

# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

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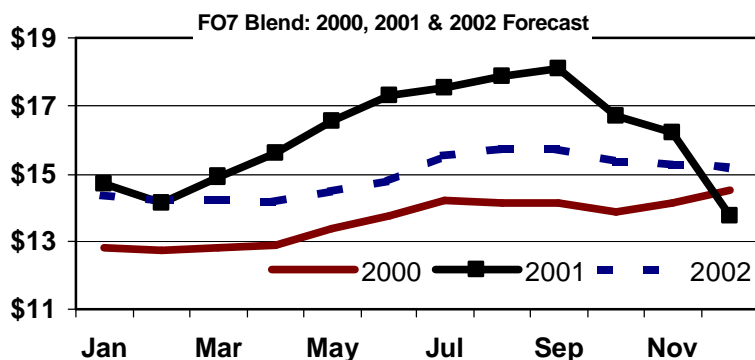
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ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

## What To Expect In 2002

Following on the heels of a banner year for producer prices, 2002 prices are by most prognostications expected to decline but remain above 2000 levels. The major contributing factors to 2001's favorable prices were prohibitively high replacement heifer



costs and below average forage quality. Both situations are expected to improve and increase U.S. milk production by 2-3 percent. USDA projects the 2002 average all-milk price between \$12.85-13.65, one dollar over 2000 price levels, but two dollars below last year. The chart above represents the best estimate of Federal Order 7 uniform prices for the upcoming year, with prices projected to range between \$14.20-15.70 and average \$14.91, but actual prices will vary. If the estimates hold, we should see prices average about \$1.20 below last year. The average uniform price for 2001 was \$16.13 and was \$13.63 in 2000.

## Southern Dairy Conference Announced

The twenty-eighth Southern Dairy Conference will be held in Atlanta on February 4th and 5th. Sponsored by Southern land grant universities, the purpose of the conference is to focus on issues and opportunities affecting the dairy industry of the Southern United States. On the agenda is, among others, recently appointed Administrator of USDA's Agriculture Marketing Service, A.J. Yates. Register on-line at [www.pware.com/2532](http://www.pware.com/2532) or contact Anne Young to pre-register (\$120) for the day and a half event at 706-542-0808, or register at the conference (\$150) located at The Westin Atlanta Airport Hotel, 4736 Best Road, College Park, GA 30337, 404-762-7676.

## Commodity Prices Catch Up With Blend

The blend price in Fulton County, GA for December was \$13.95 per hundredweight for milk at 3.5 percent butterfat. This is a \$2.25 decline from November, and a \$0.56 decline from December of last year. It has been 24 months, and prior to Federal Order Reform, since any single month change in the uniform price has exceeded \$1.40. The origins of this decline are the lower commodity prices (which can be tracked at [www.ams.usda.gov/dairy/mncs/index.htm](http://www.ams.usda.gov/dairy/mncs/index.htm)) and the time periods of NASS surveys (which can be found at [www.ams.usda.gov/dairy/mib/fmo\\_release\\_dates\\_2002.PDF](http://www.ams.usda.gov/dairy/mib/fmo_release_dates_2002.PDF)).

Butter and cheese prices each began the month of October over \$1.60 per pound, but they quickly fell off by approximately \$0.40. Since then, each has remained relatively steady, bouncing around a range between \$1.20 and \$1.30 for cheese blocks and barrels and between \$1.25 and \$1.35 for butter. NASS surveyed for November's Class I price in October *before* the \$0.40 falloff while November's Class II, III, and IV prices were surveyed *after*. Therefore November was only partially affected. December's Class I price is based on a NASS survey conducted in early November and was significantly lower as a result. With all classes of milk being priced *after* October's commodity price declines, a uniform price decline was inevitable.

## National Dairy Situation

USDA estimates milk production in November at 13.27 billion pounds, a 0.4 percent increase from November 2000 but down 2.5 percent from October 2001. Total cheese output (excluding cottage cheese) was 681 million pounds, 0.8 percent above November 2000 but 0.3 percent below October 2001. Butter production was 98.9 million pounds in November, 1.4 percent below November 2000 and 10.9 percent below October 2001. The milk-feed price ratio fell to 3.10 in December, down 0.16 from November 2001.

## Transportation Credit Update

Claims on the F.O.7 transportation credit balancing fund for December were made for \$503,023.06. Since the available balance was \$280,002.06, eligible claims were paid at a rate of approximately \$0.56 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 - DECEMBER 2001

### Calculation of Uniform Butterfat Price:

	<u>Utilizator</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.97%	9,176,608	\$1.4513	\$ 13,318,011.18
Class I Differential at Location				271,262.47
Class II Butterfat	18.30%	4,801,254	\$1.4392	6,909,964.77
Class III Buttefat	21.14%	5,545,436	\$1.4322	7,942,173.43
Class IV Butterfat	25.59%	6,714,104	\$1.4322	9,615,939.75
<b>Total Butterfat</b>	<b>100.00%</b>	<b>26,237,402</b>		<b>\$ 38,057,351.60</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia)</b>			<b>\$1.4505</b>	

### Calculation of Uniform Skim Milk Price

<u>Producer Milk</u>	<u>Utilizator</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	58.11%	391,238,590	\$7.15 /cwt.	\$ 27,973,559.20
Class I Butterfat	34.97%	9,176,608	\$1.4513 /lb.	13,318,011.18
Class I Differential at Location		400,415,198		11,818,211.94
<b>Total Class I Milk</b>	<b>57.25%</b>	<b>400,415,198</b>		<b>\$ 53,109,782.32</b>
Class II Skim Milk	8.01%	53,890,731	\$7.85 /cwt.	\$ 4,230,422.42
Class II Butterfat	18.30%	4,801,254	\$1.4392 /lb.	6,909,964.77
<b>Total Class II Milk</b>	<b>8.39%</b>	<b>58,691,985</b>		<b>\$ 11,140,387.19</b>
Class III Skim Milk	19.95%	134,276,897	\$7.03 /cwt.	\$ 9,439,665.84
Class III Butterfat	21.14%	5,545,436	\$1.4322 /lb.	7,942,173.43
<b>Total Class III Milk</b>	<b>19.99%</b>	<b>139,822,333</b>		<b>\$ 17,381,839.27</b>
Class IV Skim Milk	13.93%	93,760,919	\$7.02 /cwt.	\$ 6,582,016.50
Class IV Butterfat	25.59%	6,714,104	\$1.4322 /lb.	9,615,939.75
<b>Total Class IV Milk</b>	<b>14.37%</b>	<b>100,475,023</b>		<b>\$ 16,197,956.25</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>699,404,539</b>		<b>\$ 97,829,965.03</b>

### Adjustments

Overage and Other Source	\$ 0.00
Inventory Adjustments	(154.40)
Producer butterfat at uniform butterfat price	(38,057,351.60)
Location Adjustments to Producers	2,199,628.61
1/2 Unobligated Balance in P.S.F.	259,217.85

### Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9,24455	\$ 62,231,305.49
	\$ 0.04455	299,928.88

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

**\$9.20**

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

**\$13.95\***

\* 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 2001	JAN 2002	NOV 2001	DEC 2001	DEC 2001
Appalachian (Charlotte)	\$ 15.08	\$ 15.06	\$ 16.76	\$ 14.16	65.47%
Arizona-Las Vegas (Phoenix)	\$ 14.33	\$ 14.31	\$ 13.73	\$ 12.71	33.26%
Central (Kansas City)	\$ 13.98	\$ 13.96	\$ 13.17	\$ 12.46	26.75%
Florida (Tampa)	\$ 15.98	\$ 15.96	\$ 18.59	\$ 15.58	88.81%
Midwest (Cleveland)	\$ 13.98	\$ 13.96	\$ 13.79	\$ 12.64	36.10%
Northeast (Boston)	\$ 15.23	\$ 15.21	\$ 15.28	\$ 13.72	43.80%
Pacific Northwest (Seattle)	\$ 13.88	\$ 13.86	\$ 13.30	\$ 12.35	28.29%
<b>Southeast (Atlanta)</b>	<b>\$ 15.08</b>	<b>\$ 15.06</b>	<b>\$ 16.20</b>	<b>\$ 13.95</b>	<b>57.25%</b>
Southwest (Dallas)	\$ 14.98	\$ 14.96	\$ 16.08	\$ 13.45	43.29%
Upper Midwest (Chicago)	\$ 13.78	\$ 13.76	\$ 12.45	\$ 12.19	18.60%
Western (Salt Lake City)	\$ 13.87	\$ 13.85	\$ 12.87	\$ 12.33	18.39%

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

<b>Receipts:</b>		DECEMBER 2001	DECEMBER 2000
<b>Producer Milk</b>			
Class I		400,415,198	410,947,266
Class II		58,691,985	56,591,722
Class III		139,822,333	92,197,411
Class IV		<u>100,475,023</u>	<u>59,756,697</u>
	Total Producer Milk	<b>699,404,539</b>	<b>619,493,096</b>
	Average Butterfat Test	3.75%	3.87%
	Percent of Producer Milk in Class I	57.25%	66.34%
	Daily Average Receipts	22,561,437	19,983,648
<b>Other Source Milk</b>			
Class I		9,236,702	11,606,508
Class II		3,534,748	2,364,932
Class III		4,783,152	2,541,054
Class IV		<u>8,166,856</u>	<u>15,758,526</u>
	Total Other Source Milk	<b>25,721,458</b>	<b>32,271,020</b>
<b>Overage</b>			
Class I		0	-734
Class II		0	5,882
Class III		0	86
Class IV		<u>0</u>	<u>114,912</u>
	Total Overage	<b>0</b>	<b>120,146</b>
<b>Opening Inventory</b>			
Class I		37,357,137	39,858,593
Class II		9,467	1,096,159
Class III		41,988	2,950,840
Class IV		<u>13,824,514</u>	<u>14,546,293</u>
	Total Opening Inventory	<b>51,233,106</b>	<b>58,451,885</b>
	<b>Total Receipts</b>	<b>776,359,103</b>	<b>710,336,147</b>
<b>Utilization:</b>			
<b>Class I Utilization</b>			
	Inventory of Packaged FMP	34,461,701	35,153,195
	Route Disposition Class I	396,927,331	413,274,848
	Shrinkage	3,875,958	2,907,863
	Transfers and Diversions to Nonpool	<u>11,744,047</u>	<u>11,075,727</u>
	Total Class I Utilization	<b>447,009,037</b>	<b>462,411,633</b>
	Average Butterfat Test	2.30%	2.33%
	Daily Average Utilization	14,419,646	14,916,504
<b>Class II Utilization</b>			
	Nonfluid Used To Produce	2,029,489	1,312,179
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	41,666,929	42,782,780
	Used To Produce/Other Uses	<u>18,539,782</u>	<u>15,963,736</u>
	Total Class II Utilization	<b>62,236,200</b>	<b>60,058,695</b>
	Average Butterfat Test	8.29%	7.99%
<b>Class III Utilization</b>			
	Shrinkage	0	8,321,195
	Transfers and Diversions to Nonpool	144,647,473	83,595,349
	Used To Produce/Other Uses	<u>0</u>	<u>5,772,847</u>
	Total Class III Utilization	<b>144,647,473</b>	<b>97,689,391</b>
	Average Butterfat Test	3.97%	4.74%
<b>Class IV Utilization</b>			
	Inventory	20,151,436	25,629,946
	Nonfluid Used To Fortify	3,800,431	4,324,087
	Shrinkage	8,234,971	7,218
	Transfers and Diversions to Nonpool	74,473,484	50,741,536
	Used To Produce/Other Uses	<u>15,806,071</u>	<u>9,473,641</u>
	Total Class IV Utilization	<b>122,466,393</b>	<b>90,176,428</b>
	Average Butterfat Test	6.29%	7.92%
	<b>Total Utilization</b>	<b>776,359,103</b>	<b>710,336,147</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2001 is \$13.95 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.20 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4505 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 58.11% of all producer skim milk (priced to handlers at \$7.15 per hundredweight, plus the Class I differential, see page 2) and 34.97% of producer butterfat (priced to handlers at \$1.4513 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.01% of all producer skim milk (\$7.85 per hundredweight) and 18.30% of producer butterfat (\$1.4392 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.95% of all producer skim milk (\$7.03 per hundredweight) and 21.14% of producer butterfat (\$1.4322 per pound). Class IV use, generally milk processed into butter and powder, accounted for 13.93% of all producer skim milk (\$7.02 per hundredweight) and 25.59% of producer butterfat (\$1.4322 per pound).

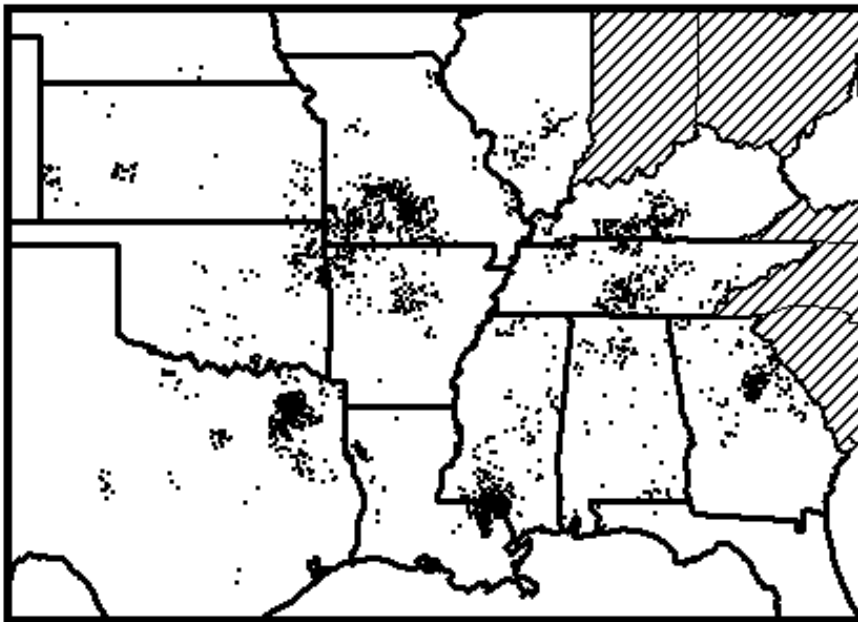
Receipts of producer milk during December 2001 totaled 699.4 million pounds. There were 31 regulated pool distributing plants, 5 pool supply plants and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2001. Class I route disposition in the Southeast Market totaled 414.3 million pounds in November 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>November 2001</b>
Whole Milk	164,117,515
Fat Free Milk	50,749,820
Lowfat Milk (incl. 1%)	27,779,647
Reduced Fat Milk (incl. 2%)	120,839,232
Cultured Fluid Milk (incl. Buttermilk)	12,736,233
Flavored Drinks and Milk (incl. Eggnog)	38,118,611
<b>Total Disposition in Marketing Area</b>	<b>414,341,058</b>
Total Disposition by Pool Plants	342,719,900
Total Disposition by Nonpool Plants	71,621,158
<b>Total Disposition in Marketing Area</b>	<b>414,341,058</b>

## Origin of Producer Milk, Southeast Order

November 2001



This map displays 80.7 % of the producer milk supplied to Federal Order 7 during November 2001. Each dot represents 200,000 pounds of the 518,020,093 pounds shown. 124,908,464 pounds from Indiana, Iowa, Michigan, Minnesota, Nebraska, New Mexico, North Carolina, Ohio, Pennsylvania, South Carolina, Virginia and Wisconsin are not visible to avoid disclosing confidential information (or to produce a reasonably legible map). In all, 641,928,557 pounds of producer milk were pooled on the Southeast Order.

For additional perspective on the origins of milk, during November 2000, 59.6% of

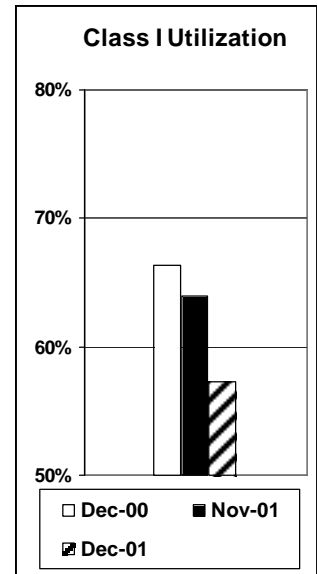
production came from within boundaries of the Southeast Order, compared with 53.0% during November 2001. The top five states were Missouri, Texas, Louisiana, Georgia and Tennessee, which combined supplied 55.5% of producer milk. During November of 2001, the top five states were Missouri, Texas, New Mexico, Louisiana and Georgia, which comprised 50.3% of the milk pooled on Federal Order 7.

**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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
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%
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Dec	699,405	4,800**	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%



\* 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 January through March 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
January	02/11/02	02/12/02	02/13/02	01/25/02	01/28/02	02/13/02	02/14/02
February	03/11/02	03/12/02	03/13/02	02/25/02	02/26/02	03/13/02	03/14/02
March	04/11/02	04/12/02	04/15/02	03/25/02	03/26/02	04/15/02	04/16/02

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

*Address Correction Requested*

Mooving Into The New Year



# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

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

February 2002

Volume 3—No. 2

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

## Looking Back At 2001

Due to significant changes in Federal Order regulations and boundaries, making historical comparisons can be deceptive. But for some perspective on the year 2001, consider the average uniform blend price was \$2.50 higher than 2000, the average Class I utilization was 3.2 percent lower and the average amount of producer milk on the Southeast market increased by 23 million pounds or 3.8 percent. The \$16.13 average blend price for 2001 was in line with returns seen in 1998 (\$16.14) and in 1999 (\$16.05).

Compared with the previous year, in general 2001 saw less farms marketing milk on Federal Order 7. On average, 4,835 farms pooled on the Southeast market each month, 140 fewer farms than during 2000. The largest number of farms participating in the pool during any month last year was 4,990, which was 10 percent lower than the largest number of farms pooled at any point during 2000. Interestingly, 2001's *largest* monthly farm count was only 16 more farms than the *average* for 2000. For a snapshot of 2001, see page four of this publication.

## Upper Midwest Pooling Standards Decision

The Upper Midwest Market Administrator notified interested persons of the Tentative Decision issued February 8 for the Upper Midwest Order. The decision would eliminate the ability to simultaneously pool milk on the Upper Midwest Order and a State-operated order as well as establish a limit on the amount of milk that can be diverted to nonpool plants from pool distributing plants. Co-operative associations are being polled to determine if producers favor issuance of the order, as amended. Interested persons have until 60 days after the decision is published in the Federal Register to submit comments on this decision. Publication in the Federal Register is expected to be February 14, 2002. Go to [www.fmma30.com](http://www.fmma30.com) for additional details.

## Blend Price Up In January

The blend price in Fulton County, GA for January was \$14.13 per hundredweight for milk at 3.5 percent butterfat. This is a slight rebound (up 18 cents) from last month, but represents a 60-cent decline from January of 2001. Class I utilization was 58.0 percent, and the volume of producer milk pooled on Federal Order 7 was the largest amount ever at 745.3 million pounds.

The large declines seen in butter and cheese prices at the end of last year have worked their way through the Federal Order pricing structure. Since then, relative stability returned for the month of January which began the first full week of trading with \$1.30 and \$1.32 averages for cheese barrels and blocks and an average butter price of \$1.36. In the last week of January those averages were down slightly; 6 cents, 5 cents and 5 cents respectively. However January's stability seems to have given way to February's softening, with both cheese prices hovering near \$1.20, and butter bouncing between \$1.20 and \$1.25. If commodities remain at these lower levels, expect March's Class I price announcement to reflect it.

## National Dairy Situation

The price support program, operated through the Commodity Credit Corporation's (CCC) purchase of cheese, butter and nonfat dry milk continues to be effective in upholding milk prices. This is evident from the purchases of nonfat dry milk powder by CCC despite the so-called 'butter/powder tilt' of 2001. As last reported in Dairy Market News ([www.ams.usda.gov/dairy/mncs/weekly.htm](http://www.ams.usda.gov/dairy/mncs/weekly.htm)), powder purchases through February totaled 69.6 million pounds. Government purchases totaled 356.8 million pounds during 2001 (along with 1.3 million pounds of cheese), 558.1 million pounds of powder were purchased in 2000 (along with 16.7 million pounds of cheese) and 236.9 million pounds were purchased in 1999. It has been over seven years since butter purchases were made by CCC.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	33.33%	9,310,374	\$1.3939	\$ 12,977,730.36
Class I Differential at Location				276,073.11
Class II Butterfat	19.29%	5,388,350	\$1.4916	8,037,262.89
Class III Butterfat	21.92%	6,121,432	\$1.4846	9,087,877.97
Class IV Butterfat	25.46%	7,111,362	\$1.4846	10,557,528.02
<b>Total Butterfat</b>	<b>100.00%</b>	<b>27,931,518</b>		<b>\$ 40,936,472.35</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.4656**

**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	58.94%	422,852,791	\$7.34 /cwt.	\$ 31,037,394.87
Class I Butterfat	33.33%	9,310,374	\$1.3939 /lb.	12,977,730.36
Class I Differential at Location		432,163,165		12,780,768.34
<b>Total Class I Milk</b>	<b>57.99%</b>	<b>432,163,165</b>		<b>\$ 56,795,893.57</b>
Class II Skim Milk	8.97%	64,312,169	\$7.74 /cwt.	\$ 4,977,761.87
Class II Butterfat	19.29%	5,388,350	\$1.4916 /lb.	8,037,262.89
<b>Total Class II Milk</b>	<b>9.35%</b>	<b>69,700,519</b>		<b>\$ 13,015,024.76</b>
Class III Skim Milk	20.05%	143,817,529	\$6.92 /cwt.	\$ 9,952,172.98
Class III Butterfat	21.92%	6,121,432	\$1.4846 /lb.	9,087,877.97
<b>Total Class III Milk</b>	<b>20.12%</b>	<b>149,938,961</b>		<b>\$ 19,040,050.95</b>
Class IV Skim Milk	12.04%	86,350,701	\$6.98 /cwt.	\$ 6,027,278.92
Class IV Butterfat	25.46%	7,111,362	\$1.4846 /lb.	10,557,528.02
<b>Total Class IV Milk</b>	<b>12.54%</b>	<b>93,462,063</b>		<b>\$ 16,584,806.94</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>745,264,708</b>		<b>\$ 105,435,776.22</b>

**Adjustments**

Overage and Other Source	\$ 43,678.40
Inventory Adjustments	22,917.19
Producer butterfat at uniform butterfat price	(40,936,472.35)
Location Adjustments to Producers	2,290,384.05
1/2 Unobligated Balance in P.S.F	367,944.93
<b>Adjusted Pool Value</b>	<b>\$ 9,37141</b>
Reserve for Producer Settlement Fund	\$ 0.04141
	<b>\$ 67,224,228.44</b>

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.33**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$14.13\***

\* 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 2002	FEB 2002	DEC 2001	JAN 2002	JAN 2002
Appalachian (Charlotte)	\$ 15.06	\$ 15.05	\$ 14.16	\$ 14.41	68.00%
Arizona-Las Vegas (Phoenix)	\$ 14.31	\$ 14.30	\$ 12.71	\$ 12.81	32.45%
Central (Kansas City)	\$ 13.96	\$ 13.95	\$ 12.46	\$ 12.61	28.54%
Florida (Tampa)	\$ 15.96	\$ 15.95	\$ 15.58	\$ 15.76	90.29%
Midwest (Cleveland)	\$ 13.96	\$ 13.95	\$ 12.64	\$ 12.88	40.50%
Northeast (Boston)	\$ 15.21	\$ 15.20	\$ 13.72	\$ 13.81	41.90%
Pacific Northwest (Seattle)	\$ 13.86	\$ 13.85	\$ 12.35	\$ 12.53	29.74%
<b>Southeast (Atlanta)</b>	<b>\$ 15.06</b>	<b>\$ 15.05</b>	<b>\$ 13.95</b>	<b>\$ 14.13</b>	<b>57.99%</b>
Southwest (Dallas)	\$ 14.96	\$ 14.95	\$ 13.45	\$ 13.66	46.00%
Upper Midwest (Chicago)	\$ 13.76	\$ 13.75	\$ 12.19	\$ 12.30	18.70%
Western (Salt Lake City)	\$ 13.85	\$ 13.84	\$ 12.33	\$ 12.44	18.91%



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

<b>Receipts:</b>	JANUARY 2002	JANUARY 2001
<b>Producer Milk</b>		
Class I	432,163,165	423,511,353
Class II	69,700,519	72,035,851
Class III	149,938,961	99,049,866
Class IV	93,462,063	59,621,380
	<u>745,264,708</u>	<u>654,218,450</u>
Total Producer Milk	<b>745,264,708</b>	<b>654,218,450</b>
Average Butterfat Test	3.75%	3.81%
Percent of Producer Milk in Class I	57.99%	64.74%
Daily Average Receipts	24,040,797	21,103,821
<b>Other Source Milk</b>		
Class I	9,710,309	14,688,117
Class II	3,960,882	2,946,793
Class III	3,841,207	2,626,841
Class IV	5,937,144	9,577,832
	<u>23,449,542</u>	<u>29,839,583</u>
Total Other Source Milk	<b>23,449,542</b>	<b>29,839,583</b>
<b>Overage</b>		
Class I	0	1,293
Class II	0	0
Class III	11,712	0
Class IV	27,771	242,173
	<u>39,483</u>	<u>243,466</u>
Total Overage	<b>39,483</b>	<b>243,466</b>
<b>Opening Inventory</b>		
Class I	35,021,325	35,370,492
Class II	336,550	67,182
Class III	2,286,572	1,755,464
Class IV	16,968,690	23,539,726
	<u>54,613,137</u>	<u>60,732,864</u>
Total Opening Inventory	<b>54,613,137</b>	<b>60,732,864</b>
	<b>823,366,870</b>	<b>745,034,363</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	37,419,862	34,746,045
Route Disposition Class I	423,281,944	424,141,144
Shrinkage	4,339,753	2,845,690
Transfers and Diversions to Nonpool	11,853,240	11,838,376
	<u>476,894,799</u>	<u>473,571,255</u>
Total Class I Utilization	<b>476,894,799</b>	<b>473,571,255</b>
Average Butterfat Test	2.18%	2.21%
Daily Average Utilization	15,383,703	15,276,492
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,325,423	1,919,401
Shrinkage	213	0
Transfers and Diversions to Nonpool	52,859,304	55,434,946
Used To Produce/Other Uses	18,813,011	17,695,479
	<u>73,997,951</u>	<u>75,049,826</u>
Total Class II Utilization	<b>73,997,951</b>	<b>75,049,826</b>
Average Butterfat Test	7.83%	6.97%
<b>Class III Utilization</b>		
Shrinkage	7,801,026	7,883,406
Transfers and Diversions to Nonpool	142,881,248	89,367,461
Used To Produce/Other Uses	5,396,176	6,181,304
	<u>156,078,452</u>	<u>103,432,171</u>
Total Class III Utilization	<b>156,078,452</b>	<b>103,432,171</b>
Average Butterfat Test	4.04%	4.24%
<b>Class IV Utilization</b>		
Inventory	18,622,843	26,512,269
Nonfluid Used To Fortify	2,262,466	2,049,954
Shrinkage	0	0
Transfers and Diversions to Nonpool	80,697,497	47,790,357
Used To Produce/Other Uses	14,801,862	1,628,531
	<u>116,395,668</u>	<u>92,981,111</u>
Total Class IV Utilization	<b>116,395,668</b>	<b>92,981,111</b>
Average Butterfat Test	7.13%	8.59%
	<b>823,366,870</b>	<b>745,034,363</b>
<b>Total Utilization</b>	<b>823,366,870</b>	<b>745,034,363</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2002 is \$14.13 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.33 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4656 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 58.94% of all producer skim milk (priced to handlers at \$7.34 per hundredweight, plus the Class I differential, see page 2) and 33.33% of producer butterfat (priced to handlers at \$1.3939 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.97% of all producer skim milk (\$7.74 per hundredweight) and 19.29% of producer butterfat (\$1.4916 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.05% of all producer skim milk (\$6.92 per hundredweight) and 21.92% of producer butterfat (\$1.4846 per pound). Class IV use, generally milk processed into butter and powder, accounted for 12.04% of all producer skim milk (\$6.98 per hundredweight) and 25.46% of producer butterfat (\$1.4846 per pound).

