

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

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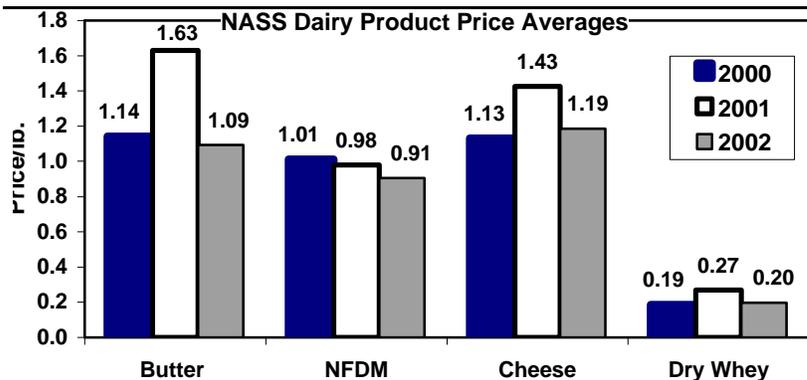
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ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

A Look Back at 2002

We now have a complete record of commodity price surveys for 2002 from the National Agricultural Statistics Service (NASS). These prices are the foundation of the Federal Order class pricing system. Comparing yearly average NASS commodity prices (see chart below) over the past three years reveals the level of price fluctuation the industry has been forced to manage. The year 2001 brought butter



and cheese prices that were, respectively, 43 and 26 percent higher than during 2000. Accordingly, producer blend prices rose 16 percent between 2000 and 2001. Likewise, while 2002 average butter and cheese prices have fallen off 33 and 17 percent respectively, producer blend prices have declined almost 24 percent from last year. The root cause of these price swings is the milk supply and how it varies relative to the demand for milk products. Given a stable demand and unstable supply, price must adjust upward or downward. In 2001 when total U.S. milk production was 1.4 percent lower than the previous year, commodity prices adjusted upward. In 2002, when milk production increased an estimated 2.5 percent, prices were forced lower to clear the market of excess supply.

Southern Dairy Conference

The 29th Southern Dairy Conference will be held February 10 and 11 in Atlanta, GA. Sponsored by the Southern Land Grants Universities, this year's program will address dairy product safety, dairy politics and policy as well as regional marketing and promotion programs. Conference registration available online at www.pware.com/2532. Reserve lodging at the Atlanta Airport Marriott by January 22 at 404-766-7900; mention 'Southern dairy Conference'.

Year Ends at \$12.76

The uniform blend in Fulton County, GA, was \$12.76 per hundredweight of milk at 3.5 percent butterfat for the month of December. This represents a decrease of eight cents from November and is \$1.19 lower than December of last year. Class I utilization was 64.98 percent, which is a 2.6 percent decrease from the previous month, but is 7.7 percent higher than December 2001.

National Dairy Situation

USDA estimates total U.S. production of milk in November at 13.6 billion pounds which is 2.6 percent below October and an increase of 1.9 percent from a year ago. Cumulative production through the month of November is an estimated 2.7 percent higher this year than last year.

Total cheese output was 712 million pounds, 3.0 percent above November 2001 but 0.8 percent below October 2002. Butter production was 103 million pounds in November, 3.1 percent above November 2001 and 1.1 percent above October 2002. Nonfat dry milk intended for human consumption was 96.2 million pounds, 10.2 percent below November 2001 and 3.5 percent below October 2002.

The milk-feed price ratio increased to 2.45 in December, a minimal increase from a revised 2.43 price ratio in November. Its increase was linked to the all-milk price, which rose to \$11.90 per hundredweight in December, an increase of \$0.10 over the revised November price.

During 2002, CCC purchased 12.9 million pounds of cheese and 680.2 million pounds of nonfat dry milk. For comparison, 2001 purchases totaled 1.3 and 356.8 million pounds of cheese and nonfat dry milk, respectively.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for December were made for \$664,658.73. Since the available balance was \$275,910.19, eligible claims were paid at the rate of approximately \$0.42 to the dollar.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.07%	8,970,466	\$1.0782	\$ 9,671,956.46
Class I Differential at Location				265,843.59
Class II Butterfat	16.69%	3,831,330	\$1.1992	4,594,530.90
Class III Butterfat	24.65%	5,657,384	\$1.1922	6,744,733.20
Class IV Butterfat	19.59%	4,495,859	\$1.1922	5,359,963.11
Total Butterfat	100.00%	22,955,039		\$ 26,637,027.26
Uniform Butterfat Price per lb. (Fulton County, Georgia):			\$1.1604	

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	65.99%	384,370,738	\$6.99 /cwt.	\$ 26,867,514.56
Class I Butterfat	39.07%	8,970,466	\$1.0782 /lb.	9,671,956.46
Class I Differential at Location		393,341,204		11,650,704.41
Total Class I Milk	64.98%	393,341,204		\$ 48,190,175.43
Class II Skim Milk	6.53%	38,021,723	\$7.69 /cwt.	\$ 2,923,870.50
Class II Butterfat	16.69%	3,831,330	\$1.1992 /lb.	4,594,530.90
Total Class II Milk	6.91%	41,853,053		\$ 7,518,401.40
Class III Skim Milk	21.39%	124,587,887	\$5.77 /cwt.	\$ 7,188,721.10
Class III Butterfat	24.65%	5,657,384	\$1.1922 /lb.	6,744,733.20
Total Class III Milk	21.51%	130,245,271		\$ 13,933,454.30
Class IV Skim Milk	6.09%	35,476,962	\$6.55 /cwt.	\$ 2,323,741.05
Class IV Butterfat	19.59%	4,495,859	\$1.1922 /lb.	5,359,963.11
Total Class IV Milk	6.60%	39,972,821		\$ 7,683,704.16
Producer Milk	100.00%	605,412,349		\$ 77,325,735.29

Adjustments

Overage and Other Source	\$ 924.24
Inventory Adjustments	8,869.93
Producer butterfat at uniform butterfat price	(26,637,027.26)
Location Adjustments to Producers	1,734,262.83
1/2 Unobligated Balance in P.S.F.	323,216.01

Adjusted Pool Value	\$ 9.05748	\$ 52,755,981.04
Reserve for Producer Settlement Fund	\$ 0.04748	275,752.09

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$9.01**

Uniform Price per cwt. (Fulton County, Georgia) **\$12.76***

* 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 2002	JAN 2003	NOV 2002	DEC 2002	DEC 2002
Appalachian (Charlotte)	\$ 13.62	\$ 13.66	\$ 13.06	\$ 12.96	67.20%
Arizona-Las Vegas (Phoenix)	\$ 12.87	\$ 12.91	\$ 11.14	\$ 11.07	32.53%
Central (Kansas City)	\$ 12.52	\$ 12.56	\$ 10.74	\$ 10.67	25.33%
Florida (Tampa)	\$ 14.52	\$ 14.56	\$ 14.32	\$ 14.15	84.62%
Mideast (Cleveland)	\$ 12.52	\$ 12.56	\$ 11.17	\$ 11.12	40.40%
Northeast (Boston)	\$ 13.77	\$ 13.81	\$ 12.31	\$ 12.24	44.60%
Pacific Northwest (Seattle)	\$ 12.42	\$ 12.46	\$ 10.84	\$ 10.81	27.45%
Southeast (Atlanta)	\$ 13.62	\$ 13.66	\$ 12.84	\$ 12.76	64.98%
Southwest (Dallas)	\$ 13.52	\$ 13.56	\$ 11.97	\$ 11.92	42.26%
Upper Midwest (Chicago)	\$ 12.32	\$ 12.36	\$ 10.43	\$ 10.33	18.80%
Western (Salt Lake City)	\$ 12.41	\$ 12.45	\$ 10.65	\$ 10.50	22.94%

**FLORIDA MILK MARKETING AREA-FEDERAL ORDER 6
STATISTICAL SUMMARY**

Receipts:	December 2002	December 2001
Producer Milk		
Class I	207,107,676	204,294,613
Class II	18,690,465	11,798,369
Class III	11,202,901	1,201,917
Class IV	7,729,489	12,736,043
Total Producer Milk	<u>244,730,531</u>	<u>230,030,942</u>
Average Butterfat Test	3.67%	3.64%
Percent of Producer Milk in Class I	84.62%	88.81%
Daily Average Receipts	7,894,533	7,420,353
Other Source Milk		
Class I	7,065,134	12,285,643
Class II	10,456,094	12,094,961
Class III	134,939	0
Class IV	5,514,339	2,917,348
Total Other Source Milk	<u>23,170,566</u>	<u>27,297,952</u>
Overage		
Class I	0	0
Class II	49,088	2,739
Class III	0	0
Class IV	38,399	44,472
Total Overage	<u>87,487</u>	<u>47,211</u>
Opening Inventory		
Class I	11,657,369	13,230,325
Class II	14,490	105,085
Class III	439,151	0
Class IV	3,563,626	5,333,811
Total Opening Inventory	<u>15,674,636</u>	<u>18,669,221</u>
Total Receipts	283,663,220	276,045,326
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	11,162,705	11,920,090
Route Disposition Class I	214,212,583	216,022,694
Shrinkage	291,770	1,183,744
Transfers and Diversions to Nonpool	163,121	684,053
Total Class I Utilization	<u>225,830,179</u>	<u>229,810,581</u>
Average Butterfat Test	2.32%	2.33%
Daily Average Utilization	7,284,844	7,413,245
Class II Utilization		
Nonfluid Used To Produce	8,134,352	4,257,441
Shrinkage	0	0
Transfers and Diversions to Nonpool	5,804,391	3,214,681
Used To Produce/Other Uses	15,271,394	16,529,032
Total Class II Utilization	<u>29,210,137</u>	<u>24,001,154</u>
Average Butterfat Test	9.89%	9.55%
Class III Utilization		
Shrinkage	3,867,206	0
Transfers and Diversions to Nonpool	6,581,181	1,201,917
Used To Produce/Other Uses	1,328,604	0
Total Class III Utilization	<u>11,776,991</u>	<u>1,201,917</u>
Average Butterfat Test	3.01%	6.35%
Class IV Utilization		
Inventory	5,243,596	7,069,699
Nonfluid Used To Fortify	4,623,518	2,961,276
Shrinkage	0	3,601,233
Transfers and Diversions to Nonpool	6,978,799	6,225,655
Used To Produce/Other Uses	0	1,173,811
Total Class IV Utilization	<u>16,845,913</u>	<u>21,301,674</u>
Average Butterfat Test	8.12%	8.78%
Total Utilization	283,663,220	276,045,326

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2002 is \$12.76 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.01 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1604 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 65.99% of all producer skim milk (priced to handlers at \$6.99 per hundredweight, plus the Class I differential, see page 2) and 39.07% of producer butterfat (priced to handlers at \$1.0782 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 6.53% of all producer skim milk (\$7.69 per hundredweight) and 16.69% of producer butterfat (\$1.1992 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.39% of all producer skim milk (\$5.77 per hundredweight) and 24.65% of producer butterfat (\$1.1922 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.09% of all producer skim milk (\$6.55 per hundredweight) and 19.59% of producer butterfat (\$1.1922 per pound).

