14.80	\$8.40	\$1.4198	\$13.08	\$4.68	\$1.4128	\$9.46	\$7.70	\$1.4128	\$12.38	\$9.39	\$1.3470	\$13.78
Jul	\$10.81	\$1.4665	\$15.56	\$8.41	\$1.2761	\$12.58	\$6.44	\$1.2691	\$10.66	\$7.70	\$1.2691	\$11.87	\$9.84	\$1.3525	\$14.23
Aug	\$10.80	\$1.3223	\$15.05	\$8.40	\$1.2729	\$12.56	\$5.91	\$1.2659	\$10.13	\$7.71	\$1.2659	\$11.87	\$9.98	\$1.2924	\$14.15
Sep	\$10.80	\$1.2901	\$14.94	\$8.40	\$1.2777	\$12.58	\$6.54	\$1.2707	\$10.76	\$7.76	\$1.2707	\$11.94	\$10.03	\$1.2801	\$14.16
Oct	\$10.86	\$1.2876	\$14.99	\$8.46	\$1.2514	\$12.54	\$5.87	\$1.2444	\$10.02	\$7.73	\$1.2444	\$11.81	\$9.82	\$1.2622	\$13.89
Nov	\$10.84	\$1.2745	\$14.92	\$8.44	\$1.5815	\$13.68	\$3.17	\$1.5745	\$8.57	\$7.76	\$1.5745	\$13.00	\$9.39	\$1.4523	\$14.14
Dec	\$10.85	\$1.3593	\$15.23	\$8.45	\$1.6604	\$13.97	\$3.71	\$1.6534	\$9.37	\$7.75	\$1.6534	\$13.27	\$9.46	\$1.5365	\$14.51
Jan 2001	\$10.98	\$1.8554	\$17.09	\$8.58	\$1.2966	\$12.82	\$5.68	\$1.2896	\$9.99	\$7.89	\$1.2896	\$12.13	\$9.82	\$1.5021	\$14.73
Feb	\$10.99	\$1.2662	\$15.04	\$8.59	\$1.4696	\$13.43	\$5.34	\$1.4626	\$10.27	\$7.86	\$1.4626	\$12.70	\$9.61	\$1.3925	\$14.15
Mar	\$10.96	\$1.4793	\$15.75	\$8.56	\$1.6890	\$14.17	\$5.73	\$1.6820	\$11.42	\$7.85	\$1.6820	\$13.46	\$9.62	\$1.6097	\$14.92
Apr	\$10.96	\$1.7032	\$16.54	\$8.56	\$1.9553	\$15.10	\$5.43	\$1.9483	\$12.06	\$7.87	\$1.9483	\$14.41	\$9.37	\$1.8656	\$15.57
May	\$10.98	\$1.9197	\$17.31	\$8.58	\$2.1261	\$15.72	\$6.65	\$2.1191	\$13.83	\$7.90	\$2.1191	\$15.04	\$9.71	\$2.0487	\$16.54
Jun	\$11.00	\$2.1343	\$18.09	\$8.60	\$2.2159	\$16.05	\$7.55	\$2.2089	\$15.02	\$7.87	\$2.2089	\$15.33	\$10.00	\$2.1814	\$17.28
Jul	\$10.98	\$2.2414	\$18.44	\$8.58	\$2.1953	\$15.96	\$8.08	\$2.1883	\$15.46	\$7.41	\$2.1883	\$14.81	\$10.16	\$2.2111	\$17.54
Aug	\$11.00	\$2.2522	\$18.50	\$8.20	\$2.3046	\$15.98	\$7.78	\$2.2976	\$15.55	\$7.27	\$2.2976	\$15.06	\$10.25	\$2.2796	\$17.87
Sep	\$11.09	\$2.2742	\$18.66	\$7.94	\$2.4519	\$16.24	\$7.61	\$2.4449	\$15.90	\$7.29	\$2.4449	\$15.59	\$10.11	\$2.3802	\$18.09
Oct	\$10.48	\$2.5470	\$19.03	\$8.00	\$1.6596	\$13.53	\$9.14	\$1.6526	\$14.60	\$7.24	\$1.6526	\$12.77	\$10.06	\$1.9990	\$16.70
Nov	\$12.70	\$1.8866	\$18.86	\$7.96	\$1.4570	\$12.78	\$6.46	\$1.4500	\$11.31	\$7.15	\$1.4500	\$11.97	\$10.92	\$1.6191	\$16.20
Dec	\$10.25	\$1.4823	\$15.08	\$7.85											