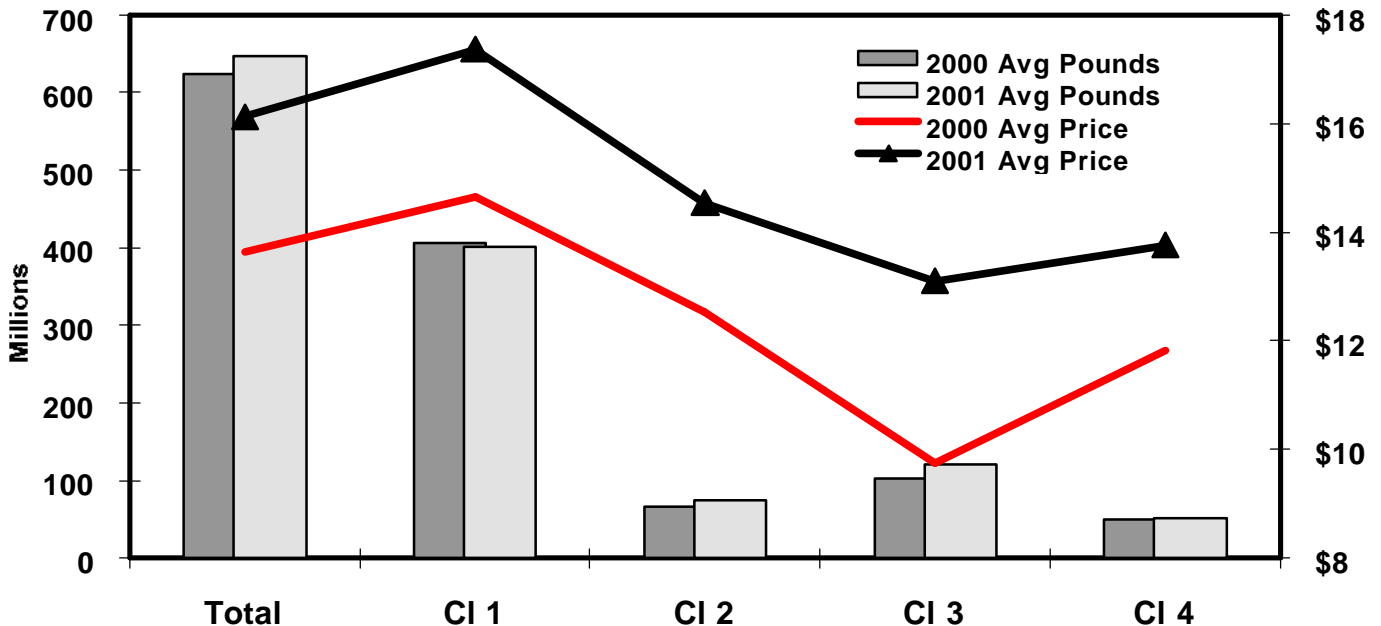
Receipts of producer milk during January 2002 totaled 745.3 million pounds. There were 30 regulated pool distributing plants, 5 pool supply plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2001. Class I route disposition in the Southeast Market totaled 404.3 million pounds in December 2001.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>December 2001</b>
Whole Milk	165,450,679
Fat Free Milk	46,290,349
Lowfat Milk (incl. 1%)	29,243,667
Reduced Fat Milk (incl. 2%)	115,802,709
Cultured Fluid Milk (incl. Buttermilk)	12,279,609
Flavored Drinks and Milk (incl. Eggnog)	35,242,636
<b>Total Disposition in Marketing Area</b>	<b>404,309,649</b>
Total Disposition by Pool Plants	333,893,055
Total Disposition by Nonpool Plants	70,416,594
<b>Total Disposition in Marketing Area</b>	<b>404,309,649</b>

## Perspectives on 2001

The graph below summarizes monthly average pool pounds, in total and by class, for year 2000 and 2001. Notice the slight decrease in average Class I producer milk, and the increases in Class II and III. On the right axis are graphed average class prices as well as the average blend prices (labeled 'Total') for 2001 and 2000.



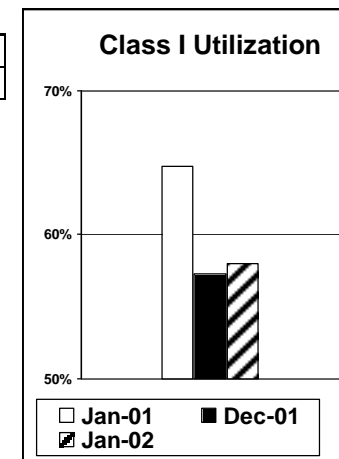
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69											

**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 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%
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Jun	631,033	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,850**	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%

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



**Southeast Marketing Area Federal Order 7**

**Pool and Payment Dates for the Pooling Periods February through April 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
February	03/11/02	03/12/02	03/13/02	02/25/02	02/26/02	03/13/02	03/14/02
March	04/11/02	04/12/02	04/15/02	03/25/02	03/26/02	04/15/02	04/16/02
April	05/11/02	05/13/02	05/14/02	04/25/02	04/26/02	05/14/02	05/15/02

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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 2002

Volume 3—No. 3

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

## Regional Production Continues Decline

In a year when national production was off 1.3 percent, 2001 production in the states that comprise the southeast (including non-Federal Order 7 portions of GA, KY, MO and TN) fell over three times as much, or 7.1 percent, according to NASS. Milk per cow in the southeast was down 1.9 percent while the number of milk cows

No.	St.	Pounds (million)	% Chg from:	
			2000	1995
1	CA	33,251	3.0	31.3
2	WI	22,199	(4.6)	(3.2)
3	NY	11,778	(1.2)	1.2
4	PA	10,849	(2.8)	2.3
5	MN	8,812	(7.2)	(6.7)
6	ID	7,757	7.4	84.3
7	MI	5,855	2.6	5.2
8	NM	5,561	6.2	53.5
9	WA	5,514	(1.4)	4.0
10	TX	5,099	(11.1)	(16.6)
16	FL	2,411	(2.1)	1.3
19	MO	1,949	(13.7)	(27.5)
22	KY	1,660	(2.1)	(17.8)
26	GA	1,431	(0.1)	(8.0)
27	TN	1,335	(5.0)	(23.5)
34	LA	632	(9.5)	(30.2)
35	MS	497	(8.1)	(30.0)
38	AR	432	(10.9)	(41.0)
43	AL	300	(13.8)	(37.8)
	SE*	8,236	(7.1)	(24.0)
	US	165,336	(1.3)	6.2

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

was 4.8 percent lower than 2000. Of those same southeastern states, only Georgia's production decline was less than the nation's decline. However when taking a longer view, the entire southeast has lost nearly one quarter of its production base since 1995. The US has gained 6.2 percent in that same time period with 10.6 percent more production per cow, and 3.7 percent fewer cows.

## Hearings Scheduled

USDA invites dairy producers, milk processors and the public to testify at a hearing on proposals that would amend certain pooling and related provisions in the Western and Pacific Northwest orders. The hearing will be held on Tuesday, April 16 in Salt Lake City, Utah. Details of the proposals and notice of the hearing were published in the March 4 *Federal Register*, available at [www.gpo.gov/su\\_docs/aces/aces140.html](http://www.gpo.gov/su_docs/aces/aces140.html). Copies may be obtained from the Pacific Northwest and Western milk marketing order office, USDA/AMS/Dairy Programs, 1930-220th Street, S.E., Suite 102, Bothell, Washington 98021-8471.

## Blend Price Lower In February

The uniform blend in Fulton County, GA was \$13.75 per hundredweight for milk at 3.5 percent butterfat for the month of February. This represents a 38 cent decline from last month, and is 40 cents lower than February of last year. Despite the amount of producer milk pooled on FO 7 falling from January by nearly 80 million pounds, Class I utilization was down slightly to 56.63 percent.

## USDA Offers Outlook at AG Forum

USDA chief economist Keith Collins provided the Department's outlook for the US farm economy at the 2002 Agricultural Outlook Forum in Washington, D.C. Collins noted the strong milk prices of last year are expected to boost total production by 1.8 percent this year. The all-milk price is projected to average \$13.25, recently lowered a nickel from February's estimate.

Adding more specific insights as to the year ahead was Jim Miller, agricultural economist with Economics Research Service at USDA. Miller stated milk-feed price ratios should continue to be favorable, even if not quite as good as 2001, and feed quality should improve as the year progresses. But the availability of replacement heifers will be a limiting factor to production gains. The number of farms exiting the industry is expected to be steady and consistent with recent trends despite the large drop-off in prices. Demand for milk and milk products is anticipated to experience moderate growth. In summary, expect a year better than 2000 but not as good as 2001.

## National Dairy Situation

USDA estimates total US production of milk in January at 14.2 billion pounds, an increase of 1.8 percent from a year ago, and 2.5 percent higher than December of 2001. Total cheese output (excluding cottage cheese) was 695 million pounds, 1.3 percent above January 2001 but 1.3 percent below December 2001. Butter production was 143 million pounds in January, 10.4 percent above a January 2001 and 15.8 percent above the previous month.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.57%	8,075,964	\$1.4860	\$ 12,000,882.50
Class I Differential at Location				239,405.20
Class II Butterfat	22.63%	5,612,109	\$1.3887	7,793,535.73
Class III Butterfat	21.83%	5,415,103	\$1.3817	7,482,047.82
Class IV Butterfat	22.97%	5,697,996	\$1.3817	7,872,921.08
<b>Total Butterfat</b>	<b>100.00%</b>	<b>24,801,172</b>		<b>\$ 35,388,792.33</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia)</b>				<b>\$1.4269</b>

**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	57.56%	370,100,426	\$6.99 /cwt.	\$ 25,870,019.77
Class I Butterfat	32.57%	8,075,964	\$1.4860 /lb.	12,000,882.50
Class I Differential at Location		378,176,390		11,186,727.19
<b>Total Class I Milk</b>	<b>56.63%</b>	<b>378,176,390</b>		<b>\$ 49,057,629.46</b>
Class II Skim Milk	9.39%	60,349,665	\$7.69 /cwt.	\$ 4,640,889.28
Class II Butterfat	22.63%	5,612,109	\$1.3887 /lb.	7,793,535.73
<b>Total Class II Milk</b>	<b>9.88%</b>	<b>65,961,774</b>		<b>\$ 12,434,425.01</b>
Class III Skim Milk	19.89%	127,876,322	\$7.04 /cwt.	\$ 9,002,493.07
Class III Butterfat	21.83%	5,415,103	\$1.3817 /lb.	7,482,047.82
<b>Total Class III Milk</b>	<b>19.96%</b>	<b>133,291,425</b>		<b>\$ 16,484,540.89</b>
Class IV Skim Milk	13.16%	84,621,965	\$6.95 /cwt.	\$ 5,881,226.61
Class IV Butterfat	22.97%	5,697,996	\$1.3817 /lb.	7,872,921.08
<b>Total Class IV Milk</b>	<b>13.53%</b>	<b>90,319,961</b>		<b>\$ 13,754,147.69</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>667,749,550</b>		<b>\$ 91,730,743.05</b>

**Adjustments**

Overage and Other Source	\$ 1,778.37
Inventory Adjustments	(7,386.28)
Producer butterfat at uniform butterfat price	(35,388,792.33)
Location Adjustments to Producers	1,952,186.88
1/2 Unobligated Balance in P.S.F.	332,856.23
<b>Adjusted Pool Value</b>	<b>\$ 9,117.59</b>
Reserve for Producer Settlement Fund	\$ 0.04759
	<b>\$ 58,621,385.92</b>
	305,968.01

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

**\$9.07**

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

**\$13.75\***

\* 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 2002	MAR 2002	JAN 2001	FEB 2002	FEB 2002
Appalachian (Charlotte)	\$ 15.05	\$ 14.72	\$ 14.41	\$ 14.04	65.71%
Arizona-Las Vegas (Phoenix)	\$ 14.30	\$ 13.97	\$ 12.81	\$ 12.46	30.80%
Central (Kansas City)	\$ 13.95	\$ 13.62	\$ 12.61	\$ 12.32	27.44%
Florida (Tampa)	\$ 15.95	\$ 15.62	\$ 15.76	\$ 15.46	90.08%
Mideast (Cleveland)	\$ 13.95	\$ 13.62	\$ 12.88	\$ 12.46	34.90%
Northeast (Boston)	\$ 15.20	\$ 14.87	\$ 13.81	\$ 13.48	40.80%
Pacific Northwest (Seattle)	\$ 13.85	\$ 13.52	\$ 12.53	\$ 12.14	27.29%
<b>Southeast (Atlanta)</b>	<b>\$ 15.05</b>	<b>\$ 14.72</b>	<b>\$ 14.13</b>	<b>\$ 13.75</b>	<b>56.63%</b>
Southwest (Dallas)	\$ 14.95	\$ 14.62	\$ 13.66	\$ 13.28	41.59%
Upper Midwest (Chicago)	\$ 13.75	\$ 13.42	\$ 12.30	\$ 12.04	19.70%
Western (Salt Lake City)	\$ 13.84	\$ 13.51	\$ 12.44	\$ 12.09	17.35%

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

<b>Receipts:</b>		FEBRUARY 2002	FEBRUARY 2001
<b>Producer Milk</b>			
Class I		378,176,390	379,557,337
Class II		65,961,774	72,318,229
Class III		133,291,425	109,686,771
Class IV		<u>90,319,961</u>	<u>58,405,956</u>
	Total Producer Milk	<b>667,749,550</b>	<b>619,968,293</b>
	Average Butterfat Test	3.41%	3.70%
	Percent of Producer Milk in Class I	56.63%	61.22%
	Daily Average Receipts	23,848,198	26,619,230
<b>Other Source Milk</b>			
Class I		8,461,838	10,909,885
Class II		3,696,879	3,252,684
Class III		3,663,201	3,454,310
Class IV		<u>5,293,825</u>	<u>9,002,351</u>
	Total Other Source Milk	<b>21,115,743</b>	<b>26,619,230</b>
<b>Overage</b>			
Class I		0	0
Class II		0	0
Class III		0	0
Class IV		<u>25,588</u>	<u>48,973</u>
	Total Overage	<b>25,588</b>	<b>48,973</b>
<b>Opening Inventory</b>			
Class I		37,419,862	35,489,551
Class II		235,114	231,824
Class III		8,523	2,139,883
Class IV		<u>18,500,501</u>	<u>23,397,056</u>
	Total Opening Inventory	<b>56,161,000</b>	<b>61,258,314</b>
	<b>Total Receipts</b>	<b>745,054,881</b>	<b>707,894,810</b>
<b>Utilization:</b>			
<b>Class I Utilization</b>			
	Inventory of Packaged FMP	35,863,011	33,892,343
	Route Disposition Class I	375,441,152	374,530,546
	Shrinkage	3,141,849	3,918,984
	Transfers and Diversions to Nonpool	<u>9,612,078</u>	<u>13,951,123</u>
	Total Class I Utilization	<b>424,058,090</b>	<b>426,292,996</b>
	Average Butterfat Test	2.14%	2.18%
	Daily Average Utilization	15,144,932	15,224,750
<b>Class II Utilization</b>			
	Nonfluid Used To Produce	2,181,938	1,866,238
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	48,841,837	56,052,546
	Used To Produce/Other Uses	<u>18,869,992</u>	<u>17,883,953</u>
	Total Class II Utilization	<b>69,893,767</b>	<b>75,802,737</b>
	Average Butterfat Test	8.52%	7.24%
<b>Class III Utilization</b>			
	Shrinkage	0	7,373,981
	Transfers and Diversions to Nonpool	136,963,149	103,098,699
	Used To Produce/Other Uses	<u>0</u>	<u>4,808,284</u>
	Total Class III Utilization	<b>136,963,149</b>	<b>115,280,964</b>
	Average Butterfat Test	4.06%	4.04%
<b>Class IV Utilization</b>			
	Inventory	17,669,146	23,504,409
	Nonfluid Used To Fortify	1,979,474	1,943,972
	Shrinkage	6,865,429	62
	Transfers and Diversions to Nonpool	66,214,961	45,123,318
	Used To Produce/Other Uses	<u>21,410,865</u>	<u>20,282,575</u>
	Total Class IV Utilization	<b>114,139,875</b>	<b>90,854,336</b>
	Average Butterfat Test	6.05%	7.23%
	<b>Total Utilization</b>	<b>745,054,881</b>	<b>708,231,033</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2002 is \$13.75 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.07 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4269 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 57.56% of all producer skim milk (priced to handlers at \$6.99 per hundredweight, plus the Class I differential, see page 2) and 32.57% of producer butterfat (priced to handlers at \$1.4860 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.39% of all producer skim milk (\$7.69 per hundredweight) and 22.63% of producer butterfat (\$1.3887 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.89% of all producer skim milk (\$7.04 per hundredweight) and 21.83% of producer butterfat (\$1.3817 per pound). Class IV use, generally milk processed into butter and powder, accounted for 13.16% of all producer skim milk (\$6.95 per hundredweight) and 22.97% of producer butterfat (\$1.3817 per pound).

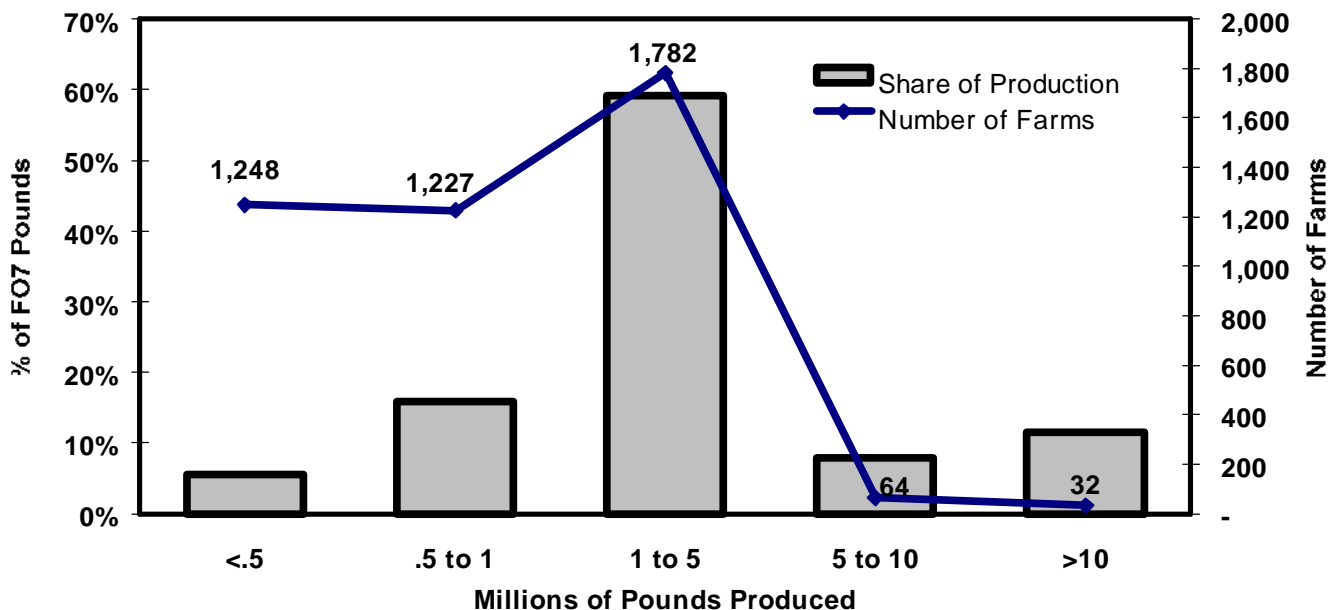
Receipts of producer milk during February 2002 totaled 667.7 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2002. Class I route disposition in the Southeast Market totaled 433.9 million pounds in January 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>January 2002</b>
Whole Milk	174,179,548
Fat Free Milk	52,937,641
Lowfat Milk (incl. 1%)	29,004,642
Reduced Fat Milk (incl. 2%)	126,903,157
Cultured Fluid Milk (incl. Buttermilk)	11,658,086
Flavored Drinks and Milk (incl. Eggnog)	39,207,464
<b>Total Disposition in Marketing Area</b>	<b>433,890,538</b>
Total Disposition by Pool Plants	359,279,471
Total Disposition by Nonpool Plants	74,611,067
<b>Total Disposition in Marketing Area</b>	<b>433,890,538</b>

### Share of FO 7 Production by Farm Size: 2001

The chart below demonstrates the number of farms located within the Southeast states (AL, AR, GA, KY, LA, MO, MS and TN) in various size ranges and their share of total pounds pooled on FO 7 during 2001 from those same states. The 2,475 (1,248 plus 1,227) farms that pooled less than one million pounds last year combined for 21 percent of producer milk on the order, compared with 96 (64 plus 32) farms producing more than five million pounds that made up 19 percent.



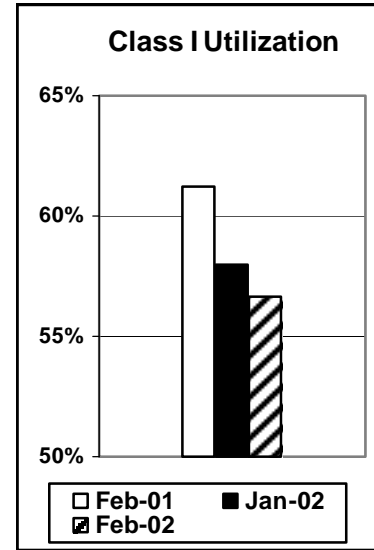


**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,850**	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%



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

Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods March through May 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
March	04/11/02	04/12/02	04/15/02	03/25/02	03/26/02	04/15/02	04/16/02
April	05/11/02	05/13/02	05/14/02	04/25/02	04/26/02	05/14/02	05/15/02
May	06/11/02	06/12/02	06/13/02	05/28/02	05/28/02	06/13/02	06/14/02

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*Address Correction Requested*



# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

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

## Dairy Checkoff Suit Filed

In a suit filed April 2 with the U.S. District Court in Scranton, Pennsylvania, a family of dairy farmers is challenging the constitutionality of the Dairy Promotion Program. That program, which is a self-help program, is funded by a mandatory 15-cent-per-hundredweight assessment on all milk produced in the contiguous 48 States and marketed commercially by dairy farmers. It seeks to increase consumption of milk and milk products as well as reduce milk surpluses. Promotion, research and nutritional education programs at the regional, state and local levels receive funding from the program. USDA Secretary Veneman and the National Dairy Promotion Board are named as defendants.

Congress authorized the Dairy Promotion Program in 1983 with the Dairy Production Stabilization Act. Assessments were first collected in May of 1984, and in August of the following year a producer referendum revealed nearly 90 percent approved of the program. A similar referendum was held in 1993 and over 70 percent of dairy farmers voted in favor of continuation of the mandatory assessments for promotion activities.

The plaintiffs, along with the non-profit organization Center for Individual Freedom, claim the mandatory assessments infringe upon free speech by forcing farmers to financially support speech they would otherwise not support. This case follows on the heels of mushroom, plum and beef producer promotion program challenges.

For more information on the Dairy Promotion Program please see [www.ams.usda.gov/dairy/ndb.htm](http://www.ams.usda.gov/dairy/ndb.htm), or for a copy of the complaint filed see [www.cfif.org/legal\\_current.htm](http://www.cfif.org/legal_current.htm).

## 2001 Annual Statistics Available Online

View and/or print 2001 annual statistics for Federal Order 7 at [www.fmmatlanta.com](http://www.fmmatlanta.com). Find producer milk receipts and classifications, utilizations by class, Class I route disposition, a variety of price data as well as state and county data.