Receipts of producer milk during December 2002 totaled 605.4 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 December 2002. Class I route disposition in the Southeast Market totaled 417.1 million pounds in November 2002.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	November 2002
Whole Milk	163,193,119
Fat Free Milk	49,824,500
Lowfat Milk (incl. 1%)	26,550,685
Reduced Fat Milk (incl. 2%)	121,978,240
Cultured Fluid Milk (incl. Buttermilk)	12,986,974
Flavored Drinks and Milk (incl. Eggnog)	42,594,784
Total Disposition in Marketing Area	417,128,302
Total Disposition by Pool Plants	347,313,139
Total Disposition by Nonpool Plants	69,815,163
Total Disposition in Marketing Area	417,128,302

Mailbox Prices January 2002 through September 2002

Reporting Area	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Simple 9 Mo. Average
Florida	15.81	15.34	15.13	15.09	14.75	14.68	15.28	15.58	15.36	15.22
Southeast States	14.09	13.57	13.21	13.05	12.69	12.83	12.98	13.17	13.10	13.19
Appalachian States	13.83	13.37	12.92	12.57	12.31	12.08	12.18	12.29	12.21	13.64
Northern Missouri	13.45	12.94	12.91	12.67	12.56	12.21	11.42	11.64	12.03	12.43
Wisconsin	13.57	13.12	12.45	12.48	12.16	11.42	10.61	10.98	11.46	12.03
Southern Missouri	13.09	12.46	12.19	12.06	11.76	11.66	11.61	11.73	11.55	12.01
Western Texas	13.48	13.10	12.39	11.98	11.66	11.14	11.11	11.38	11.75	12.00
Northeast F.O.1	13.24	12.91	12.48	12.05	11.74	11.49	11.14	11.25	11.29	11.95
Illinois	13.22	13.07	12.32	12.21	12.02	11.31	10.83	10.83	11.29	11.90
Ohio	13.45	12.92	12.42	12.25	11.85	11.19	10.63	11.06	11.19	11.88
Minnesota	13.50	12.75	12.22	12.23	11.88	11.08	10.49	10.90	11.48	11.84
Michigan	13.26	12.79	12.27	12.06	11.68	11.06	10.48	10.87	11.03	11.72
Corn Belt States	13.12	12.71	12.06	12.02	11.68	10.96	10.45	10.82	11.19	11.67
Northwest States	12.81	12.44	12.08	11.91	11.52	11.12	10.78	10.87	11.07	11.62
New Mexico	12.60	12.18	11.45	11.07	10.80	10.21	10.21	10.44	10.86	11.09
Idaho	12.34	11.77	11.50	11.29	10.88	10.30	9.87	10.24	10.52	10.97
Utah	12.41	11.99	11.30	11.08	10.72	10.13	9.48	9.85	10.16	10.79
All Federal Order Areas	13.34	12.91	12.39	12.16	11.83	11.33	10.95	11.18	11.40	11.94
California	12.48	11.73	11.46	11.38	10.98	10.44	10.11	10.35	NA	11.12

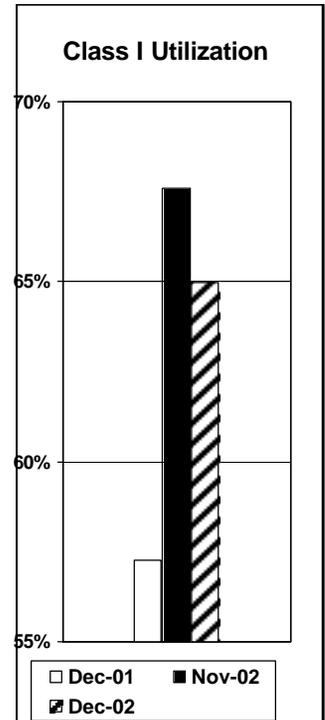
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37											

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.	%						
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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,550**	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%

* 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 2003 through March 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
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
March 2003	04/11/03	04/14/03	04/15/03	03/25/03	03/26/03	04/15/03	04/16/03

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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

February 2003

Volume 4—No. 2

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

Orders Amended, Current Formulas OK'd

Producers supplying milk for each of the 11 Federal milk markets have approved their respective orders, as amended, to incorporate the current Class III and IV Federal milk order pricing formulas. USDA determined producer approval by polling the producer cooperative associations in nine of the markets, and by conducting referenda in the Northeast and Midwest markets. The amended orders are scheduled to become effective for milk marketed on or after April 1, 2003.

For a complete history of the events bringing about the Final Decision for Class III and IV formulas, including an economic analysis of its impact, visit www.ams.usda.gov/dairy/hearing-III_IV.htm.

Forward Contracting Program Participation Shown To Be Small

USDA has released the results of a nineteen month study of the Dairy Forward Pricing Pilot Program. The major findings are: 1) by any measure, participation in the program was limited, and 2) the Program effectively reduced price volatility. Approximately four percent of eligible producers and six percent of eligible manufacturing plants participated in the Program nationwide. Monthly milk shipments on forward contracts averaged about five percent of pooled milk from eligible producers. The average monthly contract price was \$14.02 per hundredweight, ranging between \$13.23 and \$14.86. USDA's study finds that same milk would have received between \$12.04 and \$17.75 per hundredweight, averaging \$14.51 if the Dairy Forward Pricing Pilot Program were not in place.

One caveat to these findings is that the study period, from September 2000 to March 2002, included a significant run-up in commodity prices that few could have predicted at the Program's inception. Commodity markets are generally thought to have been inconsistent with long-term trends during this time, which makes comparisons of contracting alternatives during the observed period, and thus Program evaluation, more difficult.

2003 Begins On Low Note

The uniform blend in Fulton County, GA, was \$12.68 per hundredweight of milk at 3.5 percent butterfat for the month of January. This represents a decrease of eight cents from December and is \$1.45 lower than January of last year. Class I utilization was 64.29 percent, which is a 0.69 percent decrease from the previous month, but is 6.30 percent higher than January 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in December at 14.1 billion pounds, which is 4.9 percent above November and an increase of 1.7 percent from a year ago. Cumulative production for 2002 is estimated at 169.6 billion pounds, 2.6 percent higher than during the previous year.

Total cheese output was 732 million pounds, 4.0 percent above December 2001 and 2.6 percent above November 2002. Butter production was 127 million pounds in December, 3.2 percent above December 2001 and 21.8 percent above November 2002.

The milk-feed price ratio increased to 2.47 in January, a minimal increase from a revised 2.43 price ratio in December. While returns to dairy farmers via their milk prices were down, all the major components of feed prices (corn, alfalfa hay, soybeans and wheat prices) were also lower in January than in December.

January found CCC warehouses storing butter for the first time since 1995. Total monthly purchases included 66.2 million pounds of nonfat dry milk, 1.3 million pounds of processed cheese and 2.4 million pounds of butter.

Transportation Credit Balancing Fund Summary

In 2002, \$3,337,130 was assessed on all Class I milk for distribution through the Fund. On the 441,957,605 pounds claimed for transportation credits, \$3,459,728 was paid. More funds were distributed than assessed due to accrued interest and 2001 audit adjustments.

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	36.66%	9,099,327	\$1.1784	\$ 10,722,646.93
Class I Differential at Location				270,162.09
Class II Butterfat	19.33%	4,795,664	\$1.1926	5,719,308.90
Class III Butterfat	22.37%	5,550,516	\$1.1856	6,580,691.83
Class IV Butterfat	21.64%	5,368,726	\$1.1856	6,365,161.53
Total Butterfat	100.00%	24,814,233		\$ 29,657,971.28
Uniform Butterfat Price per lb. (Fulton County, Georgia):			\$1.1952	

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	65.36%	417,802,040	\$6.67 /cwt.	\$ 27,867,396.09
Class I Butterfat	36.66%	9,099,327	\$1.1784 /lb.	10,722,646.93
Class I Differential at Location		426,901,367		12,685,146.21
Total Class I Milk	64.29%	426,901,367		\$ 51,275,189.23
Class II Skim Milk	7.29%	46,593,469	\$7.37 /cwt.	\$ 3,433,938.66
Class II Butterfat	19.33%	4,795,664	\$1.1926 /lb.	5,719,308.90
Total Class II Milk	7.74%	51,389,133		\$ 9,153,247.56
Class III Skim Milk	20.14%	128,693,807	\$5.83 /cwt.	\$ 7,502,848.94
Class III Butterfat	22.37%	5,550,516	\$1.1856 /lb.	6,580,691.83
Total Class III Milk	20.22%	134,244,323		\$ 14,083,540.77
Class IV Skim Milk	7.21%	46,064,134	\$6.13 /cwt.	\$ 2,823,731.42
Class IV Butterfat	21.64%	5,368,726	\$1.1856 /lb.	6,365,161.53
Total Class IV Milk	7.75%	51,432,860		\$ 9,188,892.95
Producer Milk	100.00%	663,967,683		\$ 83,700,870.51

Adjustments

Overage and Other Source	\$ 809.05
Inventory Adjustments	52,379.41
Producer butterfat at uniform butterfat price	(29,657,971.28)
Location Adjustments to Producers	1,894,347.58
1/2 Unobligated Balance in P.S.F.	512,582.96

Adjusted Pool Value	\$ 8.84018	\$ 56,503,018.23
Reserve for Producer Settlement Fund	\$ 0.04018	256,785.91

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$8.80**

Uniform Price per cwt. (Fulton County, Georgia) **\$12.68***

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	JAN 2003	FEB 2003	DEC 2002	JAN 2002	JAN 2002
Appalachian (Charlotte)	\$ 13.66	\$ 13.33	\$ 12.96	\$ 12.94	71.39%
Arizona-Las Vegas (Phoenix)	\$ 12.91	\$ 12.58	\$ 11.07	\$ 10.97	32.36%
Central (Kansas City)	\$ 12.56	\$ 12.23	\$ 10.67	\$ 10.67	26.07%
Florida (Tampa)	\$ 14.56	\$ 14.23	\$ 14.15	\$ 14.18	88.91%
Mideast (Cleveland)	\$ 12.56	\$ 12.23	\$ 11.12	\$ 11.05	40.80%
Northeast (Boston)	\$ 13.81	\$ 13.48	\$ 12.24	\$ 12.19	45.30%
Pacific Northwest (Seattle)	\$ 12.46	\$ 12.13	\$ 10.81	\$ 10.76	30.46%
Southeast (Atlanta)	\$ 13.66	\$ 13.33	\$ 12.76	\$ 12.68	64.29%
Southwest (Dallas)	\$ 13.56	\$ 13.23	\$ 11.92	\$ 11.88	44.31%
Upper Midwest (Chicago)	\$ 12.36	\$ 12.03	\$ 10.33	\$ 10.36	19.70%
Western (Salt Lake City)	\$ 12.45	\$ 12.12	\$ 10.50	\$ 10.49	18.74%

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

Receipts:	January 2003	January 2002
Producer Milk		
Class I	426,901,367	432,163,165
Class II	51,389,133	69,700,519
Class III	134,244,323	149,938,961
Class IV	51,432,860	93,462,063
	<hr/>	<hr/>
Total Producer Milk	663,967,683	745,264,708
Average Butterfat Test	3.74%	3.75%
Percent of Producer Milk in Class I	64.29%	57.99%
Daily Average Receipts	21,418,312	24,040,797
Other Source Milk		
Class I	9,073,064	9,710,309
Class II	5,807,353	3,960,882
Class III	3,869,170	3,841,207
Class IV	4,163,617	5,937,144
	<hr/>	<hr/>
Total Other Source Milk	22,913,204	23,449,542
Overage		
Class I	0	0
Class II	0	0
Class III	0	11,712
Class IV	0	27,771
	<hr/>	<hr/>
Total Overage	0	39,483
Opening Inventory		
Class I	32,649,309	35,021,325
Class II	1,545,033	336,550
Class III	2,055,613	2,286,572
Class IV	13,466,370	16,968,690
	<hr/>	<hr/>
Total Opening Inventory	49,716,325	54,613,137
Total Receipts	736,597,212	823,366,870
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	36,063,050	37,419,862
Route Disposition Class I	424,798,278	423,281,944
Shrinkage	1,808,123	4,339,753
Transfers and Diversions to Nonpool	5,954,289	11,853,240
	<hr/>	<hr/>
Total Class I Utilization	468,623,740	476,894,799
Average Butterfat Test	2.14%	2.18%
Daily Average Utilization	15,116,895	15,383,703
Class II Utilization		
Nonfluid Used To Produce	2,059,354	2,325,423
Shrinkage	0	213
Transfers and Diversions to Nonpool	39,876,761	52,859,304
Used To Produce/Other Uses	16,806,404	18,813,011
	<hr/>	<hr/>
Total Class II Utilization	58,741,519	73,997,951
Average Butterfat Test	8.57%	7.83%
Class III Utilization		
Shrinkage	7,823,003	7,801,026
Transfers and Diversions to Nonpool	126,429,787	142,881,248
Used To Produce/Other Uses	5,916,316	5,396,176
	<hr/>	<hr/>
Total Class III Utilization	140,169,106	156,078,452
Average Butterfat Test	4.05%	4.04%
Class IV Utilization		
Inventory	15,282,479	18,622,843
Nonfluid Used To Fortify	1,918,432	2,262,466
Shrinkage	0	0
Transfers and Diversions to Nonpool	44,858,635	80,697,497
Used To Produce/Other Uses	7,003,301	14,801,862
	<hr/>	<hr/>
Total Class IV Utilization	69,062,847	116,395,668
Average Butterfat Test	9.34%	7.13%
Total Utilization	736,597,212	823,366,870

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2003 is \$12.68 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.80 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1952 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 65.37% of all producer skim milk (priced to handlers at \$6.67 per hundredweight, plus the Class I differential, see page 2) and 36.66% of producer butterfat (priced to handlers at \$1.1784 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 7.29% of all producer skim milk (\$7.37 per hundredweight) and 19.33% of producer butterfat (\$1.1926 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.13% of all producer skim milk (\$5.83 per hundredweight) and 22.37% of producer butterfat (\$1.1856 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.21% of all producer skim milk (\$6.13 per hundredweight) and 21.64% of producer butterfat (\$1.1856 per pound).