**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 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
Feb	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
Mar	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
Apr	671,487	4,837	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
Jun	604,665	4,992	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
Jul	570,000	4,927	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
Aug	567,063	5,065	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
Sep	563,357	5,040	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
Oct	626,027	4,859	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
Nov	608,003	4,706	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%
Dec	619,493	4,808	410,947	66.33%	56,592	9.14%	92,197	14.88%	59,757	9.65%
Jan 2001	654,218	4,825	423,511	64.74%	72,036	11.01%	99,050	15.14%	59,621	9.11%
Feb	619,968	4,781	379,557	61.23%	72,318	11.66%	109,687	17.69%	58,406	9.42%
Mar	708,957	4,728	430,155	60.68%	86,102	12.14%	122,656	17.30%	70,044	9.88%
Apr	703,743	4,665	392,231	55.73%	88,804	12.62%	152,078	21.61%	70,631	10.04%
May	702,489	4,751	404,324	57.55%	89,255	12.71%	152,859	21.76%	56,041	7.98%
Jun	631,033	4,773	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,980	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,989	409,293	68.63%	71,573	12.00%	90,546	15.18%	25,010	4.19%
Sep	588,404	4,863	379,792	64.55%	58,665	9.97%	104,742	17.80%	45,206	7.68%
Oct	627,362	4,877	415,275	66.19%	64,531	10.29%	117,241	18.69%	30,316	4.83%
Nov	641,929	4,700**	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%



\* Class I and uniform prices are at Fulton County (Atlanta), Georgia;\*\* Estimated

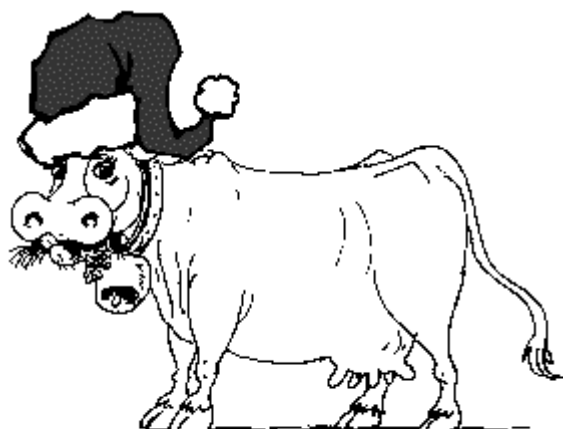
Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods December 2001 through February 2002							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Advance Pay Due		Final Pay Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
December	01/11/02	01/14/02	01/15/02	12/26/02	12/26/02	01/15/02	01/16/02
January 2002	02/11/02	02/12/02	02/13/02	01/25/02	01/28/02	02/13/02	02/14/02
February 2002	03/11/02	03/12/02	03/13/02	02/25/02	02/26/02	03/13/02	03/14/02

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, sexual orientation, marital or familial status, political beliefs, parental status or protected genetic information. (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) 720-6000 (voice and TDD).

To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FEDERAL MILK MARKET ADMINISTRATOR  
 U.S. DEPARTMENT OF AGRICULTURE  
 P.O. BOX 1208  
 NORCROSS, GEORGIA 30091-1208

*Address Correction Requested*



**Happy Holidays**