## March's Blend \$13.34

The uniform blend in Fulton County, GA was \$13.34 per hundredweight for milk at 3.5 percent butterfat for the month of March. This represents a 41 cent decline from last month, and is \$1.58 cents lower than March of last year.

The amount of producer milk pooled on FO 7 during the month of March was 761 million pounds. This is an all time high and is 15.7 million pounds more than the previous record set back in January of this year. Class I utilization was down slightly to 53.02 percent. Not surprisingly given the relationship of utilization and pounds of milk on the market, Class I utilization in March is the lowest observed in the history of the Southeast order.

While utilization does effect the uniform price, the underlying commodity prices upon which the Federal Order pricing structure relies plays a much more crucial role. It was the softening of butter prices in early February which lowered the Class I butterfat price this month by over twelve cents, and similarly it was an eight cent decline in the NASS survey price for cheese which induced the over one dollar decline in the Class III skim price.

## National Dairy Situation

USDA estimates total US production of milk in February at 13.3 billion pounds, an increase of 2.8 percent from a year ago, and 6.9 percent lower than January of 2002. Total cheese output (excluding cottage cheese) was 644 million pounds, 1.9 percent above February 2001 but 7.6 percent below January 2002. Butter production was 125 million pounds in February, 13.9 percent above February 2001 but 10.8 percent below January 2002. The milk-feed price ratio (the number of pounds of 16% mixed dairy feed equal in value to one pound of whole milk) was 2.91 in March, down fractionally from the previous month. Compared with the March 2001 value of 3.24, current input costs are higher than last year relative to prices received for milk output.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	31.19%	8,735,045	\$1.3617	\$ 11,894,510.77
Class I Differential at Location				257,541.03
Class II Butterfat	20.82%	5,829,461	\$1.3708	7,991,025.15
Class III Butterfat	23.12%	6,472,937	\$1.3638	8,827,791.47
Class IV Butterfat	24.87%	6,962,922	\$1.3638	9,496,033.02
<b>Total Butterfat</b>	<b>100.00%</b>	<b>28,000,365</b>		<b>\$ 38,466,901.44</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia):** **\$1.3738**

**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	53.86%	394,817,151	\$7.10 /cwt.	\$ 28,032,017.73
Class I Butterfat	31.19%	8,735,045	\$1.3617 /lb.	11,894,510.77
Class I Differential at Location		403,552,196		11,955,176.70
<b>Total Class I Milk</b>	<b>53.02%</b>	<b>403,552,196</b>		<b>\$ 51,881,705.20</b>
Class II Skim Milk	10.59%	77,627,081	\$7.66 /cwt.	\$ 5,946,234.41
Class II Butterfat	20.82%	5,829,461	\$1.3708 /lb.	7,991,025.15
<b>Total Class II Milk</b>	<b>10.97%</b>	<b>83,456,542</b>		<b>\$ 13,937,259.56</b>
Class III Skim Milk	21.21%	155,446,544	\$6.09 /cwt.	\$ 9,466,694.54
Class III Butterfat	23.12%	6,472,937	\$1.3638 /lb.	8,827,791.47
<b>Total Class III Milk</b>	<b>21.28%</b>	<b>161,919,481</b>		<b>\$ 18,294,486.01</b>
Class IV Skim Milk	14.34%	105,144,601	\$6.89 /cwt.	\$ 7,244,463.01
Class IV Butterfat	24.87%	6,962,922	\$1.3638 /lb.	9,496,033.02
<b>Total Class IV Milk</b>	<b>14.73%</b>	<b>112,107,523</b>		<b>\$ 16,740,496.03</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>761,035,742</b>		<b>\$ 100,853,946.80</b>

**Adjustments**

Overage and Other Source	\$ 8,484.93
Inventory Adjustments	5,075.60
Producer butterfat at uniform butterfat price	(38,466,901.44)
Location Adjustments to Producers	2,338,936.49
1/2 Unobligated Balance in P.S.F	425,558.50
<b>Adjusted Pool Value</b>	<b>\$ 8,88976</b>
Reserve for Producer Settlement Fund	\$ 0.04976
	<b>\$ 65,165,100.88</b>

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

**\$8.84**

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

**\$13.34\***

\* 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 2002	APR 2002	FEB 2002	MAR 2002	MAR 2002
Appalachian (Charlotte)	\$ 14.72	\$ 14.57	\$ 14.04	\$ 13.60	59.11%
Arizona-Las Vegas (Phoenix)	\$ 13.97	\$ 13.82	\$ 12.46	\$ 11.91	28.54%
Central (Kansas City)	\$ 13.62	\$ 13.47	\$ 12.32	\$ 11.66	26.39%
Florida (Tampa)	\$ 15.62	\$ 15.47	\$ 15.46	\$ 15.20	88.35%
Midwest (Cleveland)	\$ 13.62	\$ 13.47	\$ 12.46	\$ 11.93	34.90%
Northeast (Boston)	\$ 14.87	\$ 14.72	\$ 13.48	\$ 13.05	39.20%
Pacific Northwest (Seattle)	\$ 13.52	\$ 13.37	\$ 12.14	\$ 11.73	26.70%
<b>Southeast (Atlanta)</b>	<b>\$ 14.72</b>	<b>\$ 14.57</b>	<b>\$ 13.75</b>	<b>\$ 13.34</b>	<b>53.02%</b>
Southwest (Dallas)	\$ 14.62	\$ 14.47	\$ 13.28	\$ 12.77	39.03%
Upper Midwest (Chicago)	\$ 13.42	\$ 13.27	\$ 12.04	\$ 11.25	18.90%
Western (Salt Lake City)	\$ 13.51	\$ 13.36	\$ 12.09	\$ 11.56	23.69%

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

<b>Receipts:</b>		MARCH 2002	MARCH 2001
<b>Producer Milk</b>			
Class I		403,552,196	430,154,728
Class II		83,456,542	86,102,287
Class III		161,919,481	122,656,188
Class IV		<u>112,107,523</u>	<u>70,043,545</u>
	Total Producer Milk	<b>761,035,742</b>	<b>708,956,748</b>
	Average Butterfat Test	3.68%	3.62%
	Percent of Producer Milk in Class I	53.02%	60.67%
	Daily Average Receipts	24,549,540	22,869,573
<b>Other Source Milk</b>			
Class I		9,360,335	11,664,808
Class II		7,539,560	5,010,731
Class III		4,503,889	6,616,184
Class IV		<u>8,821,050</u>	<u>8,385,505</u>
	Total Other Source Milk	<b>30,224,834</b>	<b>31,677,228</b>
<b>Overage</b>			
Class I		0	2,232
Class II		0	1,423
Class III		0	259
Class IV		<u>14,144</u>	<u>95,400</u>
	Total Overage	<b>14,144</b>	<b>99,314</b>
<b>Opening Inventory</b>			
Class I		36,136,678	34,293,964
Class II		316,953	2,095,306
Class III		347,408	4,341,271
Class IV		<u>16,731,118</u>	<u>16,666,211</u>
	Total Opening Inventory	<b>53,532,157</b>	<b>57,396,752</b>
	<b>Total Receipts</b>	<b>844,806,877</b>	<b>798,130,042</b>
<b>Utilization:</b>			
<b>Class I Utilization</b>			
	Inventory of Packaged FMP	31,370,393	35,146,571
	Route Disposition Class I	404,913,052	422,284,680
	Shrinkage	1,528,778	2,899,674
	Transfers and Diversions to Nonpool	<u>11,236,986</u>	<u>15,784,807</u>
	Total Class I Utilization	<b>449,049,209</b>	<b>476,115,732</b>
	Average Butterfat Test	2.17%	2.16%
	Daily Average Utilization	14,485,458	15,358,572
<b>Class II Utilization</b>			
	Nonfluid Used To Produce	2,516,503	2,912,377
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	68,284,249	68,813,163
	Used To Produce/Other Uses	<u>20,512,303</u>	<u>21,484,207</u>
	Total Class II Utilization	<b>91,313,055</b>	<b>93,209,747</b>
	Average Butterfat Test	6.99%	6.96%
<b>Class III Utilization</b>			
	Shrinkage	7,136,022	7,170,379
	Transfers and Diversions to Nonpool	155,214,746	121,879,201
	Used To Produce/Other Uses	<u>4,420,010</u>	<u>4,564,322</u>
	Total Class III Utilization	<b>166,770,778</b>	<b>133,613,902</b>
	Average Butterfat Test	4.00%	4.31%
<b>Class IV Utilization</b>			
	Inventory	29,347,138	16,613,849
	Nonfluid Used To Fortify	2,122,524	2,107,129
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	84,912,373	52,053,004
	Used To Produce/Other Uses	<u>21,291,800</u>	<u>24,416,679</u>
	Total Class IV Utilization	<b>137,673,835</b>	<b>95,190,661</b>
	Average Butterfat Test	5.93%	6.57%
	<b>Total Utilization</b>	<b>844,806,877</b>	<b>798,130,042</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2002 is \$13.34 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.84 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3738 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 53.86% of all producer skim milk (priced to handlers at \$7.10 per hundredweight, plus the Class I differential, see page 2) and 31.19% of producer butterfat (priced to handlers at \$1.3617 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing accounted for 10.59% of all producer skim milk (\$7.66 per hundredweight) and 20.82% of producer butterfat (\$1.3708 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.21% of all producer skim milk (\$6.09 per hundredweight) and 23.12% of producer butterfat (\$1.3638 per pound). Class IV use, generally milk processed into butter and powder, accounted for 14.34% of all producer skim milk (\$6.89 per hundredweight) and 24.87% of producer butterfat (\$1.3638 per pound).

Receipts of producer milk during March 2002 totaled 761.0 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 2002. Class I route disposition in the Southeast Market totaled 372.9 million pounds in February 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>February 2002</b>	
Whole Milk	147,457,527
Fat Free Milk	46,453,940
Lowfat Milk (incl. 1%)	25,553,547
Reduced Fat Milk (incl. 2%)	107,327,352
Cultured Fluid Milk (incl. Buttermilk)	10,440,623
Flavored Drinks and Milk (incl. Eggnog)	35,639,874

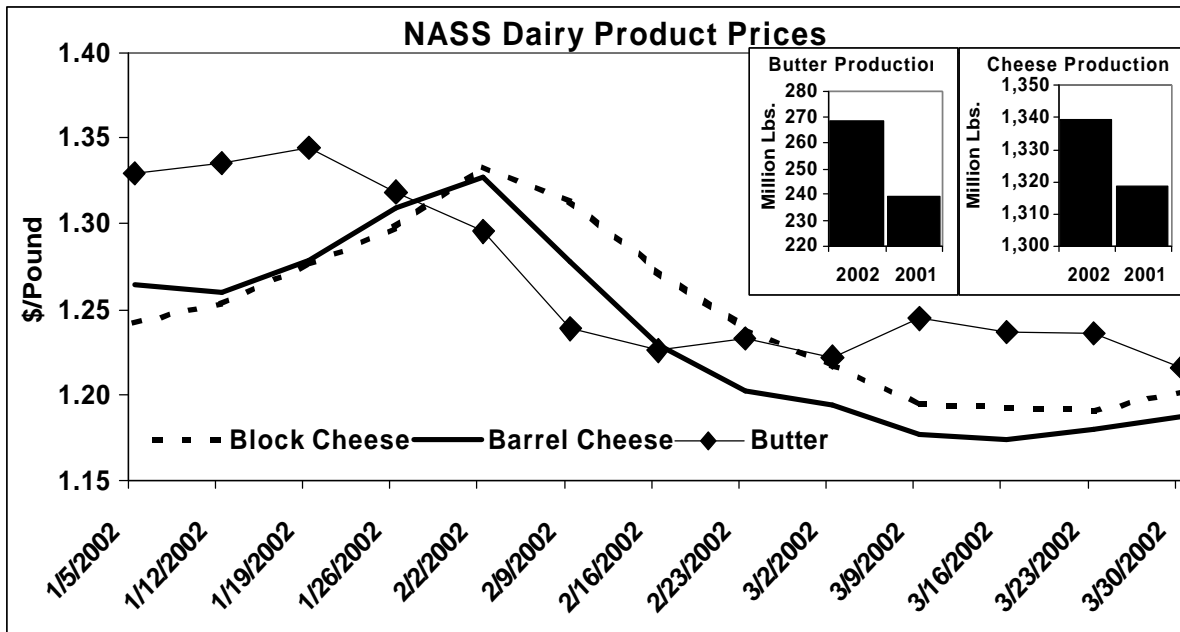
**Total Disposition in Marketing Area 372,872,863**

Total Disposition by Pool Plants 317,317,341

Total Disposition by Nonpool Plants 55,555,522

**Total Disposition in Marketing Area 372,872,863**

National Agricultural Statistics Service (NASS) survey prices for block and barrel cheese have fallen by 10% and 11%, respectively, since early February. Similarly, the butter survey price has declined 10% from its mid-January high.



Declining dairy product prices may be attributed to strengthening milk production and an accompanying increase in cheese and butter production (see inset). Cumulative butter production through February 2002 was 268 million pounds, up 12% from the same time period last year.

Cumulative cheese production through February stood at 1.34 billion pounds, 16% above that of February 2001. Declining butter and cheese survey prices negatively impact class prices and ultimately lead to lower uniform prices.

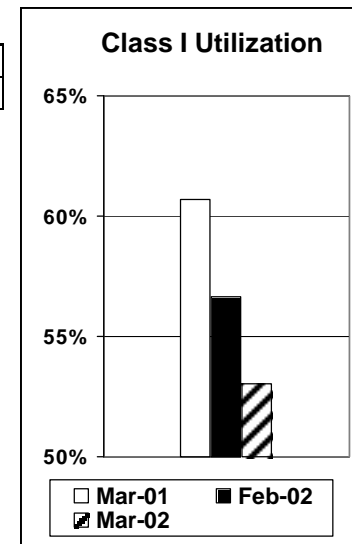
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,850**	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods April through June 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
April	05/11/02	05/13/02	05/14/02	04/25/02	04/26/02	05/14/02	05/15/02
May	06/11/02	06/12/02	06/13/02	05/28/02	05/28/02	06/13/02	06/14/02
June	07/11/02	07/12/02	07/15/02	06/25/02	06/26/02	07/15/02	07/16/02

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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.fmmatlanta.com

May 2002

Volume 3—No. 5

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

## Farm Bill Signed Into Law

On May 13th, with the stroke of his pen, President Bush signed into law "The Farm Security and Rural Investment Act of 2002". Massive in its scale and scope in terms of commodities covered, authorized expenditures and the length of coverage, this Farm Bill is important for dairy farmers for two significant dairy-specific provisions.

First, the price support program was extended at the current level of \$9.90 per hundredweight through 2008. This is a reversal from the 1996 Farm Bill, which would have allowed the price support to expire in 2000. Second, a new counter-cyclical payment program will be established to provide direct support to producers when the Boston Class I price falls below \$16.94 per hundredweight. The program would operate as follows: 45% of the difference between \$16.94 and the Boston price will be paid to producers on their first 2.4 million pounds per year. The program is retroactive to December 2001 and will continue to operate for three and a half years. (Page four contains more information on the counter-cyclical program.)

Items of lesser importance included in the Farm Bill are a Johne's disease control program, raising the minimum volume threshold which exempts processors from the checkoff for the Fluid Milk Processor Education Program, equivalent treatment of imported dairy products for the National Dairy Board checkoff for promotion and research projects, extension of the Dairy Export Incentive Program as well as the Dairy Indemnity Program, and increased funding for the Market Access Program, the Environmental Quality Incentives Program, and other new conservation programs. Finally, it mandates no less than four studies to examine dairy-related issues.

Secretary Veneman affirmed USDA's commitment to ensure "timely and efficient implementation [of the Farm Bill] during the coming months" despite many of the complex new programs and changes to existing programs it lays forth.

## April Blend Falls To \$13.23

The uniform blend in Fulton County, GA was \$13.23 per hundredweight for milk at 3.5 percent butterfat for the month of April. This represents an 11-cent decline from last month, and is \$2.34 lower than April of last year.

## National Dairy Situation

USDA estimates total US production of milk in March at 14.8 billion pounds, an increase of 3.2 percent from a year previous. Quarterly production for the year is up 2.4 percent from the first quarter of 2001. Total cheese output (excluding cottage cheese) was 717 million pounds, 0.5 percent above March 2001 and 10.8 percent above February 2002. Butter production was 129 million pounds in March, 15.8 percent above March 2001 and 2.9 percent above February 2002.

## Ice Cream Makers Seek Pricing Reform

In a petition sent to USDA in late April, the International Ice Cream Association proposed several adjustments to the classified pricing structure. The redress sought would remove the direct linkage between Class II prices and Class IV prices. No official action has been initiated by the Department on the petition.

## Nominations Requested By May 31st

The National Dairy Promotions and Research Board is in need of new candidates to serve three-year terms beginning November, 2002. USDA will appoint nominees in eleven different regions to administer the coordinated program of promotion, research and nutritional education financed by the mandatory 15-cent per hundredweight assessment on dairy producers. Three regions may be relevant for Southeast Order dairy industry participants. They include Region 4 (Arkansas, Kansas, New Mexico, Oklahoma and Texas), Region 7 (Illinois, Iowa, Missouri and Nebraska) and Region 8 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee). For nominating forms and procedures, contact David R. Jamison, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; or E-mail at david.jamison2@usda.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.97%	8,629,787	\$1.3733	\$ 11,851,286.50
Class I Differential at Locatior				254,829.33
Class II Butterfat	21.01%	5,498,657	\$1.2960	7,126,259.44
Class III Butterfat	23.61%	6,180,632	\$1.2890	7,966,834.68
Class IV Butterfat	22.41%	5,865,565	\$1.2890	7,560,713.30
<b>Total Butterfat</b>	<b>100.00%</b>	<b>26,174,641</b>		<b>\$ 34,759,923.25</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia)</b>			<b>\$1.3280</b>	

**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	55.60%	393,060,092	\$6.91 /cwt.	\$ 27,160,452.35
Class I Butterfat	32.97%	8,629,787	\$1.3733 /lb.	11,851,286.50
Class I Differential at Locatior		401,689,879		11,905,758.36
<b>Total Class I Milk</b>	<b>54.79%</b>	<b>401,689,879</b>		<b>\$ 50,917,497.21</b>
Class II Skim Milk	9.04%	63,931,570	\$7.61 /cwt.	\$ 4,865,192.48
Class II Butterfat	21.01%	5,498,657	\$1.2960 /lb.	7,126,259.44
<b>Total Class II Milk</b>	<b>9.47%</b>	<b>69,430,227</b>		<b>\$ 11,991,451.92</b>
Class III Skim Milk	22.78%	161,086,938	\$6.57 /cwt.	\$ 10,583,411.82
Class III Butterfat	23.61%	6,180,632	\$1.2890 /lb.	7,966,834.68
<b>Total Class III Milk</b>	<b>22.81%</b>	<b>167,267,570</b>		<b>\$ 18,550,246.50</b>
Class IV Skim Milk	12.58%	88,944,752	\$6.82 /cwt.	\$ 6,066,032.08
Class IV Butterfat	22.41%	5,865,565	\$1.2890 /lb.	7,560,713.30
<b>Total Class IV Milk</b>	<b>12.93%</b>	<b>94,810,317</b>		<b>\$ 13,626,745.38</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>733,197,993</b>		<b>\$ 95,085,941.01</b>

**Adjustments**

Overage and Other Source	\$ 0.00
Inventory Adjustments	40,460.90
Producer butterfat at uniform butterfat price	(34,759,923.25)
Location Adjustments to Producers	2,431,430.09
1/2 Unobligated Balance in P.S.F.	388,861.89

**Adjusted Pool Value**

Reserve for Producer Settlement Func	<b>\$ 8.93701</b>	<b>\$ 63,186,770.64</b>
	<b>\$ 0.04701</b>	332,394.66

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

**\$8.89**

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

**\$13.23\***

\* 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 2002	MAY 2002	MAR 2002	APR 2002	APR 2002
Appalachian (Charlotte)	\$ 14.57	\$ 14.36	\$ 13.60	\$ 13.43	60.14%
Arizona-Las Vegas (Phoenix)	\$ 13.82	\$ 13.61	\$ 11.91	\$ 11.79	28.09%
Central (Kansas City)	\$ 13.47	\$ 13.26	\$ 11.66	\$ 11.68	26.22%
Florida (Tampa)	\$ 15.47	\$ 15.26	\$ 15.20	\$ 14.93	87.74%
Mideast (Cleveland)	\$ 13.47	\$ 13.26	\$ 11.93	\$ 11.92	34.50%
Northeast (Boston)	\$ 14.72	\$ 14.51	\$ 13.05	\$ 12.94	38.90%
Pacific Northwest (Seattle)	\$ 13.37	\$ 13.16	\$ 11.73	\$ 11.64	26.56%
<b>Southeast (Atlanta)</b>	<b>\$ 14.57</b>	<b>\$ 14.36</b>	<b>\$ 13.34</b>	<b>\$ 13.23</b>	<b>54.79%</b>
Southwest (Dallas)	\$ 14.47	\$ 14.26	\$ 12.77	\$ 12.71	38.48%
Upper Midwest (Chicago)	\$ 13.27	\$ 13.06	\$ 11.25	\$ 11.35	19.30%
Western (Salt Lake City)	\$ 13.36	\$ 13.15	\$ 11.56	\$ 11.54	17.43%

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

<b>Receipts:</b>	APRIL 2002	APRIL 2001
<b>Producer Milk</b>		
Class I	401,689,879	392,231,025
Class II	69,430,227	88,803,757
Class III	167,267,570	152,078,095
Class IV	94,810,317	70,630,604
	<u>733,197,993</u>	<u>703,743,481</u>
Total Producer Milk	<b>733,197,993</b>	<b>703,743,481</b>
Average Butterfat Test	3.57%	3.53%
Percent of Producer Milk in Class I	54.79%	55.73%
Daily Average Receipts	24,439,933	23,458,116
<b>Other Source Milk</b>		
Class I	8,985,138	10,318,461
Class II	7,747,367	5,546,130
Class III	4,586,018	6,131,194
Class IV	9,199,546	7,942,064
	<u>30,518,069</u>	<u>29,937,849</u>
Total Other Source Milk	<b>30,518,069</b>	<b>29,937,849</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	8,619
	<u>0</u>	<u>8,619</u>
Total Overage	<b>0</b>	<b>8,619</b>
<b>Opening Inventory</b>		
Class I	33,250,699	35,146,571
Class II	3,753,354	966,376
Class III	7,268,720	1,092,220
Class IV	16,574,394	14,555,253
	<u>60,847,167</u>	<u>51,760,420</u>
Total Opening Inventory	<b>60,847,167</b>	<b>51,760,420</b>
<b>Total Receipts</b>	<b>824,563,229</b>	<b>785,450,369</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	35,773,180	34,825,634
Route Disposition Class I	394,360,554	387,846,190
Shrinkage	2,158,973	2,605,304
Transfers and Diversions to Nonpool	11,633,039	12,418,929
	<u>443,925,716</u>	<u>437,696,057</u>
Total Class I Utilization	<b>443,925,716</b>	<b>437,696,057</b>
Average Butterfat Test	2.14%	2.17%
Daily Average Utilization	14,787,524	14,589,869
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,673,055	2,774,123
Shrinkage	0	0
Transfers and Diversions to Nonpool	57,843,630	70,626,703
Used To Produce/Other Uses	20,414,263	21,915,437
	<u>80,930,948</u>	<u>95,316,263</u>
Total Class II Utilization	<b>80,930,948</b>	<b>95,316,263</b>
Average Butterfat Test	7.30%	6.79%
<b>Class III Utilization</b>		
Shrinkage	7,301,381	7,243,356
Transfers and Diversions to Nonpool	166,955,200	146,965,059
Used To Produce/Other Uses	4,865,727	5,093,094
	<u>179,122,308</u>	<u>159,301,509</u>
Total Class III Utilization	<b>179,122,308</b>	<b>159,301,509</b>
Average Butterfat Test	3.64%	3.86%
<b>Class IV Utilization</b>		
Inventory	15,865,002	22,871,267
Nonfluid Used To Fortify	2,027,369	2,046,556
Shrinkage	0	0
Transfers and Diversions to Nonpool	80,768,730	48,178,847
Used To Produce/Other Uses	21,923,156	20,039,870
	<u>120,584,257</u>	<u>93,136,540</u>
Total Class IV Utilization	<b>120,584,257</b>	<b>93,136,540</b>
Average Butterfat Test	6.06%	6.04%
<b>Total Utilization</b>	<b>824,563,229</b>	<b>785,450,389</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2002 is \$13.23 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.89 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3280 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 55.60% of all producer skim milk (priced to handlers at \$6.91 per hundredweight, plus the Class I differential, see page 2) and 32.97% of producer butterfat (priced to handlers at \$1.3733 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.04% of all producer skim milk (\$7.61 per hundredweight) and 21.01% of producer butterfat (\$1.2960 per pound). Class III use, mostly milk used to produce cheese, accounted for 22.78% of all producer skim milk (\$6.57 per hundredweight) and 23.61% of producer butterfat (\$1.2890 per pound). Class IV use, generally milk processed into butter and powder, accounted for 12.58% of all producer skim milk (\$6.82 per hundredweight) and 22.41% of producer butterfat (\$1.2890 per pound).