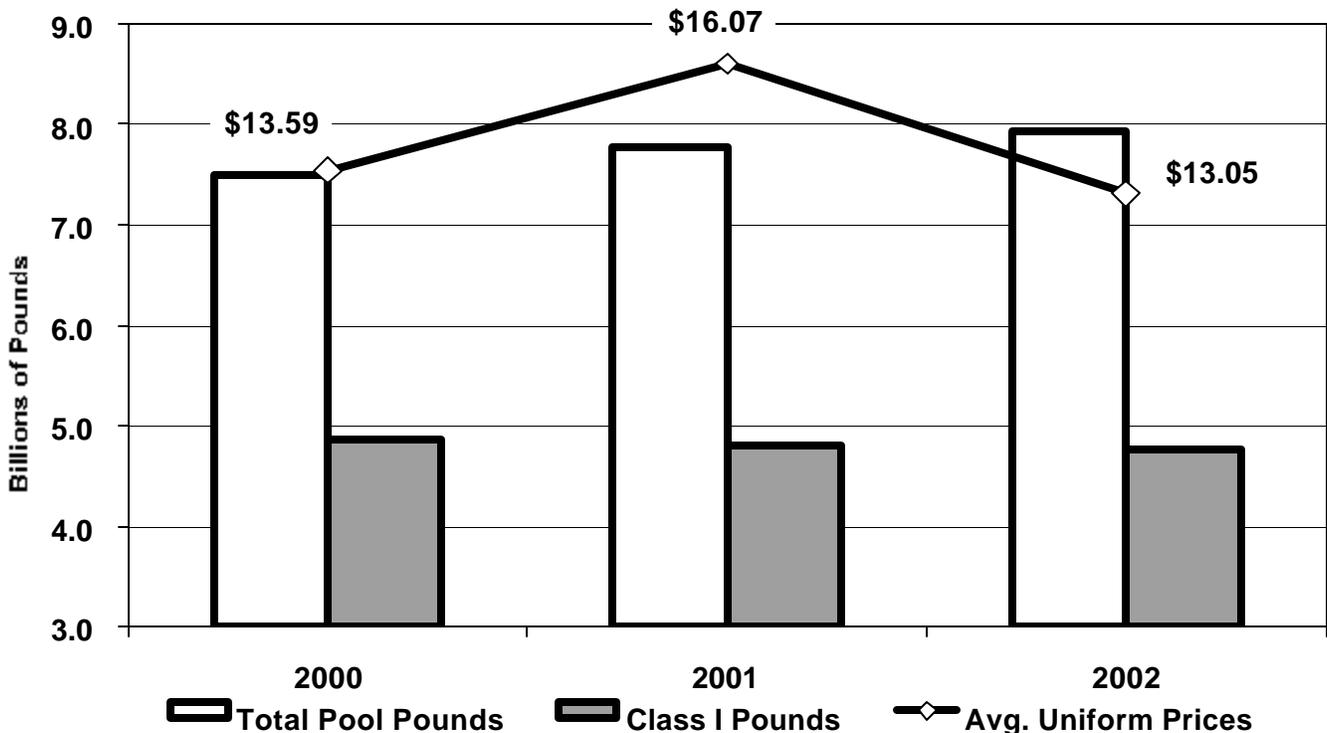
Receipts of producer milk during January 2003 totaled 664.0 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2003. Class I route disposition in the Southeast Market totaled 409.5 million pounds in December 2002.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	December 2002
Whole Milk	165,314,254
Fat Free Milk	47,424,199
Lowfat Milk (incl. 1%)	25,192,306
Reduced Fat Milk (incl. 2%)	119,788,998
Cultured Fluid Milk (incl. Buttermilk)	11,799,039
Flavored Drinks and Milk (incl. Eggnog)	39,940,521
Total Disposition in Marketing Area	409,459,315
Total Disposition by Pool Plants	338,895,370
Total Disposition by Nonpool Plants	70,563,945
Total Disposition in Marketing Area	409,459,315

Total and Class I Pool Pounds, With Average Uniform Prices: 2000-2002

A trend seems to be developing within the Southeast milk marketing area. Over the past three years, the total amount of milk pooled has increased, while the amount of milk pooled as Class I one has declined.



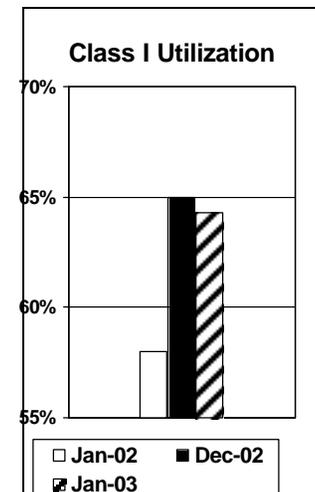
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$6.13	\$1.1856	\$10.07	\$8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90											

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.	%						
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%
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Nov	591,123	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,450**	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%

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

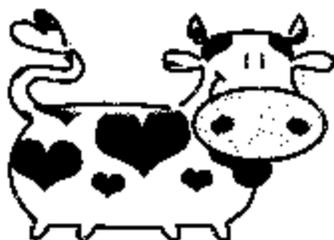


Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods February 2003 through April 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
February 2003	03/11/03	03/12/03	03/13/03	02/25/03	02/26/03	03/13/03	03/14/03
March 2003	04/11/03	04/14/03	04/15/03	03/25/03	03/26/03	04/15/03	04/16/03
April 2003	05/11/03	05/12/03	05/13/03	04/25/03	04/28/03	05/13/03	05/14/03

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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



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

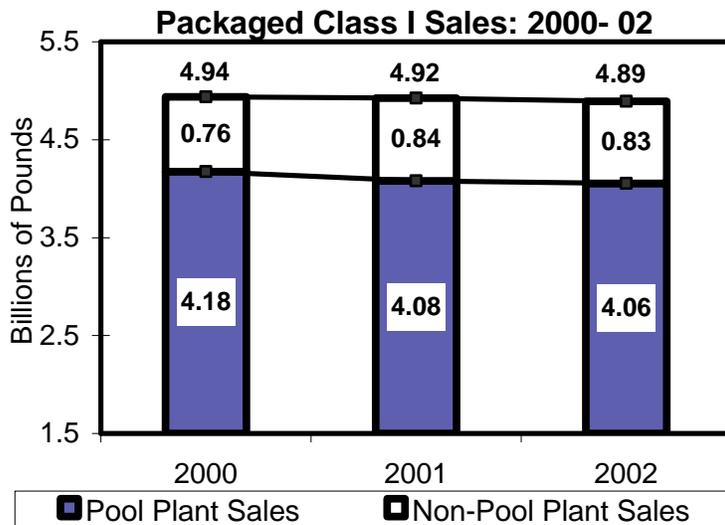
March 2003

Volume 4—No. 3

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

Fluid Sales Down Fractionally

Sales of packaged Class I fluid milk products in Federal Order 7 were down slightly in 2002. Pool plants and non pool plants lost ground, with each selling approximately six-tenths of a percent fewer



pounds of product. The two-year trend shows pool plant sales 2.86 percent lower, a loss that equates to nearly 10 million pounds of fluid milk sales per month. Non pool plants have fared much better, increasing their market-share by 9.33 percent over two years, although on a relatively small base compared with their regulated counterparts. In fact, the 0.83 billion pounds of milk sold by non pool plants in 2002 represents just 17.07 percent of the fluid milk market, with the remaining 82.93 percent being captured by pool plants.

The overall trend of decreasing Class I sales in the Southeast marketing area is quite similar to the national sales picture. From 2000 to 2002, total sales of fluid milk products in the country are estimated to have fallen from 55.50 billion pounds to 55.24 billion pounds, a decrease of 0.46 percent. During that same time frame, Southeast marketing area sales of packaged Class I fluid milk products fell at twice that rate, declining 0.97 percent.

Blend Falls Another \$0.36

The uniform blend in Fulton County, GA, was \$12.32 per hundredweight of milk at 3.5 percent butterfat for the month of February. This represents a decrease of \$0.36 from January and is \$1.43 lower than February of last year. Since Order Reform, the Federal Order 7 blend price has never been lower than February 2003. The previous lowest value was \$12.55 during July 2002. Class I utilization was 65.22 percent, which is a 0.93 percent increase from the previous month, and is 8.59 percent higher than February 2002.

National Dairy Situation

The annual production of milk for the U.S. during 2002 was 169.8 billion pounds, 2.6 percent above 2001. Production per cow in the U.S. averaged 18,571 pounds for 2002, 412 pounds above 2001. The average annual rate of milk production per cow has increased 18 percent since 1993. The average number of milk cows on farms in the U.S. during 2002 was 9.14 million head, up 0.3 percent from 2001. Average number of milk cows was revised down 1,000 head for 2001, and up 2,000 head for 2002 from the previous estimates.

Total cheese output in January was 724 million pounds, 2.7 percent above January 2002 but 1.7 percent below December 2002. Butter production was 142 million pounds in January, 1.3 percent above January 2002 and 11.7 percent above December 2002. Nonfat dry milk production was 134 million pounds in January.

Commodity Credit Corporation purchased large amounts of product during February. Total monthly purchases included 72.3 million pounds of nonfat dry milk, 2.1 million pounds of processed cheese and 0.8 million pounds of butter. An offer of 1.8 million pounds of butter made in January was cancelled in February, resulting in the accounting phenomenon of negative purchases. But regardless of accountants, commodity stocks continue to build through early March.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.41%	7,936,968	\$1.2133	\$ 9,629,923.29
Class I Differential at Location				235,466.85
Class II Butterfat	19.49%	4,134,228	\$1.1443	4,730,797.11
Class III Butterfat	22.75%	4,825,408	\$1.1373	5,487,936.52
Class IV Butterfat	20.35%	4,316,503	\$1.1373	4,909,158.90
Total Butterfat	100.00%	21,213,107		\$ 24,993,282.67

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1782**

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	66.29%	365,743,200	\$6.20 /cwt.	\$ 22,676,078.38
Class I Butterfat	37.41%	7,936,968	\$1.2133 /lb.	9,629,923.29
Class I Differential at Location		373,680,168		11,078,875.15
Total Class I Milk	65.22%	373,680,168		\$ 43,384,876.82
Class II Skim Milk	8.01%	44,185,522	\$6.90 /cwt.	\$ 3,048,801.07
Class II Butterfat	19.49%	4,134,228	\$1.1443 /lb.	4,730,797.11
Total Class II Milk	8.43%	48,319,750		\$ 7,779,598.18
Class III Skim Milk	20.41%	112,601,109	\$5.89 /cwt.	\$ 6,632,205.33
Class III Butterfat	22.75%	4,825,408	\$1.1373 /lb.	5,487,936.52
Total Class III Milk	20.50%	117,426,517		\$ 12,120,141.85
Class IV Skim Milk	5.29%	29,171,368	\$6.04 /cwt.	\$ 1,761,950.62
Class IV Butterfat	20.35%	4,316,503	\$1.1373 /lb.	4,909,158.90
Total Class IV Milk	5.85%	33,487,871		\$ 6,671,109.52
Producer Milk	100.00%	572,914,306		\$ 69,955,726.37

Adjustments

Overage and Other Source	\$ 27,681.77
Inventory Adjustments	21,980.02
Producer butterfat at uniform butterfat price	(24,993,282.67)
Location Adjustments to Producers	1,726,597.90
1/2 Unobligated Balance in P.S.F.	352,863.59

Adjusted Pool Value

\$ 8.53557 **\$ 47,091,566.98**

Reserve for Producer Settlement Fund **\$ 0.04557** 251,441.22

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

\$8.49

Uniform Price per cwt. (Fulton County, Georgia)

\$12.32*

* 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 2003	MAR 2003	JAN 2003	FEB 2003	FEB 2003
Appalachian (Charlotte)	\$ 13.33	\$ 12.91	\$ 12.94	\$ 12.52	71.40%
Arizona-Las Vegas (Phoenix)	\$ 12.58	\$ 12.16	\$ 10.97	\$ 10.63	30.80%
Central (Kansas City)	\$ 12.23	\$ 11.81	\$ 10.67	\$ 10.41	24.72%
Florida (Tampa)	\$ 14.23	\$ 13.81	\$ 14.18	\$ 13.65	87.10%
Mideast (Cleveland)	\$ 12.23	\$ 11.81	\$ 11.05	\$ 10.72	37.60%
Northeast (Boston)	\$ 13.48	\$ 13.06	\$ 12.19	\$ 11.79	44.80%
Pacific Northwest (Seattle)	\$ 12.13	\$ 11.71	\$ 10.76	\$ 10.44	28.83%
Southeast (Atlanta)	\$ 13.33	\$ 12.91	\$ 12.68	\$ 12.32	65.22%
Southwest (Dallas)	\$ 13.23	\$ 12.81	\$ 11.88	\$ 11.42	38.65%
Upper Midwest (Chicago)	\$ 12.03	\$ 11.61	\$ 10.36	\$ 10.13	18.50%
Western (Salt Lake City)	\$ 12.12	\$ 11.70	\$ 10.49	\$ 10.29	18.56%

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

Receipts:	February 2003	February 2002
Producer Milk		
Class I	373,680,168	378,176,390
Class II	48,319,750	65,961,774
Class III	117,426,517	133,291,425
Class IV	33,487,871	90,319,961
Total Producer Milk	<u>572,914,306</u>	<u>667,749,550</u>
Average Butterfat Test	3.70%	3.71%
Percent of Producer Milk in Class I	65.22%	56.63%
Daily Average Receipts	20,461,225	23,848,198
Other Source Milk		
Class I	7,727,860	8,461,838
Class II	3,493,692	3,696,879
Class III	2,468,573	3,663,201
Class IV	5,671,988	5,293,825
Total Other Source Milk	<u>19,363,113</u>	<u>21,115,743</u>
Overage		
Class I	18,028	0
Class II	0	0
Class III	0	0
Class IV	22,229	25,588
Total Overage	<u>40,257</u>	<u>25,588</u>
Opening Inventory		
Class I	36,906,580	37,419,862
Class II	836,606	235,114
Class III	2,218,126	8,523
Class IV	11,384,217	18,500,501
Total Opening Inventory	<u>51,345,529</u>	<u>56,164,000</u>
Total Receipts	643,663,205	745,054,881
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	35,514,901	35,863,011
Route Disposition Class I	375,732,519	375,441,152
Shrinkage	964,200	3,141,849
Transfers and Diversions to Nonpool	6,121,016	9,612,078
Total Class I Utilization	<u>418,332,636</u>	<u>424,058,090</u>
Average Butterfat Test	2.12%	2.14%
Daily Average Utilization	14,940,451	15,144,932
Class II Utilization		
Nonfluid Used To Produce	1,221,682	2,181,938
Shrinkage	0	0
Transfers and Diversions to Nonpool	33,763,071	48,841,837
Used To Produce/Other Uses	17,665,295	18,869,992
Total Class II Utilization	<u>52,650,048</u>	<u>69,893,767</u>
Average Butterfat Test	8.66%	8.52%
Class III Utilization		
Shrinkage	6,510,741	0
Transfers and Diversions to Nonpool	110,695,834	136,963,149
Used To Produce/Other Uses	4,907,641	0
Total Class III Utilization	<u>122,114,216</u>	<u>136,963,149</u>
Average Butterfat Test	4.06%	4.06%
Class IV Utilization		
Inventory	12,704,027	17,669,146
Nonfluid Used To Fortify	1,711,194	1,979,474
Shrinkage	0	6,865,429
Transfers and Diversions to Nonpool	24,206,927	66,214,961
Used To Produce/Other Uses	11,944,157	21,410,865
Total Class IV Utilization	<u>50,566,305</u>	<u>114,139,875</u>
Average Butterfat Test	10.39%	6.05%
Total Utilization	643,663,205	745,054,881

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2003 is \$12.32 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.49 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1782 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 66.29% of all producer skim milk (priced to handlers at \$6.20 per hundredweight, plus the Class I differential, see page 2) and 37.41% of producer butterfat (priced to handlers at \$1.2133 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 (\$6.90 per hundredweight) and 19.49% of producer butterfat (\$1.1443 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.41% of all producer skim milk (\$5.89 per hundredweight) and 22.75% of producer butterfat (\$1.1373 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.29% of all producer skim milk (\$6.04 per hundredweight) and 20.35% of producer butterfat (\$1.1373 per pound).

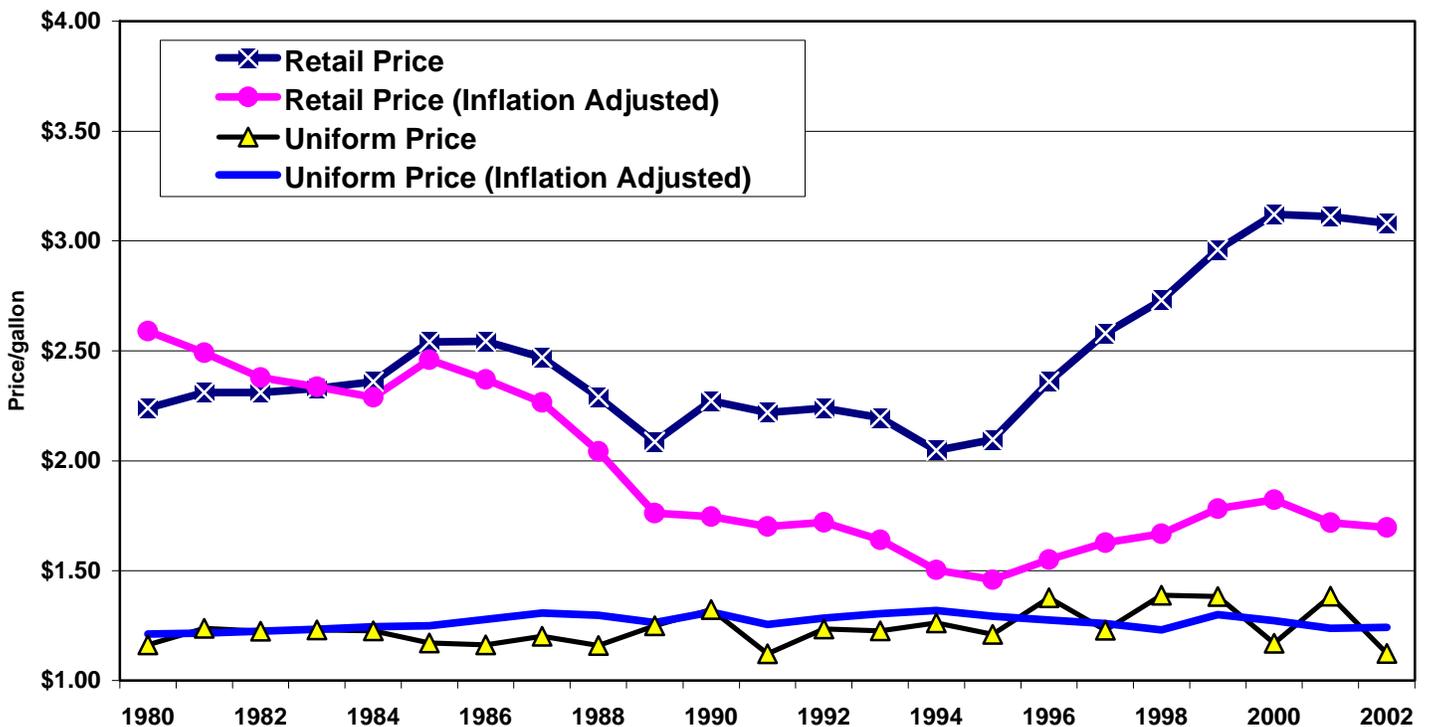
Receipts of producer milk during February 2003 totaled 572.9 million pounds. There were 30 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2003. Class I route disposition in the Southeast Market totaled 439.2 million pounds in January 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	January 2003
Whole Milk	174,591,782
Fat Free Milk	53,159,924
Lowfat Milk (incl. 1%)	28,203,741
Reduced Fat Milk (incl. 2%)	130,815,954
Cultured Fluid Milk (incl. Buttermilk)	11,458,281
Flavored Drinks and Milk (incl. Eggnog)	40,948,136
Total Disposition in Marketing Area	439,177,808
Total Disposition by Pool Plants	366,268,326
Total Disposition by Nonpool Plants	72,909,482
Total Disposition in Marketing Area	439,177,808

Retail and Uniform Prices Per Gallon, Atlanta, GA: 1980-2002

The chart displays prices received by retailers and producers adjusted by Bureau of Labor Statistics consumer and producer price indecies for fluid milk products. Retail prices are collected by the Market Administrator and represent an average price for whole milk in Atlanta. The nominal (non-inflation adjusted) price spread has grown significantly since the late 1980s. But contrary to perceptions, the real (inflation adjusted) price spread has declined over time.



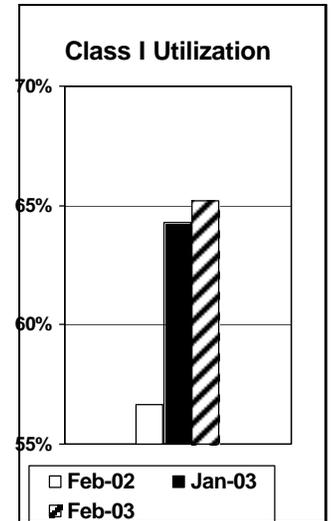
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$ 9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$ 9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$ 9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$ 9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$ 9.66	\$ 6.04	\$1.1373	\$ 9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$ 9.14	\$1.1684	\$12.91	\$6.74											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,450**	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%

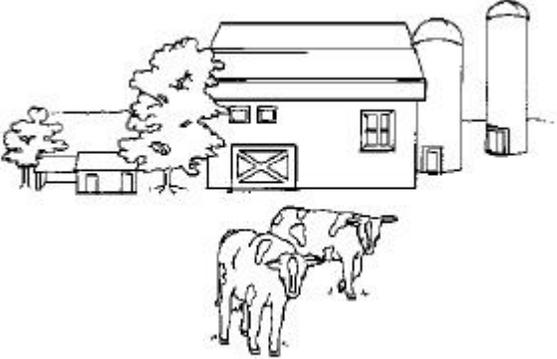
* Class I and uniform prices are at Fulton County (Atlanta), Georgia; ** Estimated



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods March through May 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
March 2003	04/11/03	04/14/03	04/15/03	03/25/03	03/26/03	04/15/03	04/16/03
April 2003	05/11/03	05/12/03	05/13/03	04/25/03	04/28/03	05/13/03	05/14/03
May 2003	06/11/03	06/12/03	06/13/03	05/27/03	05/27/03	06/13/03	06/16/03

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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



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

April 2003

Volume 4—No. 4

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

Legal Challenge to Orders Denied

On April 4, U.S. District Court Judge Royce Lamberth decided against the issuance of an injunction on the implementation of the orders, as amended, that producers approved in November of 2002 (the results which were not publicly released until February 11th, 2003). The injunction sought to prevent the incorporation of changes into the Class III and IV pricing formulas, which are estimated to increase average blend prices in the country by six cents over the next five year. The legal claim of the lawsuit, brought by several dairy cooperatives from the northwestern part of the country, was that Secretary of Agriculture Ann Veneman failed to properly consider the interaction of California's state order with the Final Rule. Judge Lamberth found that Secretary Veneman offered adequate consideration of the California issue based on the hearing record. Therefore, all milk marketed on or after April 1 will be priced according to the Final Rule. For more on the Class III/IV formulas, visit www.ams.usda.gov/dairy/hearing-III_IV.htm.