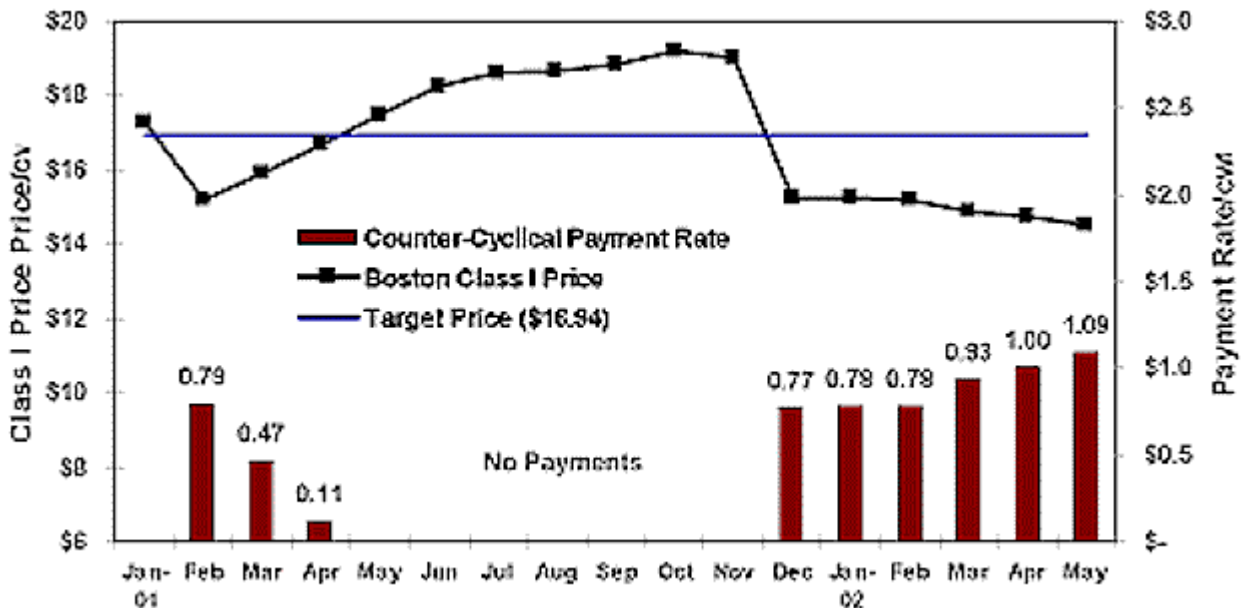
Receipts of producer milk during April 2002 totaled 733.2 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2002. Class I route disposition in the Southeast Market totaled 416.8 million pounds in March 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>March 2002</b>	
Whole Milk	165,270,434
Fat Free Milk	53,151,090
Lowfat Milk (incl. 1%)	27,537,687
Reduced Fat Milk (incl. 2%)	122,226,136
Cultured Fluid Milk (incl. Buttermilk)	11,436,675
Flavored Drinks and Milk (incl. Eggnog)	37,184,754
<b>Total Disposition in Marketing Area</b>	<b>416,806,776</b>
Total Disposition by Pool Plants	345,804,762
Total Disposition by Nonpool Plants	71,002,014
<b>Total Disposition in Marketing Area</b>	<b>416,806,776</b>

### Unofficial Counter-Cyclical Direct Payment Program Payment Rates

The chart displays unofficial payment rates per hundredweight that producers would receive on up to 2.4 million pounds of production per year. When the \$16.94 target price is exceeded by the Boston Class I price, no direct payments will be made. Only when the Boston price is less than the target will producers receive direct payments of 45% of the difference between these two prices. This value for December 2001 to May 2002 averaged \$0.89/cwt per month. Although the program is retroactive to December 2001 only, data is shown back to January 2001 for additional perspective.



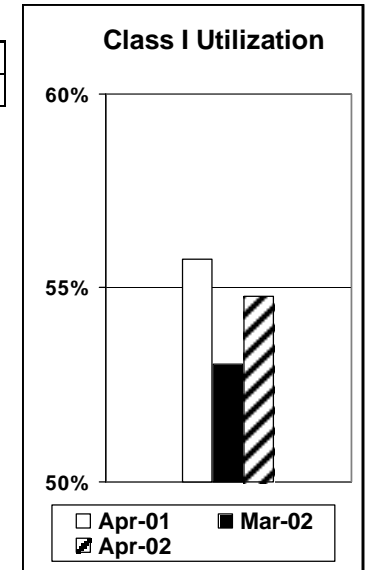
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,650**	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%

\* 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 May through July 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
May	06/11/02	06/12/02	06/13/02	05/28/02	05/28/02	06/13/02	06/14/02
June	07/11/02	07/12/02	07/15/02	06/25/02	06/26/02	07/15/02	07/16/02
July	08/11/02	08/12/02	08/13/02	07/25/02	07/26/02	08/13/02	08/14/02

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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.fmmatlanta.com

June 2002

Volume 3—No. 6

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

## Tentative Final Decision in Mideast Order

A tentative final decision has been announced for the Mideast Milk Marketing Order that would amend pooling standards to prevent the inappropriate pooling of milk. The amendments would, among other things, eliminate automatic pool plant status for the 6-month period of March through August, eliminate milk shipments to a distributing plant regulated by another Federal milk order as pool-qualifying shipments under the Mideast Order, eliminate the "split plant" feature which provides for designating part of a pool plant as a non-pool plant, and establish a "net shipments" standard for supply plant deliveries to the order's distributing plants for the purpose of meeting shipping standard.

The decision also would increase the number of days that the milk of a producer needs to be delivered to a pool plant before being eligible for diversion to nonpool plants and institutes year-round diversion limits adjusted seasonally for the producer milk of distributing plants. Interested persons have until Aug. 12 to file comments, after which USDA will determine whether dairy farmers approve the amended order. For additional information about the decision, contact: David Z. Walker, Market Administrator; USDA/AMS/Dairy Programs; 7851 Freeway Circle, Middleburg Heights, OH 44130; Tel. (440) 826-3220; or www.fmmacleev.com.

## DOPP Expanded in Round IV

The Dairy Options Pilot Program (DOPP) has been expanded to include the following counties: Macon, GA; Todd and Warren, KY; DeSoto, LA; and Dallas, MO. These are the Round IV expansion counties located in the Southeast. If a farm is located in an eligible county in Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, or Tennessee, a producer may be able to participate in DOPP. In this program, producers learn about hedging milk prices through hands-on put options trading, the costs of which are shared by the government. See [www.rma.usda.gov/training/programs/dopp/index.html](http://www.rma.usda.gov/training/programs/dopp/index.html) to obtain more information on how to apply, and for a list of all counties eligible to participate under the pilot program.

## May's Blend Approaches Post-Reform Low

The uniform blend in Fulton County, GA, was \$12.89 per hundredweight for milk at 3.5 percent butterfat for the month of May. This is a decline of 34 cents from last month, and is \$3.65 lower than May of last year. The uniform skim price was \$8.94 per hundredweight, which, excluding March 2002, is the lowest skim price since Order Reform. The uniform butterfat price was \$1.2172 per pound, the lowest butterfat price since April 2000.

While Class I utilization was down slightly from the previous month, it was the low prices surveyed by National Agriculture Statistics Service (NASS) for May that, once translated into class prices, should take much of the blame for the \$12.89 blend. In fact, we haven't seen NASS butter prices this low since the first quarter of 2000, which not coincidentally corresponds to the lowest blend prices for Federal Order 7 producers since Order Reform. The graph on page four tracks the over twenty-cent decline in butter survey prices since the beginning of April, which can also be seen by examining the difference between the Class I butterfat price and the Class III/IV butterfat price.

## National Dairy Situation

USDA estimates total US production of milk in March at 14.5 billion pounds, an increase of 2.9 percent from a year previous. Total cheese output (excluding cottage cheese) was 698 million pounds, 4.1 percent above April 2001 but 3.0 percent below March 2002. Butter production was 132 million pounds in April, 21.5 percent above April 2001 and 2.7 percent above March 2002. Nonfat dry milk production for human food totaled 157.3 million pounds, 19.4 percent above April 2001 and 6.4 percent above March 2002. The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, reached its lowest point in 24 months, falling to 2.66 in May. In five of the last seven years, the milk-feed price ratio reached its lowest point of the year during the month of May.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MAY 2002

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	32.85%	8,636,347	\$1.3339	\$ 11,520,023.26
Class I Differential at Location				255,905.97
Class II Butterfat	22.11%	5,811,241	\$1.1503	6,684,670.52
Class III Butterfat	24.46%	6,428,959	\$1.1433	7,350,228.84
Class IV Butterfat	20.58%	5,411,307	\$1.1433	6,186,747.30
<b>Total Butterfat</b>	<b>100.00%</b>	<b>26,287,854</b>		<b>\$ 31,997,575.89</b>

**Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.2172**

### 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	54.13%	387,414,046	\$6.83 /cwt.	\$ 26,460,379.36
Class I Butterfat	32.85%	8,636,347	\$1.3339 /lb.	11,520,023.26
Class I Differential at Location		396,050,393		11,754,438.47
<b>Total Class I Milk</b>	<b>53.37%</b>	<b>396,050,393</b>		<b>\$ 49,734,841.09</b>
Class II Skim Milk	10.37%	74,256,609	\$7.53 /cwt.	\$ 5,591,522.62
Class II Butterfat	22.11%	5,811,241	\$1.1503 /lb.	6,684,670.52
<b>Total Class II Milk</b>	<b>10.79%</b>	<b>80,067,850</b>		<b>\$ 12,276,193.14</b>
Class III Skim Milk	21.45%	153,540,247	\$7.07 /cwt.	\$ 10,855,295.48
Class III Butterfat	24.46%	6,428,959	\$1.1433 /lb.	7,350,228.84
<b>Total Class III Milk</b>	<b>21.56%</b>	<b>159,969,206</b>		<b>\$ 18,205,524.32</b>
Class IV Skim Milk	14.05%	100,575,948	\$6.81 /cwt.	\$ 6,849,222.04
Class IV Butterfat	20.58%	5,411,307	\$1.1433 /lb.	6,186,747.30
<b>Total Class IV Milk</b>	<b>14.28%</b>	<b>105,987,255</b>		<b>\$ 13,035,969.34</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>742,074,704</b>		<b>\$ 93,252,527.89</b>

### Adjustments

Overage and Other Source	\$ 88,665.98
Inventory Adjustments	67,998.08
Producer butterfat at uniform butterfat price	(31,997,575.89)
Location Adjustments to Producers	2,535,994.39
1/2 Unobligated Balance in P.S.F.	359,758.31

### Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8,98415	\$ 64,307,368.76
	<b>\$ 0.04415</b>	316,024.40

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

**\$8.94**

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

**\$12.89\***

\* At 3.5% butterfat test; for information purposes.

### OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butter

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	MAY 2002	JUNE 2002	APR 2002	MAY 2002	MAY 2002
Appalachian (Charlotte)	\$ 14.36	\$ 14.13	\$ 13.43	\$ 13.09	61.88%
Arizona-Las Vegas (Phoenix)	\$ 13.61	\$ 13.38	\$ 11.79	\$ 11.51	29.94%
Central (Kansas City)	\$ 13.26	\$ 13.03	\$ 11.68	\$ 11.47	24.73%
Florida (Tampa)	\$ 15.26	\$ 15.03	\$ 14.93	\$ 14.55	87.43%
Midwest (Cleveland)	\$ 13.26	\$ 13.03	\$ 11.92	\$ 11.92	34.50%
Northeast (Boston)	\$ 14.51	\$ 14.28	\$ 12.94	\$ 12.63	39.80%
Pacific Northwest (Seattle)	\$ 13.13	\$ 12.90	\$ 11.64	\$ 11.35	26.91%
<b>Southeast (Atlanta)</b>	<b>\$ 14.36</b>	<b>\$ 14.13</b>	<b>\$ 13.23</b>	<b>\$ 12.89</b>	<b>53.37%</b>
Southwest (Dallas)	\$ 14.26	\$ 14.03	\$ 12.71	\$ 12.42	38.02%
Upper Midwest (Chicago)	\$ 13.06	\$ 12.83	\$ 11.35	\$ 11.30	21.90%
Western (Salt Lake City)	\$ 13.15	\$ 12.92	\$ 11.54	\$ 11.31	18.16%



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

<b>Receipts:</b>	MAY 2002	MAY 2001
<b>Producer Milk</b>		
Class I	396,050,393	404,324,384
Class II	80,067,850	89,255,299
Class III	159,969,206	152,858,514
Class IV	105,987,255	56,041,262
	<u>742,074,704</u>	<u>702,479,459</u>
Total Producer Milk	<b>742,074,704</b>	<b>702,479,459</b>
Average Butterfat Test	3.54%	3.51%
Percent of Producer Milk in Class I	53.37%	57.55%
Daily Average Receipts	23,937,894	22,660,628
<b>Other Source Milk</b>		
Class I	8,858,640	11,392,556
Class II	8,588,730	5,241,933
Class III	3,059,876	7,244,831
Class IV	13,204,414	5,468,383
	<u>33,711,660</u>	<u>29,347,703</u>
Total Other Source Milk	<b>33,711,660</b>	<b>29,347,703</b>
<b>Overage</b>		
Class I	0	0
Class II	610,283	0
Class III	0	32,425
Class IV	290,184	18,046
	<u>900,467</u>	<u>50,471</u>
Total Overage	<b>900,467</b>	<b>50,471</b>
<b>Opening Inventory</b>		
Class I	38,385,685	34,825,634
Class II	2,244,305	184,342
Class III	51,014	3,609,587
Class IV	10,957,178	19,077,338
	<u>51,638,182</u>	<u>57,696,901</u>
Total Opening Inventory	<b>51,638,182</b>	<b>57,696,901</b>
<b>Total Receipts</b>	<b>828,325,013</b>	<b>788,574,534</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	35,519,725	34,223,172
Route Disposition Class I	395,495,183	400,952,782
Shrinkage	2,096,703	3,947,426
Transfers and Diversions to Nonpool	10,183,107	11,419,194
	<u>443,294,718</u>	<u>450,542,574</u>
Total Class I Utilization	<b>443,294,718</b>	<b>450,542,574</b>
Average Butterfat Test	2.16%	2.18%
Daily Average Utilization	14,299,830	14,533,631
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,690,336	2,663,188
Shrinkage	0	0
Transfers and Diversions to Nonpool	66,200,545	69,099,563
Used To Produce/Other Uses	22,620,287	22,918,823
	<u>91,511,168</u>	<u>94,681,574</u>
Total Class II Utilization	<b>91,511,168</b>	<b>94,681,574</b>
Average Butterfat Test	7.01%	6.63%
<b>Class III Utilization</b>		
Shrinkage	0	7,852,617
Transfers and Diversions to Nonpool	163,080,096	150,728,707
Used To Produce/Other Uses	0	5,164,033
	<u>163,080,096</u>	<u>163,745,357</u>
Total Class III Utilization	<b>163,080,096</b>	<b>163,745,357</b>
Average Butterfat Test	4.03%	3.80%
<b>Class IV Utilization</b>		
Inventory	11,236,896	19,678,291
Nonfluid Used To Fortify	1,916,132	2,106,817
Shrinkage	6,520,101	0
Transfers and Diversions to Nonpool	85,244,271	37,767,728
Used To Produce/Other Uses	25,521,631	21,053,193
	<u>130,439,031</u>	<u>80,605,029</u>
Total Class IV Utilization	<b>130,439,031</b>	<b>80,605,029</b>
Average Butterfat Test	5.05%	6.63%
<b>Total Utilization</b>	<b>828,325,013</b>	<b>789,574,534</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2002 is \$12.89 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.94 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2172 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 54.13% of all producer skim milk (priced to handlers at \$6.83 per hundredweight, plus the Class I differential, see page 2) and 32.85% of producer butterfat (priced to handlers at \$1.3339 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.37% of all producer skim milk (\$7.53 per hundredweight) and 22.11% of producer butterfat (\$1.1503 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.45% of all producer skim milk (\$7.07 per hundredweight) and 24.46% of producer butterfat (\$1.1433 per pound). Class IV use, generally milk processed into butter and powder, accounted for 14.05% of all producer skim milk (\$6.81 per hundredweight) and 20.58% of producer butterfat (\$1.1433 per pound).

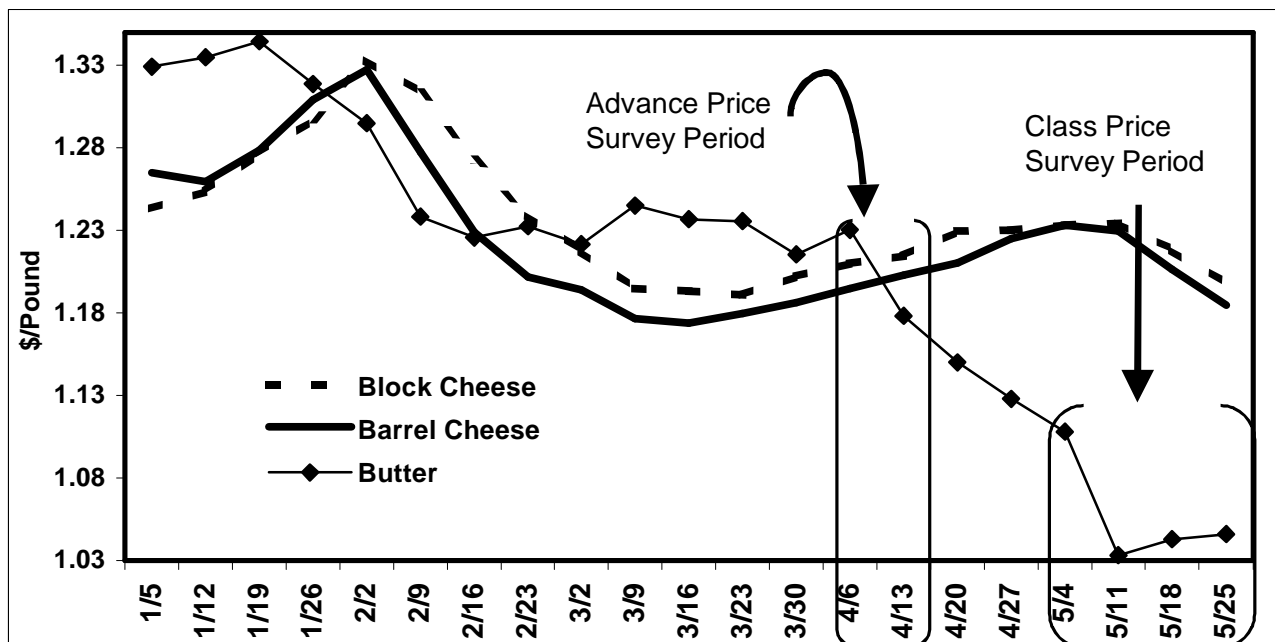
Receipts of producer milk during May 2002 totaled 742.1 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2002. Class I route disposition in the Southeast Market totaled 407.5 million pounds in April 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
<b>April 2002</b>	
Whole Milk	160,206,742
Fat Free Milk	50,202,936
Lowfat Milk (incl. 1%)	27,915,336
Reduced Fat Milk (incl. 2%)	118,848,478
Cultured Fluid Milk (incl. Buttermilk)	10,969,672
Flavored Drinks and Milk (incl. Eggnog)	39,317,699
<b>Total Disposition in Marketing Area</b>	<b>407,460,863</b>
Total Disposition by Pool Plants	337,309,328
Total Disposition by Nonpool Plants	70,151,535
<b>Total Disposition in Marketing Area</b>	<b>407,460,863</b>

## 2002 NASS Dairy Product Prices

On April 19, USDA released the May Class I price for Hillsborough County, FL, based on two price surveys of dairy products conducted April 6 and April 13. The Class I butterfat price, \$1.3739/lb., was arrived at in the following manner: ((average butter price from surveys) – (make allowance)) / (yield factor) + (Class I differential); or more specifically: ((1.2088) – (.115)) / (.82) + (.0400).



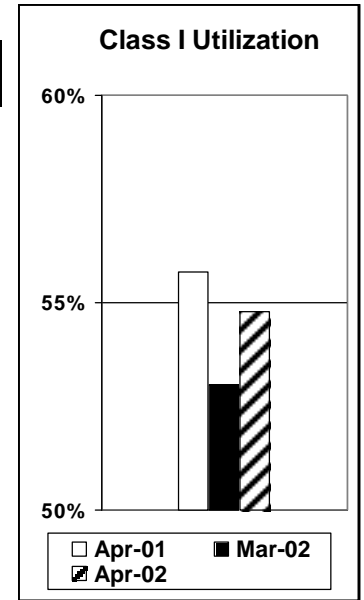
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$6.81	\$1.1433	\$10.57	\$8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	733,198	4,650**	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%

\* 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 June through August 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
June	07/11/02	07/12/02	07/15/02	06/25/02	06/26/02	07/15/02	07/16/02
July	08/11/02	08/12/02	08/13/02	07/25/02	07/26/02	08/13/02	08/14/02
August	09/11/02	09/12/02	09/13/02	08/26/02	08/26/02	09/13/02	09/16/02

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

**JUNE DAIRY MONTH 2002** 

# Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area  
Federal Order 7

www.fmmatlanta.com

July 2002

Volume 3—No. 7

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

## Beef Checkoff Ruled Unconstitutional; USDA Appeal Pending

On June 21, the U.S. District Court in South Dakota ruled that the Beef Promotion and Research Act was unconstitutional and ordered the collection of assessments cease on July 15, 2002. The suit against the beef checkoff program was brought by the Livestock Marketing Association, the Western Organization of Research Councils and three individual beef producers.

However, in a request filed by the U.S. Department of Justice on behalf of USDA, the 8th Circuit Court of Appeals granted a stay of the lower Court's ruling to cease collection of the checkoff. This decision allows the beef promotion and research program to continue to operate and function normally while the appeals process is ongoing. Therefore, beef producers and importers must continue to pay the one dollar per head of cattle sold.

The Beef Promotion and Research Order was authorized by the Beef Promotion and Research Act of 1985, and began operating in October of 1986. It is operated by a 110-member board made up of producers, and organized through a series of state Beef Boards. States retain up to 50 cents on the dollar and forward the other 50 cents per head to the Cattlemen's Beef Promotion and Research Board, which oversees the national checkoff program and is subject to USDA oversight.

## Milk Cost of Production Series Discontinued

With each month's Class price announcement, the Market Administrator has included an estimate of the cost of milk production by various regions throughout the nation. That data was supplied by the Economic Research Service (ERS), the main source of economic data for the U.S. Department of Agriculture.

However, ERS no longer collects the necessary data to estimate monthly cost of production, and therefore this information will no longer be included in future Class price announcements. In its place, ERS will maintain a new milk cost of production series based on an alternative study of dairy farmers. The new series will be updated each October, and can be found at [www.ers.usda.gov/Data/CostsAndReturns/testpick.htm](http://www.ers.usda.gov/Data/CostsAndReturns/testpick.htm).

## June Blend Dips to \$12.69

The uniform blend in Fulton County, GA, was \$12.69 per hundredweight for milk at 3.5 percent butterfat for the month of June. This represents a 20-cent decline from May, and is \$4.59 lower than June of last year. It's the lowest blend price since Reform. Class I utilization was 54.08 percent, up fractionally from May.

## National Dairy Situation

USDA estimates total U.S. production of milk in March at 15.1 billion pounds, an increase of 3.2 percent from a year previous. Quarterly production for 2002 is estimated to be 2.4 percent higher than 2001. Total cheese output (excluding cottage cheese) was 724 million pounds, 2.4 percent above May 2001 and 3.5 percent above April 2002. Butter production was 127 million pounds in May, 14.0 percent above May 2001 but 4.4 percent below April 2002. Nonfat dry milk production for human food totaled 158.0 million pounds, 12.6 percent above May 2001. The milk-feed price ratio, the pounds of 16 percent mixed dairy feed equal in value to 1 pound of whole milk, was 2.65 in June, down from 2.66 in May, and down significantly from 3.74 in June of 2001.

## National Fluid Milk Board Appointments Made

Secretary Veneman has appointed three incumbents and five new members to the National Fluid Milk Processor Promotion Board. The southeastern U.S. is covered by two Regions, 5 and 11, and two new appointments from those Regions will begin three-year terms in July. James S. Jaskiewicz of Lakeland, FL, was selected to represent Region 5, and Gary L. Aggus of Springfield, MO, will serve for Region 11.

The Board is composed of 15 fluid milk processors from 15 geographic regions and five at-large members. The Board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products.