Dairy Promotion Program Upheld

In a Pennsylvania Federal court, Judge John Jones III found in favor of Secretary Veneman in a suit brought by an independent dairy farmer challenging the Dairy Promotion and Research Program. The claim that it violated free speech and free association rights of dairy farmers was rejected by Judge Jones based on precedent set by Supreme court rulings on the tree fruit and mushroom promotion programs. Both decisions hinged on the level of governmental involvement and amount of regulation within an industry, which in the case of milk is quite extensive. In essence, the ability to act independently is already constrained by the regulatory scheme in dairy and the promotion program works in conjunction with the price support program, the Federal order system, import controls and the policy supporting dairy farmer cooperatives. In addition, it was ruled that farmers are not prevented from communicating their own message nor forced to communicate the dairy promotion program's message.

Blend Falls Another \$0.41

The uniform blend in Fulton County, GA, was \$11.91 per hundredweight of milk at 3.5 percent butterfat for the month of March. This represents a decrease of \$0.41 from February and is \$1.43 lower than March of last year, and once again sets a record low price for the Southeast marketing area since the implementation of Federal Order Reform. Class I utilization was 62.49 percent, which is a 2.73 percent decrease from the previous month, and is 9.47 percent higher than March 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in February at 13.5 billion pounds, which is a decline of 7.6 percent from January yet still an increase of 1.7 percent over February 2002. Both cow numbers and milk per cow are estimated to be above February of last year.

In February, total cheese output was 655 million pounds, slightly below February 2002 and 8.8 percent below January 2003. Butter production was 128 million pounds in February, 2.5 percent above February 2002 but 9.2 percent below January 2003. Nonfat dry milk production was 133 million pounds in February, up 5.3 percent from February 2002 and down 0.7 percent from January 2003. The milk-feed price ratio fell to 2.29 in March, from a revised 2.35 price ratio in February. For reference, March 2002's price ratio was 2.89.

In response to the continued depression in milk prices, Commodity Credit Corporation has had to make good on its standing offer to buy manufactured products in order to buoy farm level prices. Total CCC purchases in March included 62.2 million pounds of nonfat dry milk, 9.3 million pounds of processed cheese and 3.1 million pounds of butter. These large government stockpiles will tend to delay the arrival of any impending price recovery.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.41%	8,278,027	\$1.1374	\$ 9,415,427.92
Class I Differential at Location				246,484.32
Class II Butterfat	20.77%	4,721,533	\$1.1529	5,443,455.39
Class III Butterfat	24.81%	5,641,895	\$1.1459	6,465,047.50
Class IV Butterfat	18.01%	4,094,618	\$1.1459	4,692,022.79
Total Butterfat	100.00%	22,736,073		\$ 26,262,437.92

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1551**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	63.47%	383,501,742	\$6.04 /cwt.	\$ 23,163,505.21
Class I Butterfat	36.41%	8,278,027	\$1.1374 /lb.	9,415,427.92
Class I Differential at Location		391,779,769		11,656,744.26
Total Class I Milk	62.49%	391,779,769		\$ 44,235,677.39
Class II Skim Milk	8.71%	52,625,351	\$6.74 /cwt.	\$ 3,546,948.67
Class II Butterfat	20.77%	4,721,533	\$1.1529 /lb.	5,443,455.39
Total Class II Milk	9.15%	57,346,884		\$ 8,990,404.06
Class III Skim Milk	21.73%	131,293,509	\$5.28 /cwt.	\$ 6,932,297.26
Class III Butterfat	24.81%	5,641,895	\$1.1459 /lb.	6,465,047.50
Total Class III Milk	21.84%	136,935,404		\$ 13,397,344.76
Class IV Skim Milk	6.09%	36,770,104	\$5.99 /cwt.	\$ 2,202,529.23
Class IV Butterfat	18.01%	4,094,618	\$1.1459 /lb.	4,692,022.79
Total Class IV Milk	6.52%	40,864,722		\$ 6,894,552.02
Producer Milk	100.00%	626,926,779		\$ 73,517,978.23

Adjustments

Overage and Other Source	\$ 19,457.51
Inventory Adjustments	(4,996.52)
Producer butterfat at uniform butterfat price	(26,262,437.92)
Location Adjustments to Producers	1,893,052.38
1/2 Unobligated Balance in P.S.F.	361,677.84

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.19676	\$ 49,524,731.52
	\$ 0.04676	280,060.37

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

\$8.15

Uniform Price per cwt. (Fulton County, Georgia)

\$11.91*

* 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 2003	APR 2003	FEB 2003	MAR 2003	MAR 2003
Appalachian (Charlotte)	\$ 12.91	\$ 12.74	\$ 12.52	\$ 12.07	64.97%
Arizona-Las Vegas (Phoenix)	\$ 12.16	\$ 11.99	\$ 10.63	\$ 10.29	29.57%
Central (Kansas City)	\$ 11.81	\$ 11.64	\$ 10.41	\$ 10.08	27.48%
Florida (Tampa)	\$ 13.81	\$ 13.64	\$ 13.65	\$ 13.31	86.40%
Mideast (Cleveland)	\$ 11.81	\$ 11.64	\$ 10.72	\$ 10.36	37.40%
Northeast (Boston)	\$ 13.06	\$ 12.89	\$ 11.79	\$ 11.43	41.30%
Pacific Northwest (Seattle)	\$ 11.71	\$ 11.54	\$ 10.44	\$ 10.13	27.17%
Southeast (Atlanta)	\$ 12.91	\$ 12.74	\$ 12.32	\$ 11.91	62.49%
Southwest (Dallas)	\$ 12.81	\$ 12.64	\$ 11.42	\$ 11.10	35.95%
Upper Midwest (Chicago)	\$ 11.61	\$ 11.44	\$ 10.13	\$ 9.65	17.50%
Western (Salt Lake City)	\$ 11.70	\$ 11.53	\$ 10.29	\$ 9.88	20.39%

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

Receipts:	March 2003	March 2002
Producer Milk		
Class I	391,779,769	403,552,196
Class II	57,346,884	83,456,542
Class III	136,935,404	161,919,481
Class IV	40,864,722	112,107,523
Total Producer Milk	<u>626,926,779</u>	<u>761,035,742</u>
Average Butterfat Test	3.63%	3.68%
Percent of Producer Milk in Class I	62.49%	53.02%
Daily Average Receipts	20,223,444	24,549,540
Other Source Milk		
Class I	8,387,846	9,360,335
Class II	3,062,680	7,539,560
Class III	2,818,248	4,503,889
Class IV	10,344,718	8,821,050
Total Other Source Milk	<u>24,613,492</u>	<u>30,224,834</u>
Overage		
Class I	0	0
Class II	68,863	0
Class III	0	0
Class IV	9,731	14,144
Total Overage	<u>78,594</u>	<u>14,144</u>
Opening Inventory		
Class I	35,514,901	36,136,678
Class II	471,989	316,953
Class III	1,147,927	347,408
Class IV	11,084,111	16,731,118
Total Opening Inventory	<u>48,218,928</u>	<u>53,532,157</u>
Total Receipts	699,837,793	844,806,877
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,314,942	31,370,393
Route Disposition Class I	397,152,236	404,913,052
Shrinkage	1,732,127	1,528,778
Transfers and Diversions to Nonpool	4,483,211	11,236,986
Total Class I Utilization	<u>435,682,516</u>	<u>449,049,209</u>
Average Butterfat Test	2.12%	2.17%
Daily Average Utilization	14,054,275	14,485,458
Class II Utilization		
Nonfluid Used To Produce	1,579,391	2,516,503
Shrinkage	0	0
Transfers and Diversions to Nonpool	40,157,714	68,284,249
Used To Produce/Other Uses	19,213,311	20,512,303
Total Class II Utilization	<u>60,950,416</u>	<u>91,313,055</u>
Average Butterfat Test	8.24%	6.99%
Class III Utilization		
Shrinkage	7,207,134	7,136,022
Transfers and Diversions to Nonpool	128,685,719	155,214,746
Used To Produce/Other Uses	5,008,726	4,420,010
Total Class III Utilization	<u>140,901,579</u>	<u>166,770,778</u>
Average Butterfat Test	4.09%	4.00%
Class IV Utilization		
Inventory	23,989,741	29,347,138
Nonfluid Used To Fortify	1,705,877	2,122,524
Shrinkage	0	0
Transfers and Diversions to Nonpool	20,321,722	84,912,373
Used To Produce/Other Uses	16,285,942	21,291,800
Total Class IV Utilization	<u>62,303,282</u>	<u>137,673,835</u>
Average Butterfat Test	8.40%	5.93%
Total Utilization	699,837,793	844,806,877

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2003 is \$11.91 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.15 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1551 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 63.47% of all producer skim milk (priced to handlers at \$6.04 per hundredweight, plus the Class I differential, see page 2) and 36.41% of producer butterfat (priced to handlers at \$1.1374 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.71% of all producer skim milk (\$6.74 per hundredweight) and 20.77% of producer butterfat (\$1.1529 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.73% of all producer skim milk (\$5.28 per hundredweight) and 24.81% of producer butterfat (\$1.1459 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.09% of all producer skim milk (\$5.99 per hundredweight) and 18.01% of producer butterfat (\$1.1459 per pound).

Receipts of producer milk during March 2003 totaled 626,927 million pounds. There were 30 regulated pool distributing plants, 4 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for March 2003. Class I route disposition in the Southeast Market totaled 389.4 million pounds in February 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
February 2003	
Whole Milk	152,559,007
Fat Free Milk	47,261,477
Lowfat Milk (incl. 1%)	25,692,704
Reduced Fat Milk (incl. 2%)	114,353,900
Cultured Fluid Milk (incl. Buttermilk)	9,957,953
Flavored Drinks and Milk (incl. Eggnog)	<u>39,539,758</u>
Total Disposition in Marketing Area	389,364,799
Total Disposition by Pool Plants	323,943,416
Total Disposition by Nonpool Plants	<u>65,421,383</u>
Total Disposition in Marketing Area	389,364,799

Measures of Growth in Federal Milk Order Markets, Selected Years, 1950-2002

Year	Population in FO Markets	# of Handlers	# of Producers	Receipts of Producer Milk	Producer Milk used in Class I	% of Producer Milk used in Class I	Blend Price @ 3.5	Daily Deliveries of milk per producer	Gross Value of Receipts of Producer Milk Per Producer	Gross Value of Receipts of Producer Milk; All Producers
	1,000			Million Pounds		%	\$/cwt	Pounds	\$	\$1,000
1950	---	1,101	156,584	18,660	11,000	58.9	3.93	326	4,914	769,442
1955	46,963	1,483	188,611	28,948	18,032	62.3	4.08	420	6,510	1,227,815
1960	88,818	2,259	189,816	44,812	28,758	64.2	4.47	648	10,482	1,989,615
1965	102,351	1,891	158,077	54,444	34,561	63.5	4.31	944	15,300	2,418,526
1970	125,721	1,588	143,411	65,104	40,063	61.5	5.95	1,244	27,636	3,963,311
1975	150,666	1,315	123,855	69,249	40,106	57.9	8.64	1,532	49,233	6,097,768
1980	164,908	1,091	117,490	83,998	41,034	48.9	12.86	1,954	93,685	11,007,001
1985	176,440	884	116,765	97,762	42,201	43.2	12.61	2,294	107,871	12,595,522
1990	195,841	753	100,397	102,396	43,783	42.8	13.78	2,796	142,324	14,289,567
1995	207,548	571	88,717	108,548	45,004	41.5	12.79	3,350	157,754	13,995,454
2000	228,899	346	69,590	116,920	45,989	39.3	12.11	4,590	207,913	14,468,892
2001	231,487	350	66,423	120,223	45,887	38.2	14.90	4,959	275,642	18,308,968
2002	234,256	338	63,856	125,546	46,043	36.7	11.91	5,387	237,503	15,165,997