The mandatory national fluid milk program is financed by a 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages. Processors who commercially process and market 500,000 pounds or less per month are exempt from assessments.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JUNE 2002

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.33%	7,902,306	\$1.1577	\$ 9,148,499.67
Class I Differential at Location				234,859.20
Class II Butterfat	23.32%	5,367,430	\$1.1281	6,054,997.75
Class III Butterfat	23.58%	5,427,534	\$1.1211	6,084,808.35
Class IV Butterfat	18.77%	4,321,400	\$1.1211	4,844,721.52
<b>Total Butterfat</b>	<b>100.00%</b>	<b>23,018,670</b>		<b>\$ 26,367,886.49</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.1455</b>	

### Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
<b>Producer Milk</b>				
Class I Skim Milk	54.80%	344,109,465	\$7.23 /cwt.	\$ 24,879,114.34
Class I Butterfat	34.33%	7,902,306	\$1.1577 /lb.	9,148,499.67
Class I Differential at Location		352,011,771		10,434,351.28
<b>Total Class I Milk</b>	<b>54.08%</b>	<b>352,011,771</b>		<b>\$ 44,461,965.29</b>
Class II Skim Milk	11.29%	70,877,409	\$7.50 /cwt.	\$ 5,315,805.79
Class II Butterfat	23.32%	5,367,430	\$1.1281 /lb.	6,054,997.75
<b>Total Class II Milk</b>	<b>11.71%</b>	<b>76,244,839</b>		<b>\$ 11,370,803.54</b>
Class III Skim Milk	21.67%	136,077,925	\$6.39 /cwt.	\$ 8,695,379.43
Class III Butterfat	23.58%	5,427,534	\$1.1211 /lb.	6,084,808.35
<b>Total Class III Milk</b>	<b>21.74%</b>	<b>141,505,459</b>		<b>\$ 14,780,187.78</b>
Class IV Skim Milk	12.24%	76,834,946	\$6.84 /cwt.	\$ 5,255,510.33
Class IV Butterfat	18.77%	4,321,400	\$1.1211 /lb.	4,844,721.52
<b>Total Class IV Milk</b>	<b>12.47%</b>	<b>81,156,346</b>		<b>\$ 10,100,231.85</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>650,918,415</b>		<b>\$ 80,713,188.46</b>

### Adjustments

Overage and Other Source	\$ 37,918.74
Inventory Adjustments	11,109.34
Producer butterfat at uniform butterfat price	(26,367,886.49)
Location Adjustments to Producers	2,142,725.58
1/2 Unobligated Balance in P.S.F.	299,276.82

<b>Adjusted Pool Value</b>	<b>\$ 9.04985</b>	<b>\$ 56,836,332.45</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04985</b>	313,122.44

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.00**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$12.69\***

\* 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 2002	JULY 2002	MAY 2002	JUNE 2002	JUNE 2002
Appalachian (Charlotte)	\$ 14.13	\$ 13.72	\$ 13.09	\$ 12.83	57.26%
Arizona-Las Vegas (Phoenix)	\$ 13.38	\$ 12.97	\$ 11.51	\$ 11.22	28.02%
Central (Kansas City)	\$ 13.03	\$ 12.62	\$ 11.47	\$ 11.00	22.13%
Florida (Tampa)	\$ 15.03	\$ 14.62	\$ 15.55	\$ 14.44	86.19%
Mideast (Cleveland)	\$ 13.03	\$ 12.62	\$ 11.92	\$ 11.24	29.20%
Northeast (Boston)	\$ 14.28	\$ 13.87	\$ 12.63	\$ 12.38	38.10%
Pacific Northwest (Seattle)	\$ 12.93	\$ 12.52	\$ 11.35	\$ 11.00	22.38%
<b>Southeast (Atlanta)</b>	<b>\$ 14.13</b>	<b>\$ 13.72</b>	<b>\$ 12.89</b>	<b>\$ 12.69</b>	<b>54.08%</b>
Southwest (Dallas)	\$ 14.03	\$ 13.62	\$ 12.42	\$ 12.11	36.00%
Upper Midwest (Chicago)	\$ 12.83	\$ 12.42	\$ 11.30	\$ 10.72	19.10%
Western (Salt Lake City)	\$ 12.92	\$ 12.51	\$ 11.31	\$ 10.87	15.96%

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

<b>Receipts:</b>		JUNE 2002	JUNE 2001
<b>Producer Milk</b>			
Class I		352,011,771	380,339,864
Class II		76,244,839	86,472,594
Class III		141,505,459	127,461,247
Class IV		81,156,346	36,759,263
	Total Producer Milk	<u>650,918,415</u>	<u>631,032,968</u>
	Average Butterfat Test	3.54%	3.55%
	Percent of Producer Milk in Class I	54.08%	60.27%
	Daily Average Receipts	21,697,281	21,034,432
<b>Other Source Milk</b>			
Class I		6,781,907	9,004,279
Class II		8,056,374	6,173,302
Class III		7,598,722	9,883,794
Class IV		7,296,655	5,424,516
	Total Other Source Milk	<u>29,733,658</u>	<u>30,486,891</u>
<b>Overage</b>			
Class I		0	0
Class II		0	0
Class III		0	231
Class IV		21,925	5,777
	Total Overage	<u>21,925</u>	<u>6,008</u>
<b>Opening Inventory</b>			
Class I		34,548,035	34,333,590
Class II		438,503	1,675,563
Class III		642,989	3,231,720
Class IV		9,737,912	14,660,590
	Total Opening Inventory	<u>45,367,439</u>	<u>53,901,463</u>
	<b>Total Receipts</b>	<b>726,041,437</b>	<b>715,426,330</b>
<b>Utilization:</b>			
<b>Class I Utilization</b>			
	Inventory of Packaged FMP	29,665,585	31,308,352
	Route Disposition Class I	350,327,552	380,457,589
	Shrinkage	2,284,150	1,849,247
	Transfers and Diversions to Nonpool	11,064,426	10,062,545
	Total Class I Utilization	<u>393,341,713</u>	<u>423,677,733</u>
	Average Butterfat Test	2.24%	2.27%
	Daily Average Utilization	13,111,390	14,122,591
<b>Class II Utilization</b>			
	Nonfluid Used To Produce	2,424,653	3,159,299
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	62,321,599	68,415,377
	Used To Produce/Other Uses	19,993,464	22,746,783
	Total Class II Utilization	<u>84,739,716</u>	<u>94,321,459</u>
	Average Butterfat Test	6.91%	7.22%
<b>Class III Utilization</b>			
	Shrinkage	6,761,484	6,941,790
	Transfers and Diversions to Nonpool	137,978,383	128,571,342
	Used To Produce/Other Uses	5,007,303	5,063,860
	Total Class III Utilization	<u>149,747,170</u>	<u>140,576,992</u>
	Average Butterfat Test	3.80%	3.90%
<b>Class IV Utilization</b>			
	Inventory	24,684,521	15,515,329
	Nonfluid Used To Fortify	1,827,005	2,014,492
	Shrinkage	0	0
	Transfers and Diversions to Nonpool	59,426,698	28,229,751
	Used To Produce/Other Uses	12,274,614	11,090,574
	Total Class IV Utilization	<u>98,212,838</u>	<u>56,850,146</u>
	Average Butterfat Test	5.26%	6.34%
	<b>Total Utilization</b>	<b>726,041,437</b>	<b>715,426,330</b>

## Southeast Market Summary

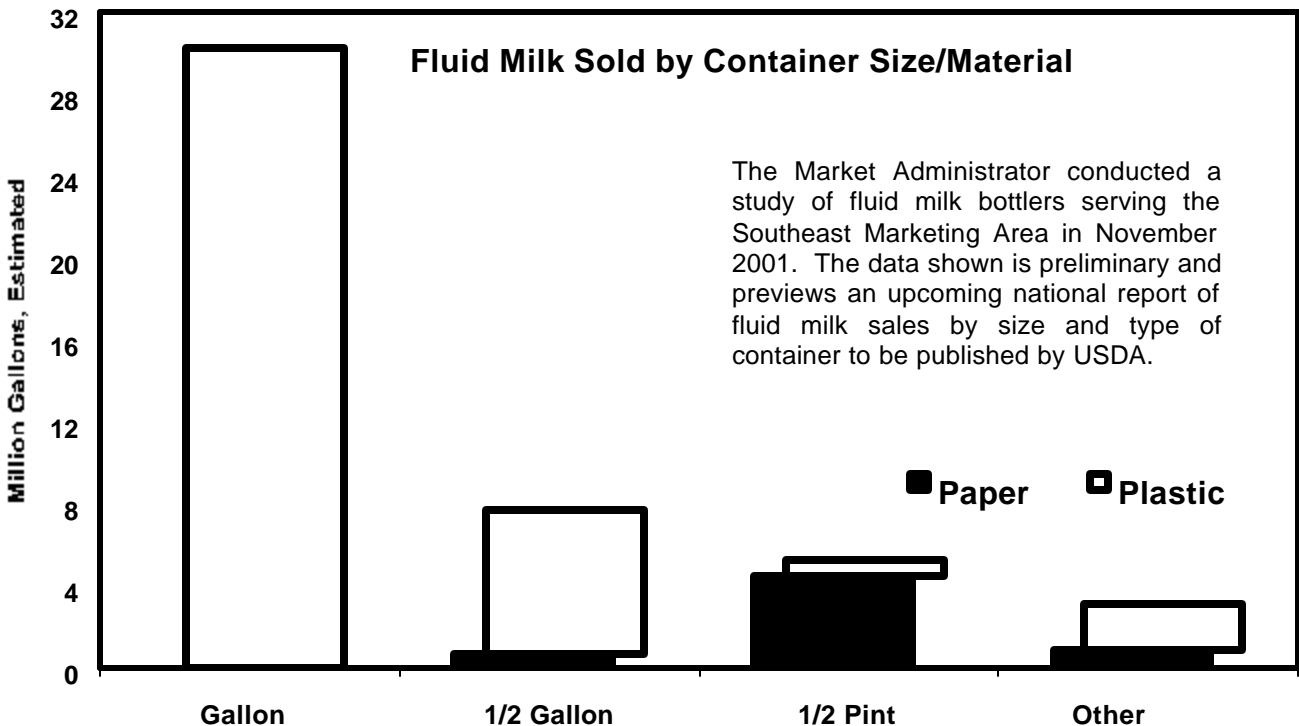
The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2002 is \$12.69 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.00 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1455 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 54.81% of all producer skim milk (priced to handlers at \$7.23 per hundredweight, plus the Class I differential, see page 2) and 34.33% of producer butterfat (priced to handlers at \$1.1577 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.29% of all producer skim milk (\$7.50 per hundredweight) and 23.32% of producer butterfat (\$1.1281 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.67% of all producer skim milk (\$6.39 per hundredweight) and 23.58% of producer butterfat (\$1.1211 per pound). Class IV use, generally milk processed into butter and powder, accounted for 12.23% of all producer skim milk (\$6.84 per hundredweight) and 18.77% of producer butterfat (\$1.1211 per pound).

Receipts of producer milk during June 2002 totaled 650.9 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 June 2002. Class I route disposition in the Southeast Market totaled 411.5 million pounds in May 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast May 2002
Whole Milk	165,002,581
Fat Free Milk	51,588,500
Lowfat Milk (incl. 1%)	27,972,456
Reduced Fat Milk (incl. 2%)	120,364,485
Cultured Fluid Milk (incl. Buttermilk)	11,081,025
Flavored Drinks and Milk (incl. Eggnog)	35,510,552
<b>Total Disposition in Marketing Area</b>	<b>411,519,599</b>
Total Disposition by Pool Plants	338,897,033
Total Disposition by Nonpool Plants	72,622,566
<b>Total Disposition in Marketing Area</b>	<b>411,519,599</b>





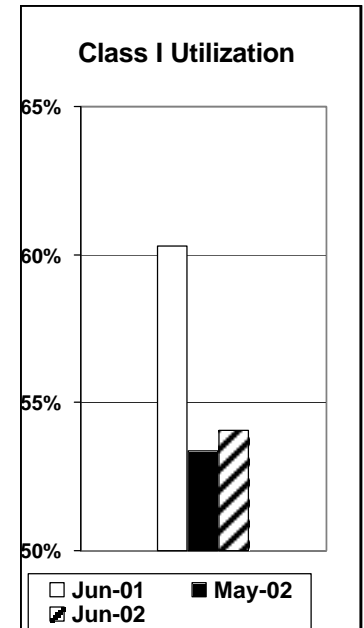
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$6.81	\$1.1433	\$10.57	\$8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$6.84	\$1.1211	\$10.52	\$9.00	\$1.1455	\$12.69
Jul	\$9.95	\$1.1753	\$13.72	\$7.55											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	742,075	4,476	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun	650,918	4,450**	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods July through September 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
July	08/11/02	08/12/02	08/13/02	07/25/02	07/26/02	08/13/02	08/14/02
August	09/11/02	09/12/02	09/13/02	08/26/02	08/26/02	09/13/02	09/16/02
September	10/11/02	10/15/02	10/16/02	09/25/02	09/26/02	10/16/02	10/17/02

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**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)

August 2002

Volume 3—No. 8

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

## MILC Program To Help Producers

The Milk Income Loss Contract (MILC) program, created by Congress in the 2002 Farm Bill, is scheduled to begin making payments to qualified producers in October. Payment rates are 45% of the difference between \$16.94 and the Boston Class I price, but will be limited to the first 2.4 million pounds of production per fiscal year. These payments range between \$0.77 (Dec. 01) and \$1.44 (Aug. 02) per hundredweight per month, but what individual farms will receive is dependent upon how quickly they exploit the 2.4 million pound per farm production cap.

The MILC program is retroactive to December 1, 2001 and runs through September 2005. Starting August 13th, producers seeking participation in the program should visit their local USDA Farm Services Agency office. For locations, visit [www.fsa.usda.gov](http://www.fsa.usda.gov) and click "your local office" or dial (202) 720-7809 for the Farm Service Agency's Public Affairs Staff in Washington, DC.

## Fluid Milk Order's Exemption Increased

The program that assesses processors twenty-cents per hundredweight on all fluid milk products sold in consumer-type packages has been amended to exempt those manufacturers who produce less than three million pounds per month. Previously, processors that produced less than 500,000 pounds were exempt. These provisions became effect August 1, 2002.

## Hearing Announced for Northeast Order

A public hearing will be held to consider changes to the Northeast Federal milk marketing order. Proposed changes include establishing a marketwide service payment to offset the costs of balancing the Class I market, increasing the pooling qualifications for producers, decreasing diversions limitations, and eliminating the split plant provisions for pool supply plants. The hearing will be held Sept. 10, at the Embassy Suites Hotel, 1900 Diagonal Road, Alexandria, VA., 22314. For more information, call (617) 542-1478 or email [maboston@fedmilk1.com](mailto:maboston@fedmilk1.com).

## Is \$12.55 The Bottom?

The uniform blend in Fulton County, GA, was \$12.55 per hundredweight for milk at 3.5 percent butterfat for the month of July. This represents a 14-percent decline from June, and is \$4.99 lower than July of last year. Class I utilization was 62.60 percent, up 8.5 percent from last month, and higher than any Class I utilization seen since November of last year. Total producer milk pooled on the market was lower in July, the lowest amount pooled since September of last year. With August's announced Class I price off fourteen-cents and a continuation of depressed commodity prices through the first two weeks of August, the bottom may not have yet been reached.

## National Dairy Situation

USDA estimates total U.S. production of milk in June at 14.3 billion pounds, an increase of 2.2 percent from last year. Second quarter production for 2002 is estimated to be 3.0 percent higher than 2001. Total cheese output was 686 million pounds, 1.0 percent above June 2001 but 5.3 percent below May 2002. Butter production was 97.9 million pounds in June, 12.8 percent above June 2001 but 22.6 percent below May 2002.

## New Rules for Mideast Order

The Mideast Order has an Interim Final Rule in place, one that became effective August 1, 2002, and whose general aims are to increase the performance standards of producers wishing to pool on that market and to make qualifying as a pool plant more difficult. To that end, diversion and 'touch base' provisions were stiffened, and the automatic pool plant status for March through August was removed. Copies of the Interim Final Rule are available at [www.fmmacleev.com](http://www.fmmacleev.com).

## Transportation Credit Update

The available balance in the F.O.7 transportation credit balancing fund for July was \$2,034,746.42. Claims were made for \$476,718.37. Since sufficient funds were available, all eligible claims were paid in full.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JULY 2002

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.31%	8,494,882	\$1.1443	\$ 9,720,693.46
Class I Differential at Location				252,931.48
Class II Butterfat	27.03%	5,840,336	\$1.0999	6,423,785.56
Class III Butterfat	22.41%	4,842,930	\$1.0929	5,292,838.18
Class IV Butterfat	11.25%	2,431,220	\$1.0929	2,657,080.33
<b>Total Butterfat</b>	<b>100.00%</b>	<b>21,609,368</b>		<b>\$ 24,347,329.01</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.1267</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	63.46%	371,773,295	\$6.85 /cwt.	\$ 25,466,470.71
Class I Butterfat	39.31%	8,494,882	\$1.1443 /lb.	9,720,693.46
Class I Differential at Location		380,268,177		11,273,752.11
<b>Total Class I Milk</b>	<b>62.60%</b>	<b>380,268,177</b>		<b>\$ 46,460,916.28</b>
Class II Skim Milk	12.89%	75,482,399	\$7.55 /cwt.	\$ 5,698,921.11
Class II Butterfat	27.03%	5,840,336	\$1.0999 /lb.	6,423,785.56
<b>Total Class II Milk</b>	<b>13.39%</b>	<b>81,322,735</b>		<b>\$ 12,122,706.67</b>
Class III Skim Milk	20.71%	121,298,723	\$5.70 /cwt.	\$ 6,914,027.24
Class III Butterfat	22.41%	4,842,930	\$1.0929 /lb.	5,292,838.18
<b>Total Class III Milk</b>	<b>20.77%</b>	<b>126,141,653</b>		<b>\$ 12,206,865.42</b>
Class IV Skim Milk	2.94%	17,241,825	\$6.87 /cwt.	\$ 1,184,513.36
Class IV Butterfat	11.25%	2,431,220	\$1.0929 /lb.	2,657,080.33
<b>Total Class IV Milk</b>	<b>3.24%</b>	<b>19,673,045</b>		<b>\$ 3,841,593.69</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>607,405,610</b>		<b>\$ 74,632,082.06</b>

### Adjustments

Overage and Other Source	\$ 9,064.69
Inventory Adjustments	1,644.98
Producer butterfat at uniform butterfat price	(24,347,329.01)
Location Adjustments to Producers	1,776,952.44
1/2 Unobligated Balance in P.S.F.	441,038.32

<b>Adjusted Pool Value</b>	<b>\$ 8.96446</b>	<b>\$ 52,513,453.48</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04446</b>	259,759.96

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$8.92**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$12.55\***

\* 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 %
	JULY 2002	AUGUST 2002	JUNE 2002	JULY 2002	JULY 2002
Appalachian (Charlotte)	\$ 13.72	\$ 13.58	\$ 12.83	\$ 12.88	69.57%
Arizona-Las Vegas (Phoenix)	\$ 12.97	\$ 12.83	\$ 11.22	\$ 10.87	32.44%
Central (Kansas City)	\$ 12.62	\$ 12.48	\$ 11.00	\$ 10.44	24.38%
Florida (Tampa)	\$ 14.62	\$ 14.48	\$ 14.44	\$ 14.19	90.14%
Mideast (Cleveland)	\$ 12.62	\$ 12.48	\$ 11.24	\$ 10.85	36.60%
Northeast (Boston)	\$ 13.87	\$ 13.73	\$ 12.38	\$ 12.05	39.40%
Pacific Northwest (Seattle)	\$ 12.52	\$ 12.38	\$ 11.00	\$ 10.66	25.55%
<b>Southeast (Atlanta)</b>	<b>\$ 13.72</b>	<b>\$ 13.58</b>	<b>\$ 12.69</b>	<b>\$ 12.55</b>	<b>62.60%</b>
Southwest (Dallas)	\$ 13.62	\$ 13.48	\$ 12.11	\$ 11.81	39.26%
Upper Midwest (Chicago)	\$ 12.42	\$ 12.28	\$ 10.72	\$ 10.13	21.20%
Western (Salt Lake City)	\$ 12.51	\$ 12.37	\$ 10.87	\$ 10.26	20.57%

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

<b>Receipts:</b>	<b>JULY 2002</b>	<b>JULY 2001</b>
<b>Producer Milk</b>		
Class I	380,268,177	379,996,976
Class II	81,322,735	74,883,609
Class III	126,141,653	101,520,566
Class IV	19,673,045	39,012,771
	<hr/>	<hr/>
Total Producer Milk	<b>607,405,610</b>	<b>595,413,922</b>
Average Butterfat Test	3.56%	3.57%
Percent of Producer Milk in Class I	62.60%	63.82%
Daily Average Receipts	19,593,729	19,206,901
<b>Other Source Milk</b>		
Class I	7,093,584	10,352,319
Class II	6,262,616	7,212,714
Class III	3,390,339	3,722,313
Class IV	6,598,463	7,672,831
	<hr/>	<hr/>
Total Other Source Milk	<b>23,345,002</b>	<b>28,960,177</b>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	7,964	0
	<hr/>	<hr/>
Total Overage	<b>7,964</b>	<b>0</b>
<b>Opening Inventory</b>		
Class I	30,237,822	31,308,352
Class II	2,157,585	1,044,751
Class III	2,601,162	92,195
Class IV	19,353,537	14,378,383
	<hr/>	<hr/>
Total Opening Inventory	<b>54,350,106</b>	<b>46,823,681</b>
	<hr/>	<hr/>
<b>Total Receipts</b>	<b>685,108,682</b>	<b>671,197,780</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	28,959,379	32,575,719
Route Disposition Class I	377,039,382	374,111,697
Shrinkage	2,452,094	4,241,923
Transfers and Diversions to Nonpool	9,148,728	10,728,308
	<hr/>	<hr/>
Total Class I Utilization	<b>417,599,583</b>	<b>421,657,647</b>
Average Butterfat Test	2.23%	2.27%
Daily Average Utilization	13,470,954	13,601,860
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,389,739	3,363,481
Shrinkage	0	0
Transfers and Diversions to Nonpool	63,663,929	56,611,272
Used To Produce/Other Uses	23,689,268	23,166,321
	<hr/>	<hr/>
Total Class II Utilization	<b>89,742,936</b>	<b>83,141,074</b>
Average Butterfat Test	6.94%	7.77%
<b>Class III Utilization</b>		
Shrinkage	7,462,698	0
Transfers and Diversions to Nonpool	119,633,331	105,335,074
Used To Produce/Other Uses	5,037,125	0
	<hr/>	<hr/>
Total Class III Utilization	<b>132,133,154</b>	<b>105,335,074</b>
Average Butterfat Test	3.75%	3.94%
<b>Class IV Utilization</b>		
Inventory	22,876,939	18,507,711
Nonfluid Used To Fortify	1,864,965	2,001,553
Shrinkage	0	7,141,396
Transfers and Diversions to Nonpool	18,444,086	27,209,277
Used To Produce/Other Uses	2,447,019	6,204,048
	<hr/>	<hr/>
Total Class IV Utilization	<b>45,633,009</b>	<b>61,063,985</b>
Average Butterfat Test	8.21%	6.34%
	<hr/>	<hr/>
<b>Total Utilization</b>	<b>685,108,682</b>	<b>671,197,780</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2002 is \$12.55 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.92 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1267 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

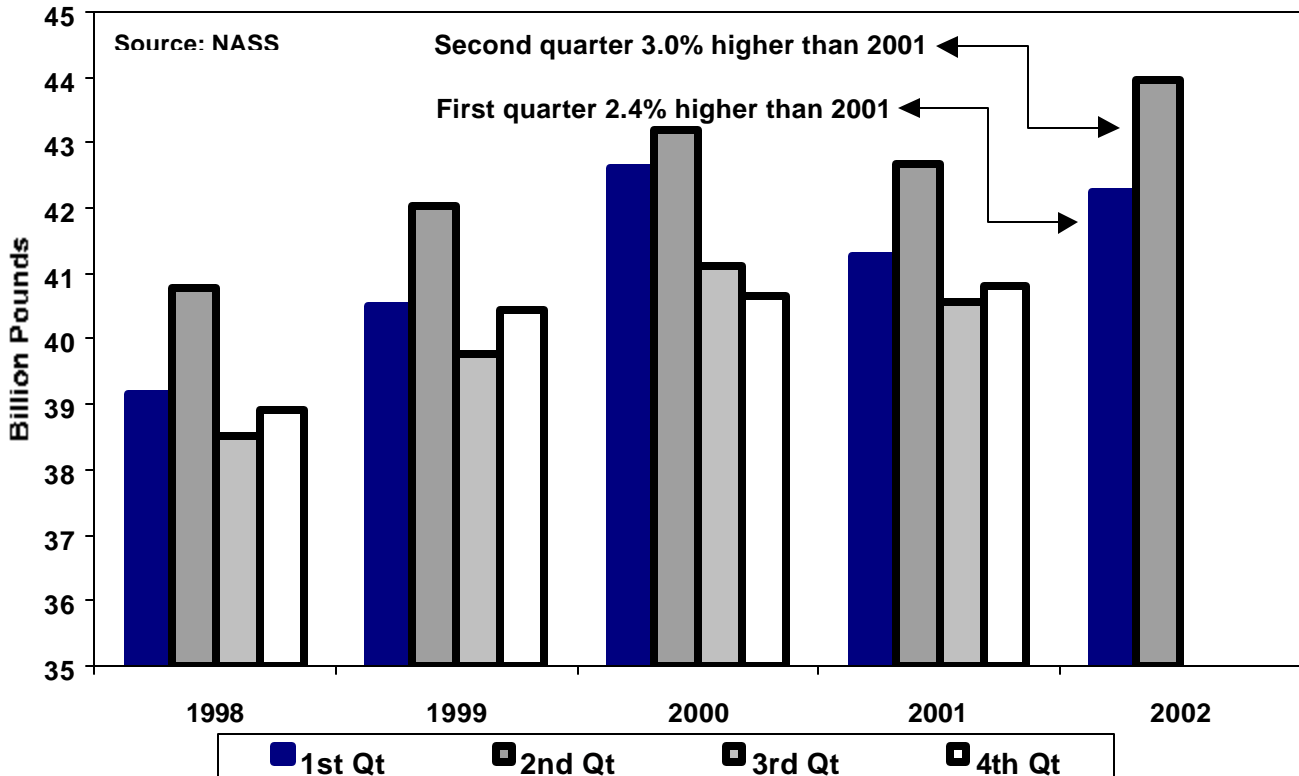
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In July, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.46% of all producer skim milk (priced to handlers at \$6.85 per hundredweight, plus the Class I differential, see page 2) and 39.31% of producer butterfat (priced to handlers at \$1.1443 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.89% of all producer skim milk (\$7.55 per hundredweight) and 27.03% of producer butterfat (\$1.0999 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.71% of all producer skim milk (\$5.70 per hundredweight) and 22.41% of producer butterfat (\$1.0929 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.94% of all producer skim milk (\$6.87 per hundredweight) and 11.25% of producer butterfat (\$1.0929 per pound).