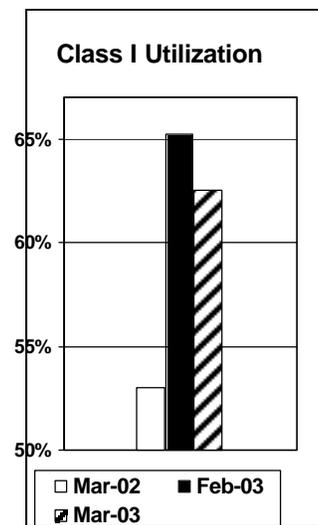
Source: Dairy Market News, Vol. 70, Report 12

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$ 9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,300**	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods April through June 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
April 2003	05/11/03	05/12/03	05/13/03	04/25/03	04/28/03	05/13/03	05/14/03
May 2003	06/11/03	06/12/03	06/13/03	05/27/03	05/27/03	06/13/03	06/16/03
June 2003	07/11/03	07/14/03	07/15/03	06/25/03	06/26/03	07/15/03	07/16/03

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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



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

May 2003

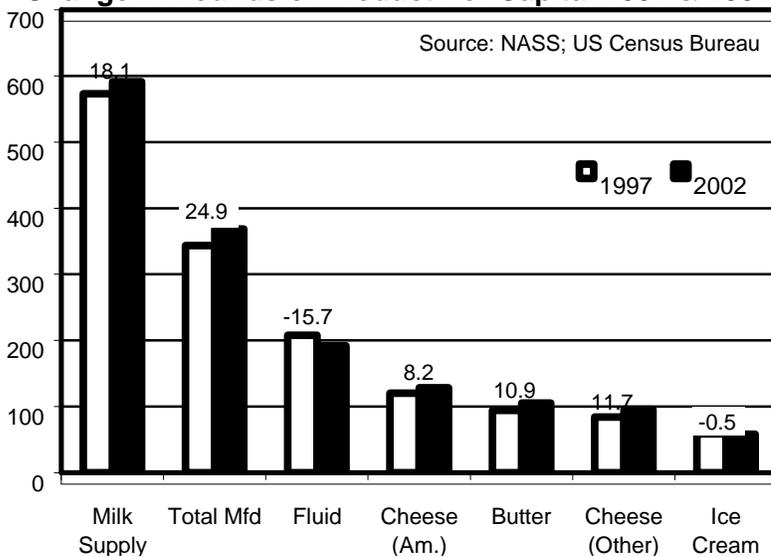
Volume 4—No. 5

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

Commodity Growth Continued in 2002

The National Agricultural Statistics Service (NASS) recently released the dairy products annual summary for 2002. It aggregates the wide variety of dairy products produced within the country and provides insight as to the dynamics of dairy consumption. Last year, the milk supply totaled 170.1 billion pounds, including the equivalent of 315 million pounds of imported milk in the

Change in Pounds of Product Per Capita: 1997 & 2002



form of hard products. Therefore, the estimated 287.7 million people in the nation consumed, on average, the equivalent of 591.3 pounds of milk in the form of cheese, butter, and fluid milk among others. This is 18.1 pounds more than was consumed five years earlier during 1997. The chart above displays the most common ways Americans enjoy dairy products, and the per capita consumption change between 1997 and 2002. Cheese, both American and other types combined, is the largest use of milk and has been the most significant area of growth over the past five years. While fluid uses have remained stagnant in aggregate at about 55.6 billion pounds a year, the amount drunk by the average person has actually fallen 15.7 pounds per year compared with 1997. Butter has not shown consistent growth, but its consumption was up 10.9 pounds per person over this period.

Record Low Prices

The uniform blend in Fulton County, GA, was \$11.81 per hundredweight of milk at 3.5 percent butterfat for the month of April. This represents a decrease of \$0.10 from March and is \$1.42 lower than April of last year. This once again sets a record low price for the Southeast marketing area since the implementation of Federal Order Reform. Class I utilization was 60.38 percent, which is a 2.11 percent decrease from the previous month, and is 5.59 percent higher than April 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in March at 15.0 billion pounds, which is an increase of 12.2 percent from the short month of February, and an increase of 1.2 percent over March 2002. Both cow numbers and milk per cow are estimated to be above March of last year. Quarterly production is estimated to be 1.3 percent higher than the first quarter of 2002 with 9.16 million milk cows, 43,000 head more than the same period last year.

In March, total cheese output (excluding cottage cheese) was 733 million pounds, 1.3 percent below March 2002 but 12.2 percent above February 2003. Butter production was 127 million pounds in March, 1.0 percent below March 2002 and 1.4 percent below February 2003. Nonfat dry milk production was 146 million pounds in March, down 4.5 percent from March 2002 and an increase of 9.7 percent from February 2003.

The milk-feed price ratio fell to 2.23 in April, down four points from March. For comparison, April 2002's milk-feed price ratio was 2.81.

Total Commodity Credit Corporation purchases under the price support program in April included 94.2 million pounds of nonfat dry milk, 10.6 million pounds of processed, block and barrel cheese and 3.6 million pounds of butter.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.16%	8,115,943	\$1.1227	\$ 9,111,769.23
Class I Differential at Location				242,238.05
Class II Butterfat	22.68%	5,090,828	\$1.1573	5,891,615.29
Class III Butterfat	25.94%	5,823,288	\$1.1503	6,698,528.16
Class IV Butterfat	15.22%	3,417,391	\$1.1503	3,931,024.89
Total Butterfat	100.00%	22,447,450		\$ 25,875,175.62

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1527**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	61.28%	375,978,663	\$5.92 /cwt.	\$ 22,257,936.85
Class I Butterfat	36.16%	8,115,943	\$1.1227 /lb.	9,111,769.23
Class I Differential at Location		384,094,606		11,420,302.13
Total Class I Milk	60.38%	384,094,606		\$ 42,790,008.21
Class II Skim Milk	9.33%	57,228,855	\$6.62 /cwt.	\$ 3,788,550.18
Class II Butterfat	22.68%	5,090,828	\$1.1573 /lb.	5,891,615.29
Total Class II Milk	9.80%	62,319,683		\$ 9,680,165.47
Class III Skim Milk	23.07%	141,593,613	\$5.58 /cwt.	\$ 7,900,923.59
Class III Butterfat	25.94%	5,823,288	\$1.1503 /lb.	6,698,528.16
Total Class III Milk	23.18%	147,416,901		\$ 14,599,451.75
Class IV Skim Milk	6.32%	38,794,787	\$5.91 /cwt.	\$ 2,292,771.92
Class IV Butterfat	15.22%	3,417,391	\$1.1503 /lb.	3,931,024.89
Total Class IV Milk	6.64%	42,212,178		\$ 6,223,796.81
Producer Milk	100.00%	636,043,368		\$ 73,293,422.24

Adjustments

Overage and Other Source	\$ 4,589.20
Inventory Adjustments	(8,303.66)
Producer butterfat at uniform butterfat price	(25,875,175.62)
Location Adjustments to Producers	2,053,903.33
1/2 Unobligated Balance in P.S.F.	281,854.32

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.10733	\$ 49,750,289.82
	\$ 0.04733	290,456.13

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

\$8.06

Uniform Price per cwt. (Fulton County, Georgia)

\$11.81*

* 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 %
	APR 2003	MAY 2003	MAR 2003	APR 2003	APR 2003
Appalachian (Charlotte)	\$ 12.74	\$ 12.81	\$ 12.07	\$ 12.04	65.89%
Arizona-Las Vegas (Phoenix)	\$ 11.99	\$ 12.06	\$ 10.29	\$ 10.34	29.15%
Central (Kansas City)	\$ 11.64	\$ 11.71	\$ 10.08	\$ 10.22	27.41%
Florida (Tampa)	\$ 13.64	\$ 13.71	\$ 13.31	\$ 12.96	77.76%
Mideast (Cleveland)	\$ 11.64	\$ 11.71	\$ 10.36	\$ 10.47	36.20%
Northeast (Boston)	\$ 12.89	\$ 12.96	\$ 11.43	\$ 11.45	41.30%
Pacific Northwest (Seattle)	\$ 11.54	\$ 11.61	\$ 10.13	\$ 10.21	28.05%
Southeast (Atlanta)	\$ 12.74	\$ 12.81	\$ 11.91	\$ 11.81	60.38%
Southwest (Dallas)	\$ 12.64	\$ 12.71	\$ 11.10	\$ 11.19	36.67%
Upper Midwest (Chicago)	\$ 11.44	\$ 11.51	\$ 9.65	\$ 9.87	18.20%
Western (Salt Lake City)	\$ 11.53	\$ 11.60	\$ 9.88	\$ 9.95	16.27%

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

Receipts:	April 2003	April 2002
Producer Milk		
Class I	384,094,606	401,699,879
Class II	62,319,683	69,430,227
Class III	147,416,901	167,267,570
Class IV	42,212,178	94,810,317
	<hr/>	<hr/>
Total Producer Milk	636,043,368	733,197,993
Average Butterfat Test	3.53%	3.57%
Percent of Producer Milk in Class I	60.38%	54.79%
Daily Average Receipts	21,201,446	24,439,933
Other Source Milk		
Class I	8,064,032	8,985,138
Class II	3,096,543	747,367
Class III	3,455,539	4,586,018
Class IV	6,662,475	9,199,546
	<hr/>	<hr/>
Total Other Source Milk	21,278,589	30,518,069
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
	<hr/>	<hr/>
Total Overage	0	0
Opening Inventory		
Class I	32,308,315	33,250,699
Class II	382,682	3,753,354
Class III	2,799,369	4,268,720
Class IV	20,617,030	16,574,394
	<hr/>	<hr/>
Total Opening Inventory	56,107,396	60,847,167
	<hr/>	<hr/>
Total Receipts	713,429,353	824,563,229
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	30,136,093	35,773,180
Route Disposition Class I	388,200,611	394,360,554
Shrinkage	1,678,554	2,158,943
Transfers and Diversions to Nonpool	4,451,695	11,633,039
	<hr/>	<hr/>
Total Class I Utilization	424,466,953	443,925,716
Average Butterfat Test	2.12%	2.14%
Daily Average Utilization	14,148,898	14,797,524
Class II Utilization		
Nonfluid Used To Produce	1,705,791	2,673,055
Shrinkage	0	0
Transfers and Diversions to Nonpool	44,446,805	57,843,630
Used To Produce/Other Uses	49,646,312	20,414,263
	<hr/>	<hr/>
Total Class II Utilization	65,798,908	80,930,948
Average Butterfat Test	8.13%	7.30%
Class III Utilization		
Shrinkage	7,416,638	7,301,381
Transfers and Diversions to Nonpool	140,927,809	166,955,200
Used To Produce/Other Uses	5,327,362	1,865,727
	<hr/>	<hr/>
Total Class III Utilization	153,671,809	179,122,308
Average Butterfat Test	3.91%	3.64%
Class IV Utilization		
Inventory	24,290,921	15,865,002
Nonfluid Used To Fortify	1,630,629	2,027,369
Shrinkage	0	0
Transfers and Diversions to Nonpool	29,327,903	80,768,730
Used To Produce/Other Uses	14,242,230	21,923,156
	<hr/>	<hr/>
Total Class IV Utilization	69,491,683	120,584,257
Average Butterfat Test	6.82%	6.06%
	<hr/>	<hr/>
Total Utilization	713,429,353	824,563,229

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2003 is \$11.81 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.06 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1527 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

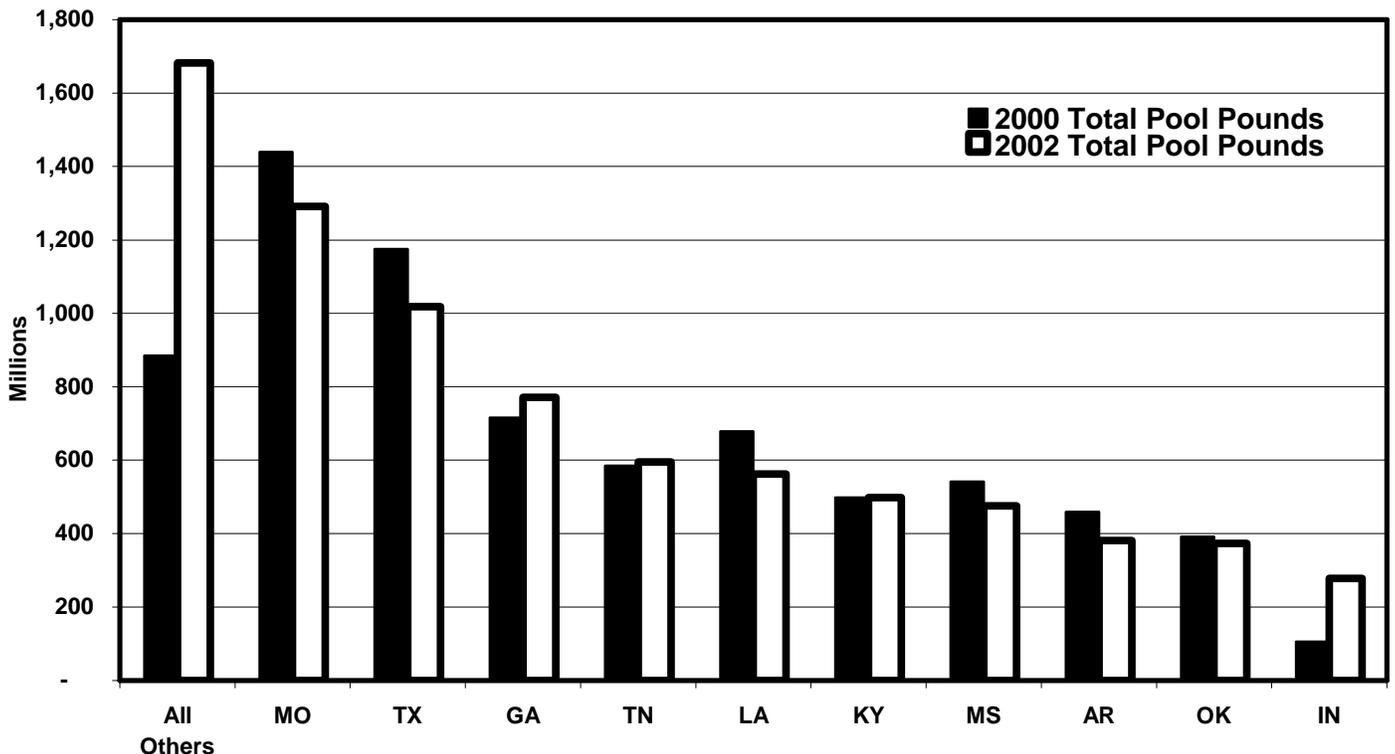
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In April, Class I use, which is primarily bottled or packaged fluid milk, accounted for 61.28% of all producer skim milk (priced to handlers at \$5.92 per hundredweight, plus the Class I differential, see page 2) and 36.16% of producer butterfat (priced to handlers at \$1.1227 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.33% of all producer skim milk (\$6.62 per hundredweight) and 22.68% of producer butterfat (\$1.1573 per pound). Class III use, mostly milk used to produce cheese, accounted for 23.07% of all producer skim milk (\$5.58 per hundredweight) and 25.94% of producer butterfat (\$1.1503 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.32% of all producer skim milk (\$5.91 per hundredweight) and 15.22% of producer butterfat (\$1.1503 per pound).

Receipts of producer milk during April 2003 totaled 636.0 million pounds. There were 30 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2003. Class I route disposition in the Southeast Market totaled 411.8 million pounds in March 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	March 2003
Whole Milk	162,100,574
Fat Free Milk	48,640,605
Lowfat Milk (incl. 1%)	28,799,375
Reduced Fat Milk (incl. 2%)	121,652,171
Cultured Fluid Milk (incl. Buttermilk)	10,522,916
Flavored Drinks and Milk (incl. Eggnog)	40,091,552
Total Disposition in Marketing Area	411,807,193
Total Disposition by Pool Plants	342,727,660
Total Disposition by Nonpool Plants	69,079,533
Total Disposition in Marketing Area	411,807,193

Federal Order 7 Producer Milk by State: 2000 vs. 2002



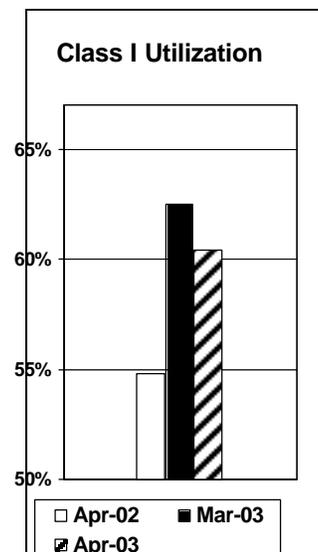
Note: AL, FL, IL, KS, MD, MI, MN, NC, NE, NM, OH, PA SC and WI are included in All Others due to either limited production originating from the state or an insufficient number of handlers required for public dissemination of data.

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$ 5.91	\$1.1503	\$9.73	\$ 8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61											

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

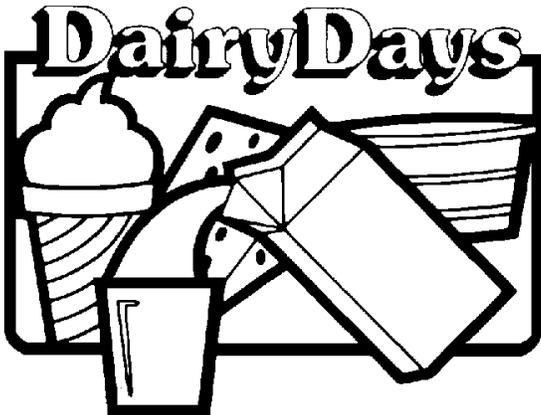
Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%						
Jan 2002	745,265	4,923	432,163	57.99%	69,701	9.35%	149,939	20.12%	93,462	12.54%
Feb	667,750	4,834	378,176	56.63%	65,962	9.88%	133,291	19.96%	90,320	13.53%
Mar	761,036	4,708	403,552	53.02%	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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,200**	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods May through July 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
May 2003	06/11/03	06/12/03	06/13/03	05/27/03	05/27/03	06/13/03	06/16/03
June 2003	07/11/03	07/14/03	07/15/03	06/25/03	06/26/03	07/15/03	07/16/03
July 2003	08/11/03	08/12/03	08/13/03	07/25/03	07/28/03	08/13/03	08/14/03

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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



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

June 2003

Volume 4—No. 6

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

New and Improved Information Sources

The Market Administrator, in the continuing effort to improve efficiency and quality of service to the dairy industry, has created new ways to access information on, and enhanced the performance of, the Southeast marketing area website. Independent producers now have ready access to their individual test results on the 'Laboratory and Test Results' page, and handlers have access to all relevant information required to pool milk on Federal Order 7 on the 'Handler Reporting and Pool Information' page. Both can be accessed from the homepage (www.fmmatlanta.com), which has been re-designed to be more user-friendly.

Related to these improvements in information access, the Economic Research Service has recently begun estimating cost of production for milk on a monthly basis for selected states. Georgia, Illinois, Kentucky, Tennessee and Texas are some of the states included in the new report that may be of value to those producers serving the Southeast marketing area. This report, beginning with January 2003 data, can be found at www.ers.usda.gov/data/costsandreturns/testpick.htm#milkproduction.

Supreme Court Rules on Dairy Case

The Supreme Court ruled earlier this month that California's milk-pricing plan can be challenged in federal court. It ruled Congress did not offer California exemption from the Commerce Clause with language found in the 1996 Federal Agriculture Improvement and Reform Act, as California claimed. The decision left it to lower courts to decide the merits of the case, which was brought by several Nevada dairy farmers.

New Processor Promotion Board Appointments

Seven individuals were recently appointed to serve on the National Fluid Milk Processor Promotion Board through June 30, 2006. Included in the appointments was incumbent board member James W. Turner of Memphis, Tennessee. The promotion activities are financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages.

Blend Recovers \$0.18

The uniform blend in Fulton County, GA, was \$11.99 per hundredweight of milk at 3.5 percent butterfat for the month of May. This represents a modest, but welcomed increase of \$0.18 from April. The good news is that record low prices are no longer being set for the Southeast marketing area, however this month's price is still \$0.90 lower than May of last year. Class I utilization was 62.38 percent, which is a 2.00 percent increase from the previous month, and is 9.01 percent higher than May 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in April at 14.7 billion pounds, which is a decrease of 2.3 percent from March, and an increase of 0.6 percent over April 2002. A more in-depth look at national production reveals a positive trend. When viewed on a daily average basis, that is to say the estimated monthly production divided by the number of days in the month, the national milk supply is increasing *but at a decreasing rate*. To illustrate this point, January's daily average production was 1.5 percent above last January, February was 1.3 percent above last February, March was 1.0 percent above last March and April was 0.6 percent above last April. If this trend continues, excess supplies of dairy products will eventually equilibrate with consumer demand, and producer prices will rise.

Total cheese output (excluding cottage cheese) was 722 million pounds, 0.4 percent above April 2002 but 1.8 percent below March 2003. Butter production was 123 million pounds in April, 6.3 percent below April 2002 and 2.4 percent below March 2003. Nonfat dry milk production was 150 million pounds in April, down 8.4 percent from April 2002 and an increase of 2.7 percent from March 2003.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MAY 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.26%	8,374,678	\$1.1462	\$ 9,599,055.92
Class I Differential at Location				251,012.33
Class II Butterfat	22.33%	4,887,677	\$1.1582	5,660,907.51
Class III Butterfat	26.85%	5,875,805	\$1.1512	6,764,226.69
Class IV Butterfat	12.56%	2,748,540	\$1.1512	3,164,119.25
Total Butterfat	100.00%	21,886,700		\$ 25,439,321.70

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1623**

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	63.27%	381,180,413	\$5.91 /cwt.	\$ 22,527,762.41
Class I Butterfat	38.26%	8,374,678	\$1.1462 /lb.	9,599,055.92
Class I Differential at Location		389,555,091		11,588,728.06
Total Class I Milk	62.38%	389,555,091		\$ 43,715,546.39
Class II Skim Milk	8.93%	53,823,268	\$6.61 /cwt.	\$ 3,557,718.00
Class II Butterfat	22.33%	4,887,677	\$1.1582 /lb.	5,660,907.51
Total Class II Milk	9.40%	58,710,945		\$ 9,218,625.51
Class III Skim Milk	22.72%	137,000,467	\$5.89 /cwt.	\$ 8,069,327.51
Class III Butterfat	26.85%	5,875,805	\$1.1512 /lb.	6,764,226.69
Total Class III Milk	22.88%	142,876,272		\$ 14,833,554.20
Class IV Skim Milk	5.08%	30,610,362	\$5.92 /cwt.	\$ 1,812,133.41
Class IV Butterfat	12.56%	2,748,540	\$1.1512 /lb.	3,164,119.25
Total Class IV Milk	5.34%	33,358,902		\$ 4,976,252.66
Producer Milk	100.00%	624,501,210		\$ 72,743,978.76

Adjustments

Overage and Other Source	\$ 45,692.97
Inventory Adjustments	47,179.16
Producer butterfat at uniform butterfat price	(25,439,321.70)
Location Adjustments to Producers	2,067,273.45
1/2 Unobligated Balance in P.S.F.	289,046.25

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.25565	\$ 49,753,848.89
	\$ 0.04565	273,553.83

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

\$8.21

Uniform Price per cwt. (Fulton County, Georgia)