Receipts of producer milk during July 2002 totaled 607.4 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 July 2002. Class I route disposition in the Southeast Market totaled 365.9 million pounds in June 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>June 2002</b>
Whole Milk	153,558,964
Fat Free Milk	46,861,724
Lowfat Milk (incl. 1%)	24,649,711
Reduced Fat Milk (incl. 2%)	112,783,131
Cultured Fluid Milk (incl. Buttermilk)	9,897,332
Flavored Drinks and Milk (incl. Eggnog)	18,151,783
<b>Total Disposition in Marketing Area</b>	<b>365,902,645</b>
Total Disposition by Pool Plants	300,273,280
Total Disposition by Nonpool Plants	65,629,365
<b>Total Disposition in Marketing Area</b>	<b>365,902,645</b>

## Quarterly U.S. Milk Production



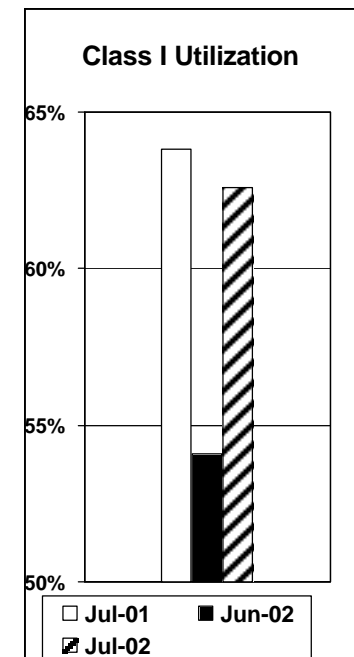
### FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$6.81	\$1.1433	\$10.57	\$8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$6.84	\$1.1211	\$10.52	\$9.00	\$1.1455	\$12.69
Jul	\$9.95	\$1.1753	\$13.72	\$7.55	\$1.0999	\$11.14	\$5.70	\$1.0929	\$9.33	\$6.87	\$1.0929	\$10.45	\$8.92	\$1.1267	\$12.55
Jul	\$9.96	\$1.1332	\$13.58	\$7.56											

### 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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	742,075	4,476	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun	650,918	4,599	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%
Jul	607,406	4,600**	380,268	62.60%	81,323	13.39%	126,142	20.77%	19,673	3.24%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods August through October 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
August	09/11/02	09/12/02	09/13/02	08/26/02	08/26/02	09/13/02	09/16/02
September	10/11/02	10/15/02	10/16/02	09/25/02	09/26/02	10/16/02	10/17/02
October	11/11/02	11/12/02	11/13/02	10/25/02	10/28/02	11/13/02	11/14/02

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



**BACK TO SCHOOL**



# Market Information BULLETIN



Southeast Marketing Area  
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

September 2002

Volume 3—No. 9

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

## F.O. 124 Pooling Standards Altered

The Pacific Northwest Federal Milk Marketing Order issued a tentative final decision on September 5th which makes several changes to the way milk may be pooled. The Order encompassing all of Washington state, and parts of Idaho and Oregon, will: 1) require a "touch-base" standard specifying that at least three days' milk production of a dairy farmer during the month needs to be delivered to a pool plant in order for the rest of the farmer's milk to be eligible for diversion to nonpool plants; 2) set a year-round limit of 80 percent on the amount of milk that can be diverted from pool to nonpool plants; and 3) provide authority to the Market Administrator to adjust the touch-base standard.

In addition, a new cooperative pool manufacturing plant provision, along with system pooling for those plants so designated, was adopted. Consequently, the supply plant feature applicable to cooperative supply plants was eliminated. These proposed amendments must be approved by either two-thirds of producers supplying the marketing area or by producers who supply two-thirds of the milk for the marketing area. Interested persons have until November 5th to file comments in response to the tentative decision. For additional information contact: James R. Daugherty, Pacific Northwest Market Administrator; USDA/AMS/Dairy Programs; 11225 North 28th Drive, Suite D-120; Phoenix, Ariz. 85029-5630; Tel. (602) 547-2909; email: fmmaseattle@fmmaseattle.com.

It is interesting to note that the F.O. 124 decision is in line with the proposals and decisions in the five other Federal Order hearings held in the past year. The basic refrain from producers across the country is to participate in the benefits of our Class I moneys, you must perform at higher standards. That means producers must ship milk more days of the month in order to divert, plants must divert less milk on a percentage basis, and milk can't be pooled on more than one market-wide pool.

## Blend Inches Higher

The uniform blend in Fulton County, GA, was \$12.63 per hundredweight for milk at 3.5 percent butterfat for the month of August. This represents an eight-cent increase from July, but is \$3.24 lower than August of last year. Class I utilization was 67.28 percent, up nearly five percent from last month, but down 1.35 percent from August 2001.

## National Dairy Situation

USDA estimates total U.S. production of milk in July at 14.2 billion pounds, an increase of 2.5 percent from last year. Cumulatively for the year, national milk production is estimated to be 2.7 percent higher than last year. Milk per cow continues to improve over last year, and cow numbers are estimated to be higher than 2001 for the fourth consecutive month.

Total cheese output (excluding cottage cheese) was 670 million pounds, 0.8 percent below July 2001 and 2.7 percent below June 2002. Butter production was 93.9 million pounds in July, 11.5 percent above July 2001 but 3.1 percent below June 2002. Cumulatively for the year, the three major commodities are being produced at a rate higher than a year previous. Through July, total cheese production (excluding cottage cheese) is up 2.0 percent, butter production is up 13.9 percent, and nonfat dry milk powder production (for human consumption) is up 11.5 percent.

The milk-feed price ratio (the number of pounds of 16 percent mixed dairy feed equal in value to one pound of whole milk) fell to 2.20 in August, significantly lower than the 3.62 ratio seen in August 2001.

## Transportation Credit Update

The available balance in the F.O.7 transportation credit balancing fund for August was \$1,851,281.67. Claims were made for \$1,074,419.20. Since sufficient funds were available, all eligible claims were paid in full.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - AUGUST 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.44%	8,933,516	\$1.1022	\$ 9,846,521.36
Class I Differential at Location				264,229.06
Class II Butterfat	26.57%	5,869,033	\$1.0771	6,321,535.48
Class III Butterfat	21.03%	4,646,851	\$1.0701	4,972,595.28
Class IV Butterfat	11.96%	2,643,072	\$1.0701	2,828,351.36
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,092,472</b>		<b>\$ 24,233,232.54</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.0969</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	68.27%	408,212,908	\$6.86 /cwt.	\$ 28,003,405.50
Class I Butterfat	40.44%	8,933,516	\$1.1022 /lb.	9,846,521.36
Class I Differential at Location		417,146,424		12,367,999.89
<b>Total Class I Milk</b>	<b>67.28%</b>	<b>417,146,424</b>		<b>\$ 50,217,926.75</b>
Class II Skim Milk	12.24%	73,162,039	\$7.56 /cwt.	\$ 5,531,050.13
Class II Butterfat	26.57%	5,869,033	\$1.0771 /lb.	6,321,535.48
<b>Total Class II Milk</b>	<b>12.75%</b>	<b>79,031,072</b>		<b>\$ 11,852,585.61</b>
Class III Skim Milk	16.98%	101,531,923	\$6.00 /cwt.	\$ 6,091,915.38
Class III Butterfat	21.03%	4,646,851	\$1.0701 /lb.	4,972,595.28
<b>Total Class III Milk</b>	<b>17.13%</b>	<b>106,178,774</b>		<b>\$ 11,064,510.66</b>
Class IV Skim Milk	2.51%	14,989,460	\$6.91 /cwt.	\$ 1,035,771.69
Class IV Butterfat	11.96%	2,643,072	\$1.0701 /lb.	2,828,351.36
<b>Total Class IV Milk</b>	<b>2.84%</b>	<b>17,632,532</b>		<b>\$ 3,864,123.05</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>619,988,802</b>		<b>\$ 76,999,146.07</b>

**Adjustments**

Overage and Other Source	\$ 6,020.71
Inventory Adjustments	(50,012.87)
Producer butterfat at uniform butterfat price	(24,233,232.54)
Location Adjustments to Producers	1,669,196.04
1/2 Unobligated Balance in P.S.F.	352,102.34

**Adjusted Pool Value**

Reserve for Producer Settlement Fund	<b>\$ 9.15597</b>	<b>\$ 54,743,219.75</b>
	<b>\$ 0.04597</b>	274,145.96

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

**\$9.11**

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

**\$12.63\***

\* 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 2002	SEPT 2002	JULY 2002	AUG 2002	AUGUST 2002
Appalachian (Charlotte)	\$ 13.58	\$ 13.56	\$ 12.88	\$ 12.87	72.52%
Arizona-Las Vegas (Phoenix)	\$ 12.83	\$ 12.81	\$ 10.87	\$ 11.04	35.60%
Central (Kansas City)	\$ 12.48	\$ 12.46	\$ 10.44	\$ 10.58	27.02%
Florida (Tampa)	\$ 14.48	\$ 14.46	\$ 14.19	\$ 14.19	91.98%
Mideast (Cleveland)	\$ 12.48	\$ 12.46	\$ 10.85	\$ 11.19	41.60%
Northeast (Boston)	\$ 13.73	\$ 13.71	\$ 12.05	\$ 12.16	43.30%
Pacific Northwest (Seattle)	\$ 12.38	\$ 12.36	\$ 10.66	\$ 10.66	26.34%
<b>Southeast (Atlanta)</b>	<b>\$ 13.58</b>	<b>\$ 13.56</b>	<b>\$ 12.55</b>	<b>\$ 12.63</b>	<b>67.28%</b>
Southwest (Dallas)	\$ 13.48	\$ 13.46	\$ 11.81	\$ 11.95	45.01%
Upper Midwest (Chicago)	\$ 12.28	\$ 12.26	\$ 10.13	\$ 10.20	19.90%
Western (Salt Lake City)	\$ 12.37	\$ 12.35	\$ 10.26	\$ 10.35	21.50%

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

<b>Receipts:</b>	<b>AUGUST 2002</b>	<b>AUGUST 2001</b>
<b>Producer Milk</b>		
Class I	417,146,424	409,293,317
Class II	79,031,072	71,573,256
Class III	106,178,774	90,545,583
Class IV	17,632,532	25,009,593
Total Producer Milk	<b>619,988,802</b>	<b>596,421,749</b>
Average Butterfat Test	3.56%	3.58%
Percent of Producer Milk in Class I	67.28%	68.63%
Daily Average Receipts	19,999,639	19,239,411
<b>Other Source Milk</b>		
Class I	9,267,233	29,553,165
Class II	4,505,163	6,774,100
Class III	2,328,576	6,247,616
Class IV	5,883,021	10,102,041
Total Other Source Milk	<b>21,983,993</b>	<b>52,676,922</b>
<b>Overage</b>		
Class I	0	0
Class II	0	297
Class III	0	0
Class IV	11,898	136,213
Total Overage	<b>11,898</b>	<b>136,510</b>
<b>Opening Inventory</b>		
Class I	29,116,030	33,414,509
Class II	263,576	2,314,110
Class III	5,781,189	876,017
Class IV	16,815,581	14,525,774
Total Opening Inventory	<b>51,976,376</b>	<b>51,130,410</b>
<b>Total Receipts</b>	<b>693,961,069</b>	<b>700,365,591</b>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	30,821,345	39,938,429
Route Disposition Class I	412,562,381	415,456,783
Shrinkage	2,739,308	3,061,715
Transfers and Diversions to Nonpool	9,406,653	13,804,064
Total Class I Utilization	<b>455,529,687</b>	<b>472,260,991</b>
Average Butterfat Test	2.15%	2.19%
Daily Average Utilization	14,694,506	15,234,226
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,001,131	2,920,698
Shrinkage	0	0
Transfers and Diversions to Nonpool	60,349,846	54,411,748
Used To Produce/Other Uses	21,448,834	23,329,317
Total Class II Utilization	<b>83,799,811</b>	<b>80,661,763</b>
Average Butterfat Test	7.29%	8.01%
<b>Class III Utilization</b>		
Shrinkage	8,372,172	0
Transfers and Diversions to Nonpool	100,130,610	97,669,216
Used To Produce/Other Uses	5,785,757	0
Total Class III Utilization	<b>114,288,539</b>	<b>97,669,216</b>
Average Butterfat Test	4.20%	4.01%
<b>Class IV Utilization</b>		
Inventory	15,938,708	11,412,142
Nonfluid Used To Fortify	1,903,546	2,516,295
Shrinkage	0	7,597,765
Transfers and Diversions to Nonpool	22,500,778	22,998,637
Used To Produce/Other Uses	0	5,248,782
Total Class IV Utilization	<b>40,343,032</b>	<b>49,773,621</b>
Average Butterfat Test	9.42%	8.20%
<b>Total Utilization</b>	<b>693,961,069</b>	<b>700,365,591</b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2002 is \$12.63 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.11 per hundredweight plus 3.5 times the uniform butterfat price of \$1.0969 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

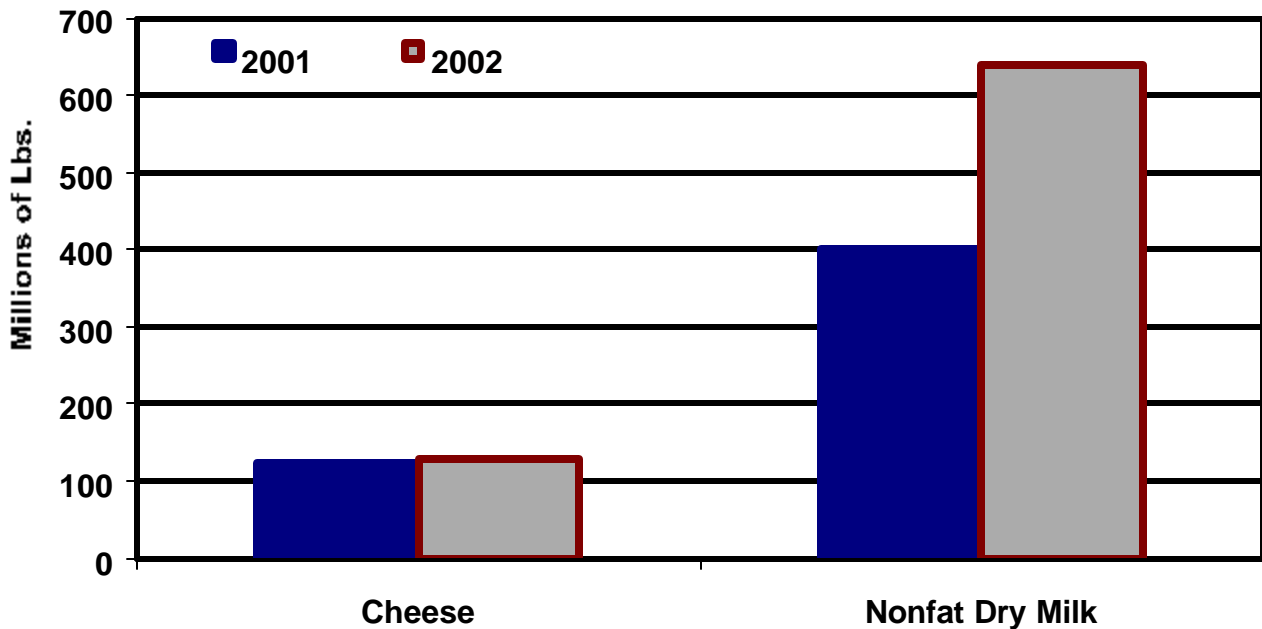
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In August, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.27% of all producer skim milk (priced to handlers at \$6.86 per hundredweight, plus the Class I differential, see page 2) and 40.44% of producer butterfat (priced to handlers at \$1.1022 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.24% of all producer skim milk (\$7.56 per hundredweight) and 26.57% of producer butterfat (\$1.0771 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.98% of all producer skim milk (\$6.00 per hundredweight) and 21.03% of producer butterfat (\$1.0701 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.51% of all producer skim milk (\$6.91 per hundredweight) and 11.96% of producer butterfat (\$1.0701 per pound).

Receipts of producer milk during August 2002 totaled 619.9 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2002. Class I route disposition in the Southeast Market totaled 391.2 million pounds in July 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast July 2002
Whole Milk	166,243,821
Fat Free Milk	50,381,848
Lowfat Milk (incl. 1%)	25,799,390
Reduced Fat Milk (incl. 2%)	120,772,368
Cultured Fluid Milk (incl. Buttermilk)	10,479,447
Flavored Drinks and Milk (incl. Eggnog)	17,575,496
<b>Total Disposition in Marketing Area</b>	<b>391,252,370</b>
Total Disposition by Pool Plants	322,099,720
Total Disposition by Nonpool Plants	69,152,650
<b>Total Disposition in Marketing Area</b>	<b>391,252,370</b>

### CCC Dairy Product Purchases: Cumulative through August



Cumulative government purchases of cheese and nonfat dry milk are shown above. Cheese purchases are up 5% from 2001. Nonfat dry milk powder purchases have increase 60% from last year. Butter purchases, while down 33% from a year ago, were insignificant in comparison.

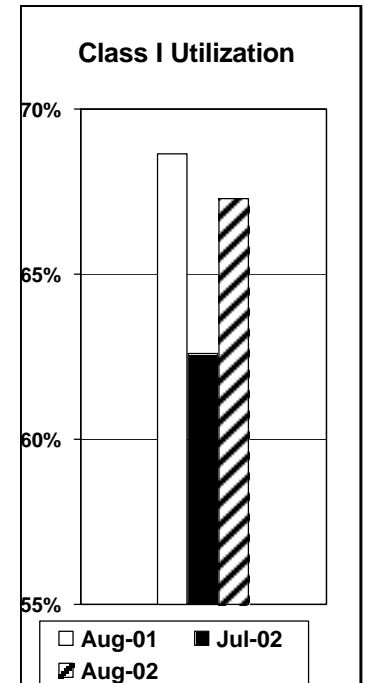
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$6.81	\$1.1433	\$10.57	\$8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$6.84	\$1.1211	\$10.52	\$9.00	\$1.1455	\$12.69
Jul	\$9.95	\$1.1753	\$13.72	\$7.55	\$1.0999	\$11.14	\$5.70	\$1.0929	\$9.33	\$6.87	\$1.0929	\$10.45	\$8.92	\$1.1267	\$12.55
Aug	\$9.96	\$1.1332	\$13.58	\$7.56	\$1.0771	\$11.07	\$6.00	\$1.0701	\$9.54	\$6.91	\$1.0701	\$10.41	\$9.11	\$1.0969	\$12.63
Sep	\$10.02	\$1.1115	\$13.56	\$7.62											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	742,075	4,476	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun	650,918	4,599	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%
Jul	607,406	4,570	380,268	62.60%	81,323	13.39%	126,142	20.77%	19,673	3.24%
Aug	619,989	4,600**	417,146	67.28%	79,031	12.75%	106,179	17.13%	17,633	2.84%

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



<b>Southeast Marketing Area Federal Order 7</b>							
<b>Pool and Payment Dates for the Pooling Periods September through November 2002</b>							
		<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
<b>Pool &amp; Uniform</b>		<b>Due to:</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Price 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>
September	10/11/02	10/15/02	10/16/02	09/25/02	09/26/02	10/16/02	10/17/02
October	11/11/02	11/12/02	11/13/02	10/25/02	10/28/02	11/13/02	11/14/02
November	12/11/02	12/12/02	12/13/02	11/25/02	11/26/02	12/13/02	12/16/02

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**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.fmmatlanta.com

October 2002

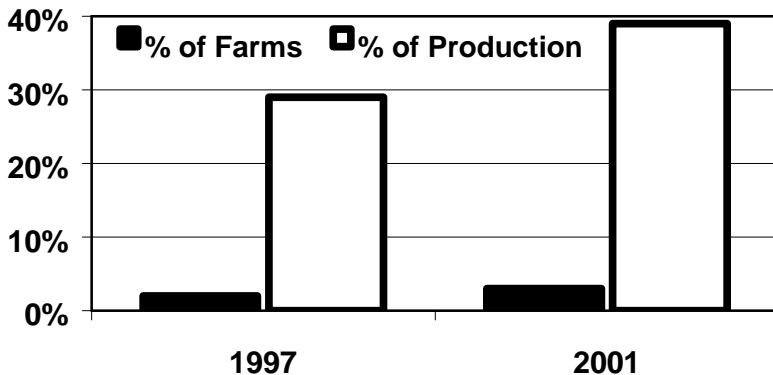
Volume 3—No. 10

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

## Tracking Changes in the U.S. Dairy Herd

In a report released September 26th, National Agricultural Statistics Service (NASS) describes the structural changes that have taken place in the make up of the U.S. dairy herd in the past five years. The bottom line? There are fewer but larger operations milking fewer but more productive cows. Beneath this changing composition is a migratory trend shifting milk production from the Southeast and Midwest to the western states.

### Farms with >500 Head



As the chart above shows, farms with more than 500 dairy cows are becoming more prevalent and producing an ever increasing share of the U.S. milk supply, up from 29 percent in 1997 to 39 percent last year. While representing 2 percent of all farms in 1997 with 24 percent of total cow inventory, 2001 found 35 percent of all cows on these large farms. Yet farms with more than 500 cows still only represented 3 percent of all dairy farms in 2001.

Migration westward of production is illustrated by the fact that Wyoming was the only western state to not increase production between 1997 and 2001. In contrast, no state in the southeast posted gains in that same period. For more on southeast production, see page 4.

## Drought Assistance Made Available

The drought afflicting much of the nation will be combated in part with federal funds made available through the Livestock Compensation program. Dairy farmers in counties that have received primary disaster designation due to drought are eligible for \$31.50 per head payments subject to a \$40,000 payment limitation. Several counties in Kentucky, Georgia, Missouri and Tennessee qualify. For more details, visit <http://drought.fsa.usda.gov/assistance.asp>.

## Blend Follows Commodities Down

The uniform blend in Fulton County, GA, was \$12.56 per hundredweight for milk at 3.5 percent buterfat for the month of September. This represents a seven-cent decrease from August and is \$5.53 lower than September of last year. Class I utilization was 65.60 percent, down 1.7 percent from last month, but up just over one percent from September of 2001.

The steady erosion of blend prices over the past year has been caused by the equally steady rise in milk production. More milk production puts downward pressure on commodity prices which, through the product price formulas, forces class prices lower. Consider that while the blend price in the Southeast Order is off by 31 percent from a year ago, commodity prices (as traded on the Chicago Mercantile Exchange) are substantially lower as well. Butter prices are off by 53 percent, cheese prices are off approximately 30 percent and nonfat dry milk prices are averaging about 8 percent less when comparing September 2001 with last month. These commodity prices are low even when compared with 2000, which was a record year for milk production.

## National Dairy Situation

USDA estimates total U.S. production of milk in August at 14.1 billion pounds, an increase of 4.0 percent from last year. Total cheese output (excluding cottage cheese) was 686 million pounds, 3.9 percent above August 2001 and 2.1 percent above July 2002. Butter production was 88.5 million pounds in August, 17.2 percent above August 2001 but 5.8 percent below July 2002.

The milk-feed price ratio fell to 2.23 in September, a fraction lower than the revised 2.27 value for August, and significantly lower than the 3.75 ratio seen in September 2001.

## Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for September was \$1,257,868.12. Claims were made for \$894,487.35. Since sufficient funds were available, all eligible claims were paid in full.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - SEPTEMBER 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.39%	8,325,533	\$1.0805	\$ 8,995,738.41
Class I Differential at Location				246,003.37
Class II Butterfat	23.49%	5,092,040	\$1.0169	5,178,095.49
Class III Butterfat	22.08%	4,786,258	\$1.0099	4,833,641.93
Class IV Butterfat	16.04%	3,477,722	\$1.0099	3,512,151.45
<b>Total Butterfat</b>	<b>100.00%</b>	<b>21,681,553</b>		<b>\$ 22,765,630.65</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.0500</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	66.62%	384,197,856	\$6.92 /cwt.	\$ 26,586,491.67
Class I Butterfat	38.39%	8,325,533	\$1.0805 /lb.	8,995,738.41
Class I Differential at Location		392,523,389		11,637,740.18
<b>Total Class I Milk</b>	<b>65.60%</b>	<b>392,523,389</b>		<b>\$ 47,219,970.26</b>
Class II Skim Milk	9.84%	56,719,652	\$7.62 /cwt.	\$ 4,322,037.47
Class II Butterfat	23.49%	5,092,040	\$1.0169 /lb.	5,178,095.49
<b>Total Class II Milk</b>	<b>10.33%</b>	<b>61,811,692</b>		<b>\$ 9,500,132.96</b>
Class III Skim Milk	19.87%	114,605,151	\$6.62 /cwt.	\$ 7,586,860.97
Class III Butterfat	22.08%	4,786,258	\$1.0099 /lb.	4,833,641.93
<b>Total Class III Milk</b>	<b>19.95%</b>	<b>119,391,409</b>		<b>\$ 12,420,502.90</b>
Class IV Skim Milk	3.67%	21,155,157	\$6.93 /cwt.	\$ 1,466,052.40
Class IV Butterfat	16.04%	3,477,722	\$1.0099 /lb.	3,512,151.45
<b>Total Class IV Milk</b>	<b>4.12%</b>	<b>24,632,879</b>		<b>\$ 4,978,203.85</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>598,359,369</b>		<b>\$ 74,118,809.97</b>

**Adjustments**

Overage and Other Source	\$ 11,767.89
Inventory Adjustments	77.84
Producer butterfat at uniform butterfat price	(22,765,630.65)
Location Adjustments to Producers	1,708,484.71
1/2 Unobligated Balance in P.S.F.	311,913.99

<b>Adjusted Pool Value</b>	<b>\$ 9.25741</b>	<b>\$ 53,385,423.75</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04741</b>	273,153.18

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.21**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$12.56\***

\* 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 2002	OCT 2002	AUG 2002	SEP 2002	SEP 2002
Appalachian (Charlotte)	\$ 13.56	\$ 13.25	\$ 12.87	\$ 12.76	71.22%
Arizona-Las Vegas (Phoenix)	\$ 12.81	\$ 12.50	\$ 11.04	\$ 11.03	36.02%
Central (Kansas City)	\$ 12.46	\$ 12.15	\$ 10.58	\$ 10.74	26.33%
Florida (Tampa)	\$ 14.46	\$ 14.15	\$ 14.49	\$ 13.97	89.20%
Mideast (Cleveland)	\$ 12.46	\$ 12.15	\$ 11.19	\$ 11.09	38.70%
Northeast (Boston)	\$ 13.71	\$ 13.40	\$ 12.16	\$ 12.20	46.30%
Pacific Northwest (Seattle)	\$ 12.36	\$ 12.05	\$ 10.66	\$ 10.66	27.24%
<b>Southeast (Atlanta)</b>	<b>\$ 13.56</b>	<b>\$ 13.25</b>	<b>\$ 12.63</b>	<b>\$ 12.56</b>	<b>65.60%</b>
Southwest (Dallas)	\$ 13.46	\$ 13.15	\$ 11.95	\$ 11.92	45.25%
Upper Midwest (Chicago)	\$ 12.26	\$ 11.95	\$ 10.20	\$ 10.46	20.60%
Western (Salt Lake City)	\$ 12.35	\$ 12.04	\$ 10.35	\$ 10.55	17.31%



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

<b>Receipts:</b>	<b>SEPTEMBER 2002</b>	<b>SEPTEMBER 2001</b>
<b>Producer Milk</b>		
Class I	392,523,389	379,791,609
Class II	61,811,692	58,665,047
Class III	119,391,409	104,741,772
Class IV	24,632,879	45,205,983
Total Producer Milk	<u>598,359,369</u>	<u>588,404,411</u>
Average Butterfat Test	3.62%	3.64%
Percent of Producer Milk in Class I	65.60%	64.55%
Daily Average Receipts	19,945,312	19,613,480
<b>Other Source Milk</b>		
Class I	8,657,621	23,105,857
Class II	3,627,912	5,048,807
Class III	2,082,839	4,467,925
Class IV	5,134,710	12,200,480
Total Other Source Milk	<u>19,503,082</u>	<u>44,823,069</u>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	11,390	130,005
Total Overage	<u>11,390</u>	<u>130,005</u>
<b>Opening Inventory</b>		
Class I	30,821,345	40,013,979
Class II	541,661	33,076
Class III	1,101,908	0
Class IV	14,295,049	11,609,054
Total Opening Inventory	<u>46,759,963</u>	<u>51,656,109</u>
<b>Total Receipts</b>	<u><b>664,633,804</b></u>	<u><b>685,013,594</b></u>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	32,232,484	34,904,993
Route Disposition Class I	390,706,835	391,406,118
Shrinkage	1,701,299	4,939,469
Transfers and Diversions to Nonpool	7,361,737	11,660,865
Total Class I Utilization	<u>432,002,355</u>	<u>442,911,445</u>
Average Butterfat Test	2.13%	2.17%
Daily Average Utilization	14,400,079	14,763,715
<b>Class II Utilization</b>		
Nonfluid Used To Produce	2,029,258	2,431,594
Shrinkage	0	0
Transfers and Diversions to Nonpool	45,368,991	42,554,042
Used To Produce/Other Uses	18,583,016	18,761,294
Total Class II Utilization	<u>65,981,265</u>	<u>63,746,930</u>
Average Butterfat Test	8.08%	7.99%
<b>Class III Utilization</b>		
Shrinkage	7,722,719	0
Transfers and Diversions to Nonpool	110,162,244	109,209,697
Used To Produce/Other Uses	4,691,193	0
Total Class III Utilization	<u>122,576,156</u>	<u>109,209,697</u>
Average Butterfat Test	3.97%	4.02%
<b>Class IV Utilization</b>		
Inventory	23,913,803	30,236,722
Nonfluid Used To Fortify	1,889,270	2,079,604
Shrinkage	0	7,864,164
Transfers and Diversions to Nonpool	18,270,955	24,294,438
Used To Produce/Other Uses	0	4,670,594
Total Class IV Utilization	<u>44,074,028</u>	<u>69,145,522</u>
Average Butterfat Test	10.19%	8.12%
<b>Total Utilization</b>	<u><b>664,633,804</b></u>	<u><b>685,013,594</b></u>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2002 is \$12.56 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.21 per hundredweight plus 3.5 times the uniform butterfat price of \$1.0500 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 66.62% of all producer skim milk (priced to handlers at \$6.92 per hundredweight, plus the Class I differential, see page 2) and 38.39% of producer butterfat (priced to handlers at \$1.0805 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.84% of all producer skim milk (\$7.62 per hundredweight) and 23.49% of producer butterfat (\$1.0169 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.87% of all producer skim milk (\$6.62 per hundredweight) and 22.08% of producer butterfat (\$1.0099 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.67% of all producer skim milk (\$6.93 per hundredweight) and 16.04% of producer butterfat (\$1.0099 per pound).

Receipts of producer milk during September 2002 totaled 598.4 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2002. Class I route disposition in the Southeast Market totaled 428.4 million pounds in August 2002.

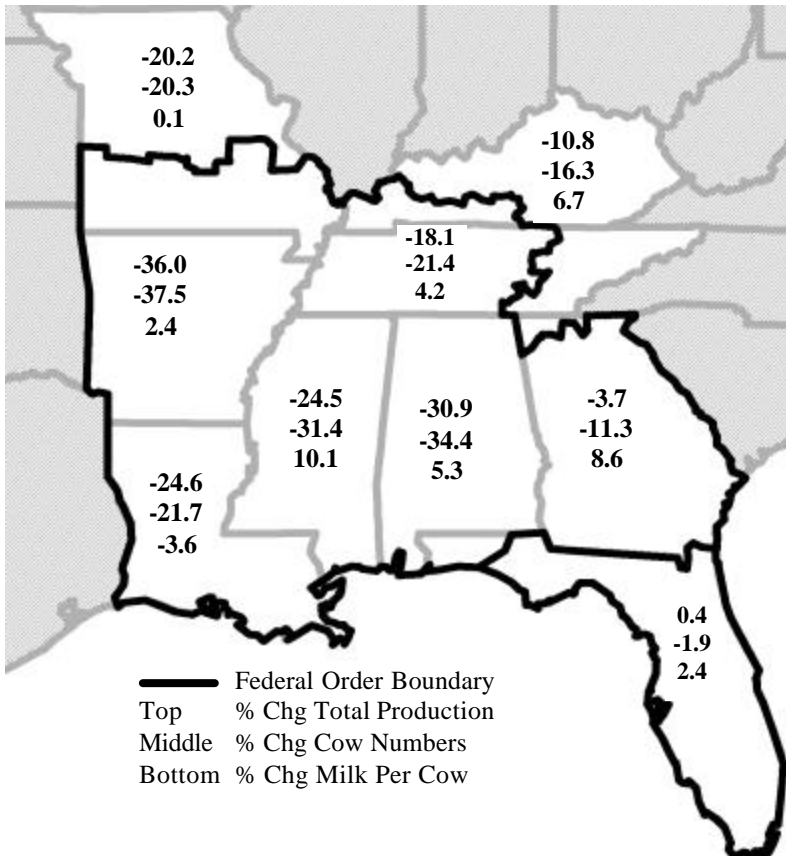
### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>August 2002</b>
Whole Milk	171,236,528
Fat Free Milk	55,340,370
Lowfat Milk (incl. 1%)	27,894,017
Reduced Fat Milk (incl. 2%)	127,912,009
Cultured Fluid Milk (incl. Buttermilk)	11,001,082
Flavored Drinks and Milk (incl. Eggnog)	34,997,105
<b>Total Disposition in Marketing Area</b>	<b>428,381,111</b>
Total Disposition by Pool Plants	354,858,684
Total Disposition by Nonpool Plants	73,522,427
<b>Total Disposition in Marketing Area</b>	<b>428,381,111</b>

### Milk Production, Cow Numbers and Milk Per Cow: 2001 versus 1996

National Agricultural Statistics Service (NASS) provides monthly estimates of milk production, cow numbers and milk per cow values for each state. Compiled annually by NASS, these annual estimates that are provided here to illustrate the basic trends in the most commonly referred to indicators of the dairy industry. In each of the nine states that make up the Florida and Southeast Marketing Areas are listed three numbers that represent the percentage change in total state production (top number), cow numbers in the milking herd (middle number) and milk per cow (bottom number) between 1996 and 2001.

Taken as a whole, the states shown produced 14.3 percent less in 2001 than in 1996, with 18.0 percent fewer cows while increasing milk per cow by 4.7 percent. For comparison, national production increased by 7.4 percent with 1.8 percent fewer cows with a 10.4 percent increase in milk per cow. Three western states combined, California, Idaho and New Mexico, increased production by 35.6 percent with 21.5 percent more cows and a 10.5 percent increase in milk per cow between 1996 and 2001.



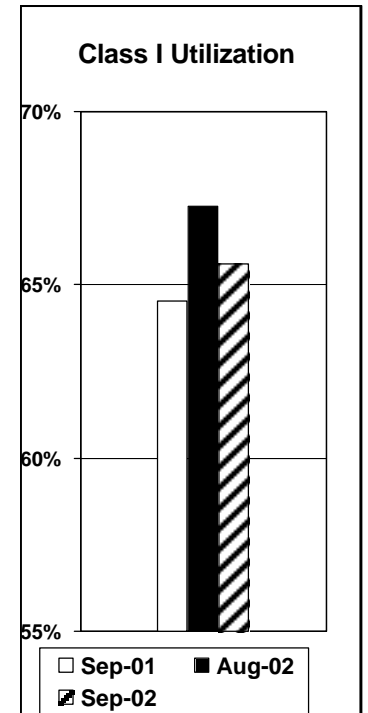
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$ 7.02	\$1.4322	\$11.79	\$ 9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$ 6.98	\$1.4846	\$11.93	\$ 9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$ 6.95	\$1.3817	\$11.54	\$ 9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$ 6.89	\$1.3638	\$11.42	\$ 8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$ 6.82	\$1.2890	\$11.09	\$ 8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$ 6.81	\$1.1433	\$10.57	\$ 8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$ 6.84	\$1.1211	\$10.52	\$ 9.00	\$1.1455	\$12.69
Jul	\$9.95	\$1.1753	\$13.72	\$7.55	\$1.0999	\$11.14	\$5.70	\$1.0929	\$9.33	\$ 6.87	\$1.0929	\$10.45	\$ 8.92	\$1.1267	\$12.55
Aug	\$9.96	\$1.1332	\$13.58	\$7.56	\$1.0771	\$11.07	\$6.00	\$1.0701	\$9.54	\$ 6.91	\$1.0701	\$10.41	\$ 9.11	\$1.0969	\$12.63
Sep	\$10.02	\$1.1115	\$13.56	\$7.62	\$1.0169	\$10.91	\$6.62	\$1.0099	\$9.92	\$ 6.93	\$1.0099	\$10.22	\$ 9.21	\$1.0500	\$12.56
Oct	\$10.01	\$1.0245	\$13.25	\$7.61											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	742,075	4,476	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun	650,918	4,599	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%
Jul	607,406	4,570	380,268	62.60%	81,323	13.39%	126,142	20.77%	19,673	3.24%
Aug	619,989	4,671	417,146	67.28%	79,031	12.75%	106,179	17.13%	17,633	2.84%
Sep	598,359	4,600**	392,523	65.60%	61,812	10.33%	119,391	19.95%	24,633	4.12%

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

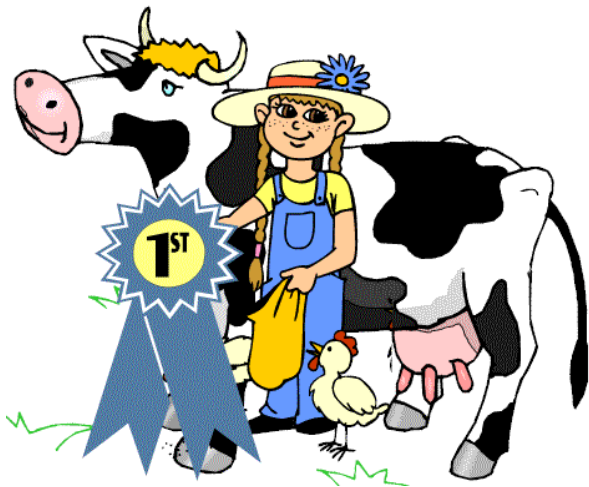


Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods October through December 2002							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Advance Pay Due		Final Pay Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
October	11/11/02	11/12/02	11/13/02	10/25/02	10/28/02	11/13/02	11/14/02
November	12/11/02	12/12/02	12/13/02	11/25/02	11/26/02	12/13/02	12/16/02
December	01/11/03	01/13/03	01/14/03	12/26/02	12/26/02	01/14/03	01/15/03

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**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

November 2002

Volume 3—No. 11

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

## Final Decision Issued in Pricing Formulas

As prompted by the 1996 Farm bill, USDA developed new Class III and IV pricing formulas which were based on wholesale prices of manufactured dairy products, rather than on the dwindling Grade B raw milk markets in Minnesota and Wisconsin. These formulas apply to all Federal Orders and are the building blocks of Federal Order pricing. The initial formulas were implemented on January 1, 2000 and later revised January 1, 2001 only to be enjoined in U.S. District Court later that same month. In October 2001 the Department issued a recommended decision and, after an extensive review of comments filed in response to it, issued a final decision on November 7, 2002. (Available online at [www.ams.usda.gov/dairy/hearing-III\\_IV.htm](http://www.ams.usda.gov/dairy/hearing-III_IV.htm) or from the Market Administrator at 770-448-1194)

Based on the hearing record and comments filed in response to the October 2001 recommended decision, the final decision would make several changes to current pricing formulas. To account for farm-to-plant losses, yield factors are lowered in each of the composite formulas. The make allowance for dry whey was increased, to incorporate testimony regarding plant production costs. And to more accurately account for the relative value of butterfat in cheese versus butterfat in butter, two adjustments are made which reduce the impact of butter prices in the protein price formula.

These very technical changes in the Class III and IV pricing formulas, which are tied closely to the intricacies of food science and manufacturing processes, are projected to enhance Class III prices and diminish Class IV prices. How these class price changes play out are dependent on an individual Order's utilization. USDA estimates that over the next five years, these formula changes will result in an average decline in the Southeast blend price of only \$0.01 per hundredweight, while the Federal Order system combined is expected to have an increase of \$0.06.

Before being implemented, each Order as amended must be approved by two-thirds of the producers supplying milk to each Federal Order

## Blend Boosted to \$12.81

The uniform blend in Fulton County, GA, was \$12.81 per hundredweight of milk at 3.5 percent butterfat for the month of October. This represents an increase of 25 cents from September and is \$3.89 lower than October of last year. Class I utilization was 69.68 percent, up 4.1 percent from September and was the highest Class I utilization since September of 2000, 25 months ago.

The main reason for the increased blend price was the upturn in cheddar cheese prices that occurred during the class price survey period (Oct. 1 through Oct. 26), which increased Class III prices by 80 cents. However, as quickly as they rose, cheese prices fell, and it is likely the November Class III price will fall as well.

## National Dairy Situation

USDA estimates total U.S. production of milk in September at 13.6 billion pounds, a decrease of 3.9 percent from August and an increase of 3.5 percent from last year. Quarterly (July-September) U.S. production of milk was also significantly above the previous year, up 3.3 percent on the combined effects of more cows and higher milk per cow numbers.

Total cheese output was 658 million pounds, 2.5 percent above September 2001 but 4.3 percent below August 2002. Butter production was 92.2 million pounds in September, 6.3 percent above September 2001 and 4.1 percent above August 2002.

The milk-feed price ratio increased to 2.42 during October, up from a revised figure of 2.29 for the previous month. This is due to slightly higher milk prices and slightly lower corn, alfalfa and soybean prices. But even this increase leaves the ratio well shy of the 3.55 value seen in October of 2001.

## Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for October were made for \$874,266.08. Since the available balance was \$659,657.17, eligible claims were paid at the rate of approximately \$0.75 to the dollar.

## F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - OCTOBER 2002

### Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.72%	8,962,618	\$0.9935	\$ 8,904,361.00
Class I Differential at Location				265,299.89
Class II Butterfat	20.85%	4,705,587	\$1.0796	5,080,151.72
Class III Butterfat	21.95%	4,953,969	\$1.0726	5,313,627.16
Class IV Butterfat	17.48%	3,943,984	\$1.0726	4,230,317.23
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,566,158</b>		<b>\$ 23,793,757.00</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.0544</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	70.85%	411,978,243	\$6.91 /cwt.	\$ 28,467,696.62
Class I Butterfat	39.72%	8,962,618	\$0.9935 /lb.	8,904,361.00
Class I Differential at Location		420,940,861		12,479,692.52
<b>Total Class I Milk</b>	<b>69.68%</b>	<b>420,940,861</b>		<b>\$ 49,851,750.14</b>
Class II Skim Milk	7.16%	41,644,215	\$7.61 /cwt.	\$ 3,169,124.77
Class II Butterfat	20.85%	4,705,587	\$1.0796 /lb.	5,080,151.72
<b>Total Class II Milk</b>	<b>7.67%</b>	<b>46,349,802</b>		<b>\$ 8,249,276.49</b>
Class III Skim Milk	18.91%	109,968,009	\$7.22 /cwt.	\$ 7,939,690.23
Class III Butterfat	21.95%	4,953,969	\$1.0726 /lb.	5,313,627.16
<b>Total Class III Milk</b>	<b>19.03%</b>	<b>114,921,978</b>		<b>\$ 13,253,317.39</b>
Class IV Skim Milk	3.08%	17,893,378	\$6.99 /cwt.	\$ 1,250,747.11
Class IV Butterfat	17.48%	3,943,984	\$1.0726 /lb.	4,230,317.23
<b>Total Class IV Milk</b>	<b>3.62%</b>	<b>21,837,362</b>		<b>\$ 5,481,064.34</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>604,050,003</b>		<b>\$ 76,835,408.36</b>

### Adjustments

Overage and Other Source	\$ 1,289.68
Inventory Adjustments	23,539.51
Producer butterfat at uniform butterfat price	(23,793,757.00)
Location Adjustments to Producers	1,742,834.48
1/2 Unobligated Balance in P.S.F.	374,898.93

<b>Adjusted Pool Value</b>	<b>\$ 9.49024</b>	<b>\$ 55,184,213.96</b>
Reserve for Producer Settlement Fund	<b>\$ 0.04024</b>	232,773.08

**Uniform Skim Milk Price per cwt. (Fulton County, Georgia):** **\$9.45**

**Uniform Price per cwt. (Fulton County, Georgia)** **\$12.81\***

\* 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 2002	NOV 2002	SEP 2002	OCT 2002	OCT 2002
Appalachian (Charlotte)	\$ 13.25	\$ 13.70	\$ 12.76	\$ 12.91	75.85%
Arizona-Las Vegas (Phoenix)	\$ 12.50	\$ 12.95	\$ 11.03	\$ 11.38	35.73%
Central (Kansas City)	\$ 12.15	\$ 12.60	\$ 10.74	\$ 11.18	26.75%
Florida (Tampa)	\$ 14.15	\$ 14.60	\$ 13.97	\$ 14.03	91.74%
Mideast (Cleveland)	\$ 12.15	\$ 12.60	\$ 11.09	\$ 11.32	40.10%
Northeast (Boston)	\$ 13.40	\$ 13.85	\$ 12.20	\$ 12.40	48.50%
Pacific Northwest (Seattle)	\$ 12.05	\$ 12.50	\$ 10.66	\$ 10.94	28.68%
<b>Southeast (Atlanta)</b>	<b>\$ 13.25</b>	<b>\$ 13.70</b>	<b>\$ 12.56</b>	<b>\$ 12.81</b>	<b>69.68%</b>
Southwest (Dallas)	\$ 13.15	\$ 13.60	\$ 11.92	\$ 12.07	45.64%
Upper Midwest (Chicago)	\$ 11.95	\$ 12.40	\$ 10.46	\$ 11.03	23.50%
Western (Salt Lake City)	\$ 12.04	\$ 12.49	\$ 10.55	\$ 11.01	20.09%

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

Receipts:	OCTOBER 2002	OCTOBER 2001
<b>Producer Milk</b>		
Class I	420,940,861	415,274,686
Class II	46,349,802	64,530,629
Class III	114,921,978	117,240,621
Class IV	21,837,362	30,315,898
Total Producer Milk	<u>604,050,003</u>	<u>627,361,834</u>
Average Butterfat Test	3.74%	3.75%
Percent of Producer Milk in Class I	69.68%	66.19%
Daily Average Receipts	19,485,484	20,237,479
<b>Other Source Milk</b>		
Class I	8,897,354	19,819,695
Class II	3,994,126	5,012,158
Class III	2,058,303	4,156,076
Class IV	5,110,975	8,263,438
Total Other Source Milk	<u>20,060,758</u>	<u>37,251,367</u>
<b>Overage</b>		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	27,210
Total Overage	<u>0</u>	<u>27,210</u>
<b>Opening Inventory</b>		
Class I	32,280,452	35,023,057
Class II	2,551,986	380,420
Class III	726,846	198,738
Class IV	20,587,003	29,539,500
Total Opening Inventory	<u>56,146,287</u>	<u>65,141,715</u>
<b>Total Receipts</b>	<u><b>680,257,048</b></u>	<u><b>729,782,126</b></u>
<b>Utilization:</b>		
<b>Class I Utilization</b>		
Inventory of Packaged FMP	36,491,086	34,695,440
Route Disposition Class I	416,951,968	418,541,932
Shrinkage	2,181,768	3,179,476
Transfers and Diversions to Nonpool	6,493,825	13,700,590
Total Class I Utilization	<u>462,118,667</u>	<u>470,117,438</u>
Average Butterfat Test	2.14%	2.18%
Daily Average Utilization	14,907,054	15,165,079
<b>Class II Utilization</b>		
Nonfluid Used To Produce	1,914,748	2,288,154
Shrinkage	0	0
Transfers and Diversions to Nonpool	31,144,053	47,037,188
Used To Produce/Other Uses	19,837,113	20,597,865
Total Class II Utilization	<u>52,895,914</u>	<u>69,923,207</u>
Average Butterfat Test	9.55%	7.71%
<b>Class III Utilization</b>		
Shrinkage	0	0
Transfers and Diversions to Nonpool	117,707,127	121,595,435
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>117,707,127</u>	<u>121,595,435</u>
Average Butterfat Test	4.27%	4.36%
<b>Class IV Utilization</b>		
Inventory	17,019,698	24,339,510
Nonfluid Used To Fortify	2,030,051	2,646,223
Shrinkage	8,054,653	7,473,973
Transfers and Diversions to Nonpool	16,048,567	28,409,003
Used To Produce/Other Uses	4,382,372	5,277,337
Total Class IV Utilization	<u>47,535,340</u>	<u>68,146,046</u>
Average Butterfat Test	11.05%	8.98%
<b>Total Utilization</b>	<u><b>680,257,048</b></u>	<u><b>729,782,126</b></u>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2002 is \$12.81 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.45 per hundredweight plus 3.5 times the uniform butterfat price of \$1.0544 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 70.85% of all producer skim milk (priced to handlers at \$6.91 per hundredweight, plus the Class I differential, see page 2) and 39.72% of producer butterfat (priced to handlers at \$0.9935 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.16% of all producer skim milk (\$7.61 per hundredweight) and 20.85% of producer butterfat (\$1.0796 per pound). Class III use, mostly milk used to produce cheese, accounted for 18.91% of all producer skim milk (\$7.22 per hundredweight) and 21.95% of producer butterfat (\$1.0726 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.08% of all producer skim milk (\$6.99 per hundredweight) and 17.48% of producer butterfat (\$1.0726 per pound).

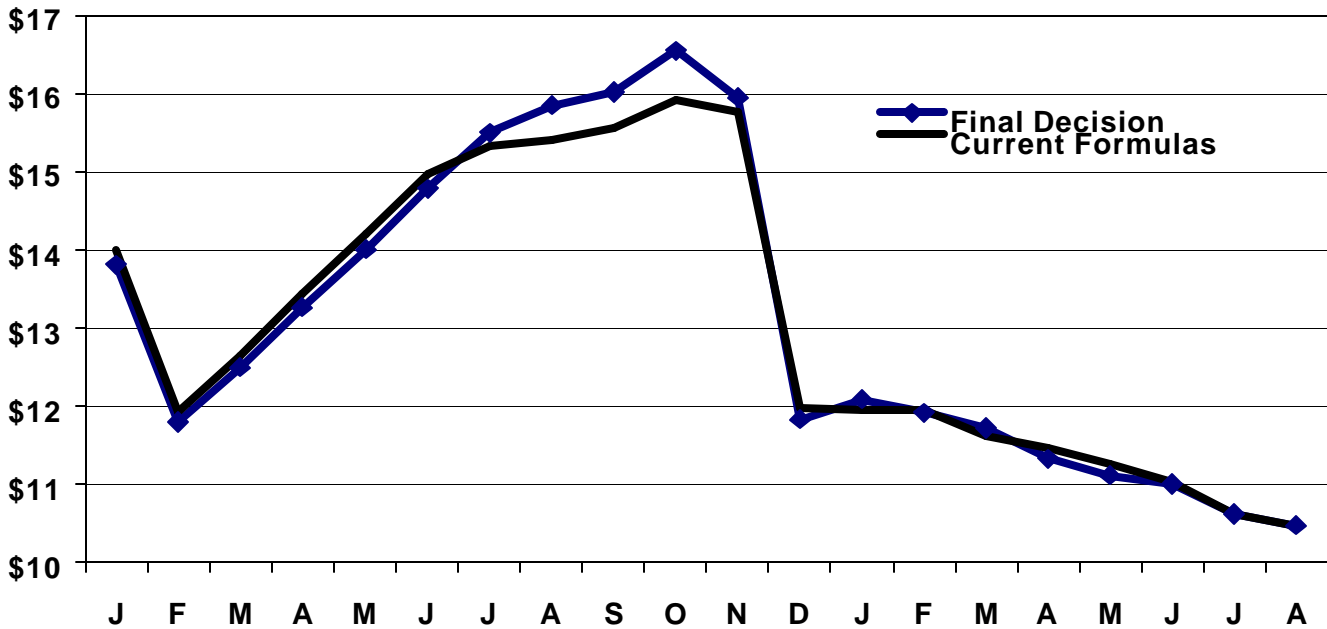
Receipts of producer milk during October 2002 totaled 604.1 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2002. Class I route disposition in the Southeast Market totaled 404.6 million pounds in September 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>September 2002</b>
Whole Milk	158,133,063
Fat Free Milk	49,878,148
Lowfat Milk (incl. 1%)	26,692,346
Reduced Fat Milk (incl. 2%)	118,884,776
Cultured Fluid Milk (incl. Buttermilk)	10,269,997
Flavored Drinks and Milk (incl. Eggnog)	40,745,068
<b>Total Disposition in Marketing Area</b>	<b>404,603,398</b>
Total Disposition by Pool Plants	336,651,701
Total Disposition by Nonpool Plants	67,951,697
<b>Total Disposition in Marketing Area</b>	<b>404,603,398</b>

### Class III/IV Final Decision and Its Impact on the Class I Base Price: Jan '01 to Aug '02

The chart below depicts the Class I base price, otherwise known as the 'mover', under the current Class III/IV formulas and the final decision's Class III/IV pricing formulas from January 2001 to August 2002. It demonstrates the impact of the formula changes from a historical perspective, and lends insight as to potential future impacts if producers approve the final decision. When the Class III price was the 'mover', the final decision provided price enhancements, as in the August through November 2001 time period.





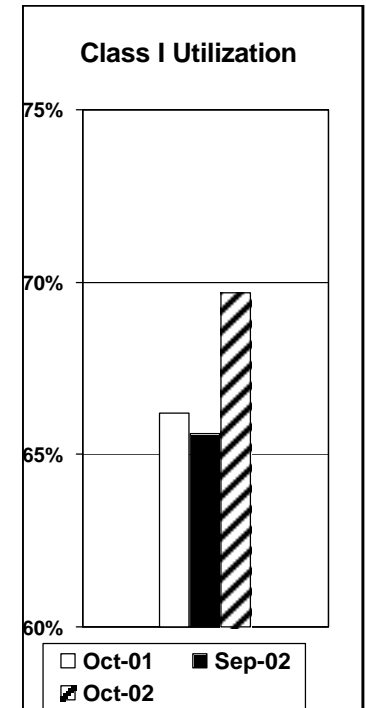
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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	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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$ 7.02	\$1.4322	\$11.79	\$ 9.20	\$1.4505	\$13.95
Jan	2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$ 6.98	\$1.4846	\$11.93	\$ 9.33	\$1.4656	\$14.13
Feb		\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$ 6.95	\$1.3817	\$11.54	\$ 9.07	\$1.4269	\$13.75
Mar		\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$ 6.89	\$1.3638	\$11.42	\$ 8.84	\$1.3738	\$13.34
Apr		\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$ 6.82	\$1.2890	\$11.09	\$ 8.89	\$1.3280	\$13.23
May		\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$ 6.81	\$1.1433	\$10.57	\$ 8.94	\$1.2172	\$12.89
Jun		\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$ 6.84	\$1.1211	\$10.52	\$ 9.00	\$1.1455	\$12.69
Jul		\$9.95	\$1.1753	\$13.72	\$7.55	\$1.0999	\$11.14	\$5.70	\$1.0929	\$9.33	\$ 6.87	\$1.0929	\$10.45	\$ 8.92	\$1.1267	\$12.55
Aug		\$9.96	\$1.1332	\$13.58	\$7.56	\$1.0771	\$11.07	\$6.00	\$1.0701	\$9.54	\$ 6.91	\$1.0701	\$10.41	\$ 9.11	\$1.0969	\$12.63
Sep		\$10.02	\$1.1115	\$13.56	\$7.62	\$1.0169	\$10.91	\$6.62	\$1.0099	\$9.92	\$ 6.93	\$1.0099	\$10.22	\$ 9.21	\$1.0500	\$12.56
Oct		\$10.01	\$1.0245	\$13.25	\$7.61	\$1.0796	\$11.12	\$7.22	\$1.0726	\$10.72	\$ 6.99	\$1.0726	\$10.50	\$ 9.45	\$1.0544	\$12.81
Nov		\$10.30	\$1.0733	\$13.70	\$7.68											

**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	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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul		595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug		596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec		699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan	2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb		667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar		761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr		733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May		742,025	4,475	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun		650,918	4,599	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%
Jul		607,406	4,570	380,268	62.60%	81,323	13.39%	126,142	20.77%	19,673	3.24%
Aug		619,989	4,671	417,146	67.28%	79,031	12.75%	106,179	17.13%	17,633	2.84%
Sep		598,359	4,574	392,523	65.60%	61,812	10.33%	119,391	19.95%	24,633	4.12%
Oct		604,050	4,600**	420,941	69.68%	46,350	7.67%	114,922	19.03%	21,837	3.62%

\* 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 2002 through January 2003							
		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
November	12/11/02	12/12/02	12/13/02	11/25/02	11/26/02	12/13/02	12/16/02
December	01/11/03	01/13/03	01/14/03	12/26/02	12/26/02	01/14/03	01/15/03
January 2003	02/11/03	02/12/03	02/13/03	01/27/03	01/27/03	02/13/03	02/14/03

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**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 2002

Volume 3—No. 12

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

## New Butter/Powder Support Prices

The Secretary of Agriculture announced last month an adjustment in the purchase prices for butter and nonfat dry milk. Under the Milk Price Support Program, which was recently extended to operate through 2007, the Commodity Credit Corporation buys cheese, butter and nonfat dry milk to remove product from commercial markets in order to support the price of milk (with 3.67 percent butterfat) at \$9.90 per hundredweight. For products produced after November 15 or offered to the government after November 29, the purchase prices will be \$1.0500 per pound of butter and \$0.8000 per pound of nonfat dry milk. This is an increase of just under twenty cents for butter, and a decrease of ten cents for nonfat dry milk. The cheese support prices remain unchanged at \$1.1314 per pound for 40-lb block cheddar and \$1.1014 per pound for 500-lb barrel cheese.

While this change will likely put downward pressure on nonfat dry milk prices and therefore Class IV, Class II and potentially Class I (due to the 'higher-of' provisions of the pricing formulas), there is justification for the adjustment. The government-owned stockpiles of nonfat dry milk powder have reached over 1.3 billion pounds, the highest since 1984 when the price of milk was supported at \$12.60. This amount of nonfat dry milk in storage is an estimated 166% of annual domestic commercial utilization.

In other USDA actions, higher duties were placed on imports of American-type cheese and the Dairy Export Incentive Program (DEIP) allocations were announced. Above-quota imports of American-type cheese now face a duty of \$0.64 per pound, after sufficient amounts of imports triggered a volume-based safeguard for the domestic market. DEIP assists the domestic dairy industry in improving its competitiveness in international markets by paying cash to exporters as bonuses, allowing them to sell certain U.S. dairy products at prices lower than the exporter's costs of acquiring them. The announcement of allocations tells exporters which products and countries qualify for payment under the program.

## Blend Sees Slight Improvement

The uniform blend in Fulton County, GA, was \$12.84 per hundredweight of milk at 3.5 percent butterfat for the month of November. This represents an increase of three cents from October and is \$3.36 lower than November of last year. Class I utilization was 67.58 percent, a two percent decrease from the previous month but still the second highest utilization of Class I products since August of last year. The total amount of milk pooled during the month was 591 million pounds, which is about eight percent less than November of last year.

## National Dairy Situation

USDA estimates total U.S. production of milk in October at 13.9 billion pounds which is 3.3 percent above September and an increase of 2.4 percent from a year ago. Cumulative production through the month of October is an estimated 2.8 percent higher this year than the previous year.

Total cheese output was 714 million pounds, 4.7 percent above October 2001 and 6.3 percent above September 2002. Butter production was 102 million pounds in October, 7.1 percent below October 2001 but 10.7 percent above September 2002. Nonfat dry milk intended for human consumption was 99.7 million pounds, 5.7 percent below October 2001 but 6.3 percent above September 2002. Net CCC purchases in November were approximately 45.4 million pounds of nonfat dry milk and 2.0 million pounds of processed and block cheddar cheese.

The milk-feed price ratio decreased to 2.39 in November, down from a revised 2.47 price ratio in October. The all milk price fell to \$11.70 per hundredweight in November, down \$0.40 from a revised October price.

## Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for November were made for \$755,235.87. Since the available balance was \$280,301.08, eligible claims were paid at the rate of approximately \$0.37 to the dollar.

**F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2002**

**Calculation of Uniform Butterfat Price:**

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.64%	8,731,490	\$1.0423	\$ 9,100,832.01
Class I Differential at Location				258,787.84
Class II Butterfat	18.11%	4,091,628	\$1.0993	4,497,926.64
Class III Butterfat	25.44%	5,749,201	\$1.0923	6,279,852.27
Class IV Butterfat	17.81%	4,025,451	\$1.0923	4,397,000.13
<b>Total Butterfat</b>	<b>100.00%</b>	<b>22,597,770</b>		<b>\$ 24,534,398.89</b>
<b>Uniform Butterfat Price per lb. (Fulton County, Georgia):</b>			<b>\$1.0857</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	68.73%	390,733,588	\$7.20 /cwt.	\$ 28,132,818.35
Class I Butterfat	38.64%	8,731,490	\$1.0423 /lb.	9,100,832.01
Class I Differential at Location		399,465,078		11,824,490.15
<b>Total Class I Milk</b>	<b>67.58%</b>	<b>399,465,078</b>		<b>\$ 49,058,140.51</b>
Class II Skim Milk	6.48%	36,813,988	\$7.68 /cwt.	\$ 2,827,314.27
Class II Butterfat	18.11%	4,091,628	\$1.0993 /lb.	4,497,926.64
<b>Total Class II Milk</b>	<b>6.92%</b>	<b>40,905,616</b>		<b>\$ 7,325,240.91</b>
Class III Skim Milk	21.32%	121,233,817	\$6.23 /cwt.	\$ 7,552,866.82
Class III Butterfat	25.44%	5,749,201	\$1.0923 /lb.	6,279,852.27
<b>Total Class III Milk</b>	<b>21.48%</b>	<b>126,983,018</b>		<b>\$ 13,832,719.09</b>
Class IV Skim Milk	3.47%	19,743,432	\$7.00 /cwt.	\$ 1,382,040.24
Class IV Butterfat	17.81%	4,025,451	\$1.0923 /lb.	4,397,000.13
<b>Total Class IV Milk</b>	<b>4.02%</b>	<b>23,768,883</b>		<b>\$ 5,779,040.37</b>
<b>Producer Milk</b>	<b>100.00%</b>	<b>591,122,595</b>		<b>\$ 75,995,140.88</b>

**Adjustments**

Overage and Other Source	\$ 406.54
Inventory Adjustments	(649.36)
Producer butterfat at uniform butterfat price	(24,534,398.89)
Location Adjustments to Producers	1,741,008.80
1/2 Unobligated Balance in P.S.F.	333,297.65

**Adjusted Pool Value**

Reserve for Producer Settlement Fund	<b>\$ 9.41644</b>	<b>\$ 53,534,805.62</b>
	<b>\$ 0.04644</b>	263,659.71

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

**\$9.37**

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

**\$12.84\***

\* 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 2002	DEC 2002	OCT 2002	NOV 2002	NOV 2002
Appalachian (Charlotte)	\$ 13.70	\$ 13.62	\$ 12.91	\$ 13.06	71.63%
Arizona-Las Vegas (Phoenix)	\$ 12.95	\$ 12.87	\$ 11.38	\$ 11.14	34.52%
Central (Kansas City)	\$ 12.60	\$ 12.52	\$ 11.18	\$ 10.74	27.39%
Florida (Tampa)	\$ 14.60	\$ 14.52	\$ 14.03	\$ 14.32	90.42%
Mideast (Cleveland)	\$ 12.60	\$ 12.52	\$ 11.32	\$ 11.17	43.00%
Northeast (Boston)	\$ 13.85	\$ 13.77	\$ 12.40	\$ 12.31	47.20%
Pacific Northwest (Seattle)	\$ 12.50	\$ 12.42	\$ 10.94	\$ 10.84	29.98%
<b>Southeast (Atlanta)</b>	<b>\$ 13.70</b>	<b>\$ 13.62</b>	<b>\$ 12.81</b>	<b>\$ 12.84</b>	<b>67.58%</b>
Southwest (Dallas)	\$ 13.60	\$ 13.52	\$ 12.07	\$ 11.97	46.59%
Upper Midwest (Chicago)	\$ 12.40	\$ 12.32	\$ 11.03	\$ 10.43	20.90%
Western (Salt Lake City)	\$ 12.49	\$ 12.41	\$ 11.01	\$ 10.65	24.24%

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

**Receipts:**

**NOVEMBER 2002**

**NOVEMBER 2001**

**Producer Milk**

Class I	399,465,078	410,306,110
Class II	40,905,616	67,764,724
Class III	126,983,018	130,892,111
Class IV	23,768,883	32,965,612
Total Producer Milk	<u>591,122,595</u>	<u>641,928,557</u>
Average Butterfat Test	3.82%	3.74%
Percent of Producer Milk in Class I	67.58%	63.91%
Daily Average Receipts	19,704,087	21,397,619

**Other Source Milk**

Class I	8,978,372	12,441,258
Class II	3,274,780	4,077,471
Class III	2,339,408	3,105,881
Class IV	5,738,119	9,401,536
Total Other Source Milk	<u>20,330,679</u>	<u>29,026,146</u>

**Overage**

Class I	0	0
Class II	0	0
Class III	0	2,436
Class IV	0	7,332
Total Overage	<u>0</u>	<u>9,768</u>

**Opening Inventory**

Class I	36,491,086	35,426,945
Class II	1,251,791	1,798,888
Class III	1,410,031	6,679,811
Class IV	14,357,875	15,129,306
Total Opening Inventory	<u>53,510,783</u>	<u>59,034,950</u>
<b>Total Receipts</b>	<b><u>664,964,057</u></b>	<b><u>729,999,421</u></b>

**Utilization:**

**Class I Utilization**

<b>Inventory of Packaged FMP</b>	32,052,455	37,357,137
<b>Route Disposition Class I</b>	403,759,478	405,342,359
<b>Shrinkage</b>	2,304,927	4,818,899
<b>Transfers and Diversions to Nonpool</b>	6,817,676	10,665,918
Total Class I Utilization	<u>444,934,536</u>	<u>458,174,313</u>
Average Butterfat Test	2.20%	2.30%
Daily Average Utilization	14,831,151	15,272,477

**Class II Utilization**

<b>Nonfluid Used To Produce</b>	1,584,088	1,707,460
<b>Shrinkage</b>	0	490
<b>Transfers and Diversions to Nonpool</b>	25,858,455	51,729,129
<b>Used To Produce/Other Uses</b>	17,989,644	20,204,004
Total Class II Utilization	<u>45,432,187</u>	<u>73,641,083</u>
Average Butterfat Test	10.26%	8.16%

**Class III Utilization**

<b>Shrinkage</b>	7,306,059	8,280,907
<b>Transfers and Diversions to Nonpool</b>	118,541,881	127,331,566
<b>Used To Produce/Other Uses</b>	4,884,517	5,067,766
Total Class III Utilization	<u>130,732,457</u>	<u>140,680,239</u>
Average Butterfat Test	4.49%	4.16%

**Class IV Utilization**

<b>Inventory</b>	18,357,340	13,875,969
<b>Nonfluid Used To Fortify</b>	2,432,717	3,732,106
<b>Shrinkage</b>	0	0
<b>Transfers and Diversions to Nonpool</b>	23,074,820	39,895,711
<b>Used To Produce/Other Uses</b>	0	0
Total Class IV Utilization	<u>43,864,877</u>	<u>57,503,786</u>
Average Butterfat Test	11.73%	9.34%
<b>Total Utilization</b>	<b><u>664,964,057</u></b>	<b><u>729,999,421</u></b>

## Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2002 is \$12.84 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 \$1.0857 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 68.73% of all producer skim milk (priced to handlers at \$7.20 per hundredweight, plus the Class I differential, see page 2) and 38.64% of producer butterfat (priced to handlers at \$1.0423 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 6.48% of all producer skim milk (\$7.68 per hundredweight) and 18.11% of producer butterfat (\$1.0993 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.32% of all producer skim milk (\$6.23 per hundredweight) and 25.44% of producer butterfat (\$1.0923 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.47% of all producer skim milk (\$7.00 per hundredweight) and 17.81% of producer butterfat (\$1.0923 per pound).

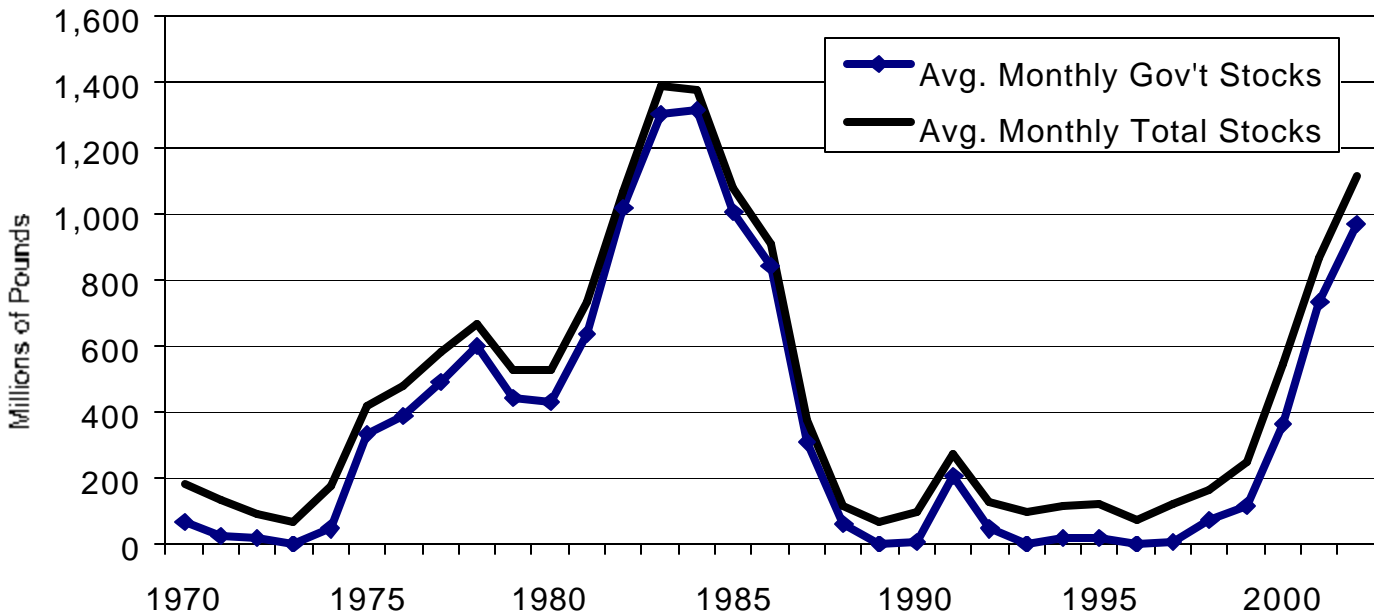
Receipts of producer milk during November 2002 totaled 591.1 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2002. Class I route disposition in the Southeast Market totaled 431.1 million pounds in October 2002.

### Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	<b>October 2002</b>
Whole Milk	168,200,903
Fat Free Milk	51,827,405
Lowfat Milk (incl. 1%)	27,937,500
Reduced Fat Milk (incl. 2%)	126,677,562
Cultured Fluid Milk (incl. Buttermilk)	11,321,439
Flavored Drinks and Milk (incl. Eggnog)	45,132,559
<b>Total Disposition in Marketing Area</b>	<b>431,097,368</b>
Total Disposition by Pool Plants	356,983,944
Total Disposition by Nonpool Plants	74,113,424
<b>Total Disposition in Marketing Area</b>	<b>431,097,368</b>

### Total and Government Nonfat Dry Milk Stocks; 1970 – 2002 YTD

The chart below displays the average monthly nonfat dry milk stocks held by the Commodity Credit Corporation (government stocks) and the average monthly total US nonfat dry milk stocks (government plus privately held stocks). The reduction in the nonfat dry milk support price was in part a reaction to the growing stocks, which have neared historical highs.



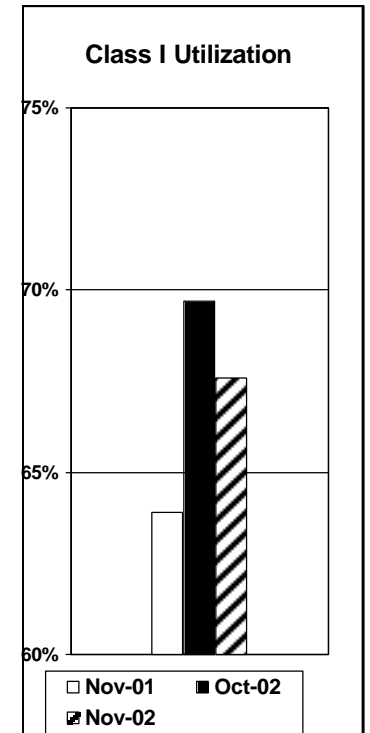
**FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES**

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 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	\$1.4392	\$12.61	\$7.03	\$1.4322	\$11.80	\$7.02	\$1.4322	\$11.79	\$9.20	\$1.4505	\$13.95
Jan 2002	\$10.44	\$1.4249	\$15.06	\$7.74	\$1.4916	\$12.69	\$6.92	\$1.4846	\$11.87	\$6.98	\$1.4846	\$11.93	\$9.33	\$1.4656	\$14.13
Feb	\$10.09	\$1.5170	\$15.05	\$7.69	\$1.3887	\$12.28	\$7.04	\$1.3817	\$11.63	\$6.95	\$1.3817	\$11.54	\$9.07	\$1.4269	\$13.75
Mar	\$10.20	\$1.3927	\$14.72	\$7.66	\$1.3708	\$12.19	\$6.09	\$1.3638	\$10.65	\$6.89	\$1.3638	\$11.42	\$8.84	\$1.3738	\$13.34
Apr	\$10.01	\$1.4043	\$14.57	\$7.61	\$1.2960	\$11.88	\$6.57	\$1.2890	\$10.85	\$6.82	\$1.2890	\$11.09	\$8.89	\$1.3280	\$13.23
May	\$9.93	\$1.3649	\$14.36	\$7.53	\$1.1503	\$11.29	\$7.07	\$1.1433	\$10.82	\$6.81	\$1.1433	\$10.57	\$8.94	\$1.2172	\$12.89
Jun	\$10.33	\$1.1887	\$14.13	\$7.50	\$1.1281	\$11.19	\$6.39	\$1.1211	\$10.09	\$6.84	\$1.1211	\$10.52	\$9.00	\$1.1455	\$12.69
Jul	\$9.95	\$1.1753	\$13.72	\$7.55	\$1.0999	\$11.14	\$5.70	\$1.0929	\$9.33	\$6.87	\$1.0929	\$10.45	\$8.92	\$1.1267	\$12.55
Aug	\$9.96	\$1.1332	\$13.58	\$7.56	\$1.0771	\$11.07	\$6.00	\$1.0701	\$9.54	\$6.91	\$1.0701	\$10.41	\$9.11	\$1.0969	\$12.63
Sep	\$10.02	\$1.1115	\$13.56	\$7.62	\$1.0169	\$10.91	\$6.62	\$1.0099	\$9.92	\$6.93	\$1.0099	\$10.22	\$9.21	\$1.0500	\$12.56
Oct	\$10.01	\$1.0245	\$13.25	\$7.61	\$1.0796	\$11.12	\$7.22	\$1.0726	\$10.72	\$6.99	\$1.0726	\$10.50	\$9.45	\$1.0544	\$12.81
Nov	\$10.30	\$1.0733	\$13.70	\$7.68	\$1.0993	\$11.26	\$6.23	\$1.0923	\$9.84	\$7.00	\$1.0923	\$10.58	\$9.37	\$1.0857	\$12.84
Dec	\$10.09	\$1.1092	\$13.62	\$7.69											

**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 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	4,772	380,340	60.27%	86,473	13.70%	127,461	20.20%	36,759	5.83%
Jul	595,414	4,779	379,997	63.82%	74,884	12.58%	101,521	17.05%	39,013	6.55%
Aug	596,422	4,990	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	4,896	410,306	63.91%	67,765	10.56%	130,892	20.39%	32,966	5.14%
Dec	699,405	4,981	400,415	57.25%	58,692	8.39%	139,822	19.99%	100,475	14.37%
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	83,457	10.97%	161,919	21.28%	112,108	14.73%
Apr	733,198	4,652	401,690	54.79%	69,430	9.47%	167,268	22.81%	94,810	12.93%
May	742,025	4,475	396,050	53.37%	80,068	10.79%	159,969	21.56%	105,987	14.28%
Jun	650,918	4,599	352,018	54.08%	76,245	11.71%	141,505	21.74%	81,156	12.47%
Jul	607,406	4,570	380,268	62.60%	81,323	13.39%	126,142	20.77%	19,673	3.24%
Aug	619,989	4,671	417,146	67.28%	79,031	12.75%	106,179	17.13%	17,633	2.84%
Sep	598,359	4,574	392,523	65.60%	61,812	10.33%	119,391	19.95%	24,633	4.12%
Oct	604,050	4,420	420,941	69.68%	46,350	7.67%	114,922	19.03%	21,837	3.62%
Nov	591,123	4,450**	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%

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



<b>Southeast Marketing Area Federal Order 7</b>							
<b>Pool and Payment Dates for the Pooling Periods December 2002 through February 2003</b>							
		<b>MA Payment Dates</b>		<b>Payments for Producer Milk</b>			
<b>Pool &amp; Uniform</b>		<b>Due to:</b>	<b>Due From:</b>	<b>Advance Pay Due</b>		<b>Final Pay Due</b>	
<b>Pool Month</b>	<b>Price 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>
December	01/11/03	01/13/03	01/14/03	12/26/02	12/26/02	01/14/03	01/15/03
January 2003	02/11/03	02/12/03	02/13/03	01/27/03	01/27/03	02/13/03	02/14/03
February 2003	03/11/03	03/12/03	03/13/03	02/25/03	02/26/03	03/13/03	03/14/03

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