\$11.99*

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	MAY 2003	JUNE 2003	APR 2003	MAY 2003	MAY 2003
Appalachian (Charlotte)	\$ 12.81	\$ 12.84	\$ 12.04	\$ 12.11	66.40%
Arizona-Las Vegas (Phoenix)	\$ 12.06	\$ 12.09	\$ 10.34	\$ 10.45	28.89%
Central (Kansas City)	\$ 11.71	\$ 11.74	\$ 10.22	\$ 10.41	27.12%
Florida (Tampa)	\$ 13.71	\$ 13.74	\$ 12.96	\$ 13.10	79.13%
Mideast (Cleveland)	\$ 11.71	\$ 11.74	\$ 10.47	\$ 10.63	36.70%
Northeast (Boston)	\$ 12.96	\$ 12.99	\$ 11.45	\$ 11.60	42.10%
Pacific Northwest (Seattle)	\$ 11.61	\$ 11.64	\$ 10.21	\$ 10.38	28.07%
Southeast (Atlanta)	\$ 12.81	\$ 12.84	\$ 11.81	\$ 11.99	62.38%
Southwest (Dallas)	\$ 12.71	\$ 12.74	\$ 11.19	\$ 11.30	35.59%
Upper Midwest (Chicago)	\$ 11.51	\$ 11.54	\$ 9.87	\$ 10.11	17.90%
Western (Salt Lake City)	\$ 11.60	\$ 11.63	\$ 9.95	\$ 10.19	14.69%

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

Receipts:	May 2003	May 2002
Producer Milk		
Class I	389,555,091	396,050,393
Class II	58,710,945	80,067,850
Class III	142,876,272	159,969,206
Class IV	33,258,902	105,987,255
Total Producer Milk	<u>624,501,210</u>	<u>742,074,704</u>
Average Butterfat Test	3.50%	3.54%
Percent of Producer Milk in Class I	62.38%	53.37%
Daily Average Receipts	20,145,200	23,937,894
Other Source Milk		
Class I	7,813,178	8,858,640
Class II	4,114,347	8,588,730
Class III	4,986,490	3,059,876
Class IV	8,822,083	13,204,414
Total Other Source Milk	<u>25,736,098</u>	<u>33,711,660</u>
Overage		
Class I	52,634	0
Class II	47,739	610,283
Class III	424,152	0
Class IV	5,382	290,184
Total Overage	<u>529,907</u>	<u>900,467</u>
Opening Inventory		
Class I	30,786,494	38,385,685
Class II	4,033,308	2,244,305
Class III	5,470,952	51,014
Class IV	14,136,260	10,957,178
Total Opening Inventory	<u>54,427,014</u>	<u>51,638,182</u>
Total Receipts	705,194,229	828,325,013
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	28,137,572	35,519,725
Route Disposition Class I	393,637,562	395,495,183
Shrinkage	1,645,172	2,096,703
Transfers and Diversions to Nonpool	4,787,091	10,183,107
Total Class I Utilization	<u>428,207,397</u>	<u>443,294,718</u>
Average Butterfat Test	2.15%	2.16%
Daily Average Utilization	13,813,142	14,299,830
Class II Utilization		
Nonfluid Used To Produce	1,915,166	2,690,336
Shrinkage	0	0
Transfers and Diversions to Nonpool	44,747,881	66,200,545
Used To Produce/Other Uses	20,243,292	22,620,287
Total Class II Utilization	<u>66,906,339</u>	<u>91,511,168</u>
Average Butterfat Test	7.88%	7.01%
Class III Utilization		
Shrinkage	7,628,927	0
Transfers and Diversions to Nonpool	140,534,199	163,080,096
Used To Produce/Other Uses	5,594,740	0
Total Class III Utilization	<u>153,757,866</u>	<u>163,080,096</u>
Average Butterfat Test	3.98%	4.03%
Class IV Utilization		
Inventory	15,205,664	11,236,896
Nonfluid Used To Fortify	1,645,396	1,916,132
Shrinkage	0	6,520,101
Transfers and Diversions to Nonpool	25,606,391	85,244,271
Used To Produce/Other Uses	13,865,176	25,521,631
Total Class IV Utilization	<u>56,322,627</u>	<u>130,439,031</u>
Average Butterfat Test	7.01%	5.05%
Total Utilization	705,194,229	828,325,013

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2003 is \$11.99 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.21 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1623 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 63.26% of all producer skim milk (priced to handlers at \$5.91 per hundredweight, plus the Class I differential, see page 2) and 38.26% of producer butterfat (priced to handlers at \$1.1462 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.93% of all producer skim milk (\$6.61 per hundredweight) and 22.33% of producer butterfat (\$1.1582 per pound). Class III use, mostly milk used to produce cheese, accounted for 22.73% of all producer skim milk (\$5.89 per hundredweight) and 26.85% of producer butterfat (\$1.1512 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.08% of all producer skim milk (\$5.92 per hundredweight) and 12.56% of producer butterfat (\$1.1512 per pound).

Receipts of producer milk during May 2003 totaled 624.5 million pounds. There were 30 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2003. Class I route disposition in the Southeast Market totaled 401.3 million pounds in April 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	April 2003
Whole Milk	157,523,518
Fat Free Milk	48,111,769
Lowfat Milk (incl. 1%)	26,234,381
Reduced Fat Milk (incl. 2%)	119,003,950
Cultured Fluid Milk (incl. Buttermilk)	10,368,048
Flavored Drinks and Milk (incl. Eggnog)	<u>40,090,653</u>
Total Disposition in Marketing Area	401,332,319
Total Disposition by Pool Plants	333,927,045
Total Disposition by Nonpool Plants	<u>67,405,274</u>
Total Disposition in Marketing Area	401,332,319

Comparison of Aggregate Cash Receipts from Milk Marketings: 2002

Rank	State	Total Marketings	Total Receipts from Marketings	Average Gross Receipts
1	CA	34,848	3,812,371	\$ 10.94
2	WI	21,825	2,662,650	\$ 12.20
3	NY	12,154	1,555,712	\$ 12.80
4	PA	10,742	1,482,396	\$ 13.80
5	MN	8,358	1,011,318	\$ 12.10
6	ID	8,122	917,786	\$ 11.30
7	NM	6,251	743,869	\$ 11.90
8	MI	5,885	712,085	\$ 12.10
9	WA	5,592	671,040	\$ 12.00
10	TX	5,276	680,604	\$ 12.90
16	FL	2,328	356,184	\$ 15.30
21	MO	1,919	236,037	\$ 12.30
24	KY	1,580	208,560	\$ 13.20
25	GA	1,460	192,720	\$ 13.20
28	TN	1,310	172,920	\$ 13.20
34	LA	568	73,840	\$ 13.00
36	MS	476	62,356	\$ 13.10
38	AR	385	50,820	\$ 13.20
43	AL	275	38,500	\$ 14.00
	US	168,617	20,546,980	\$ 12.19

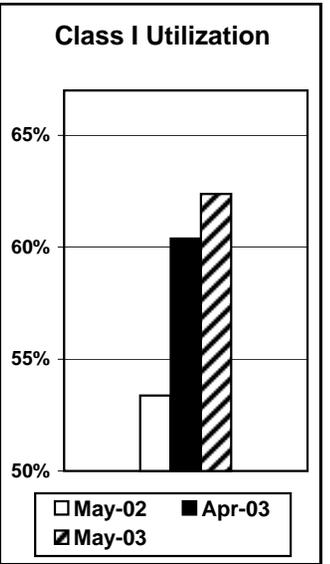
The chart at left was compiled from the "Milk Production, Disposition and Income, 2002 Summary," from the National Agricultural Statistics Service (NASS) and shows the top ten states as well as those in the Florida and Southeast marketing areas. States are ranked in order of their producer's total milk marketings, which are shown in millions of pounds. The total cash receipts from milk marketings are shown in thousands of dollars, and when divided by total marketings, an average gross receipts per hundredweight is obtained. NASS estimates that of all the Southeast marketing area states, Alabama producers received the highest average gross receipts from marketing milk. Note these are not profitability measures. However in the future, when combined with the newly released cost of production reports (mentioned on page one), a general sense of the regional return on investment in dairying will be available.

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$ 5.91	\$1.1503	\$9.73	\$ 8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$ 5.92	\$1.1512	\$9.74	\$ 8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,200**	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%



* 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 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
June 2003	07/11/03	07/14/03	07/15/03	06/25/03	06/26/03	07/15/03	07/16/03
July 2003	08/11/03	08/12/03	08/13/03	07/25/03	07/28/03	08/13/03	08/14/03
August 2003	09/11/03	09/12/03	09/15/03	08/25/03	08/26/03	09/15/03	09/16/03

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



The Atlanta Market Administrator's Home Office



Effective July 21, 2003

The New Street Address Is:

1550 North Brown Road, Suite 120
Lawrenceville, Georgia 30043

The New Mailing Address Is:

PO Box 491778
Lawrenceville, Georgia 30049

New Phone Number: 770-682-2501

New Fax Number: 770-822-1038

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

July 2003

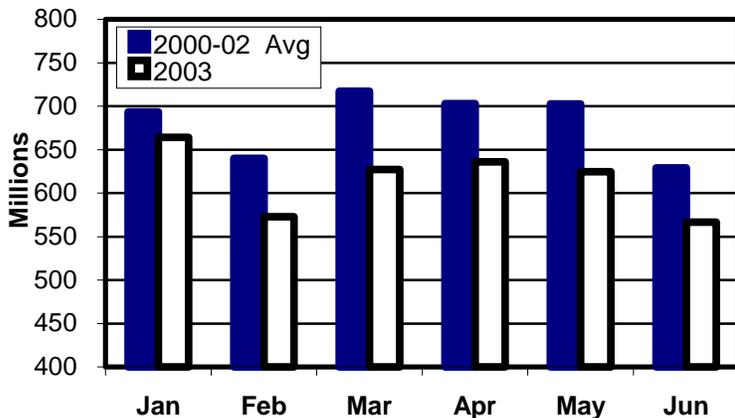
Volume 4—No. 7

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

Less Milk Being Pooled on Market in '03

Being at the mid-point of the year provides an opportunity to review market activity and make comparisons with our expectations. The chart below tracks the total volume of producer milk pooled on the Southeast Order for the first six months of the year compared with the average of the monthly volume of producer milk for the three previous

Producer Milk Volume: 2003 vs. Previous Years



years; 2000, 2001 and 2002. Year-to-date, 3.69 billion pounds have participated in the Federal Order 7 pool, a decrease of 9.6 percent versus the previous three year average. When compared with last year's 4.30 billion total pool volume through the first six months, 2003 is lower by 600 million pounds, which is a decrease of 14.2 percent.

Changes to National Dairy Board Proposed

The U.S. Department of Agriculture has proposed altering the number of representatives from several of the National Dairy Promotion and Research Board's geographic regions. Reflecting the shift in milk production from the southern and eastern portions of the country to the west, Regions 1 (Oregon and Washington) and 2 (California) would each gain one board seat, while Regions 5 (Minnesota, North Dakota, and South Dakota) and 10 (Florida, Georgia, North Carolina, South Carolina and Virginia) would each lose one board seat.

June's Uniform Price Stabilizes

The uniform blend in Fulton County, GA, was \$11.98 per hundredweight of milk at 3.5 percent butterfat for the month of June, down a penny from last month and \$0.71 below June 2002. Class I utilization was 61.57 percent, a 0.81 percent decrease from the previous month, and 7.49 percent higher than June 2002.

National Dairy Situation

The most significant news for producers is the recent rise in cheese prices witnessed on the Chicago Mercantile Exchange. Should these increases be translated to the wholesale cheese prices surveyed by USDA, Class III prices could soon exceed twelve dollars per hundredweight.

USDA estimates total U.S. production of milk in May at 15.0 billion pounds, which is an increase of 2.6 percent from April, but a decrease of 0.5 percent when compared with May 2002. On a daily average basis, milk production in the U.S. was lower in May (485 million pounds per day) than in April (489 million pounds per day). While daily average production does decline seasonally as temperatures rise, this decline has normally happened later in the year. This could be a sign of poor weather conditions across the country or of the pressures of sustained low producer prices, or both. Whatever the explanation, that the supply of milk is declining warrants some optimism that producer prices will improve.

Total cheese output was 740 million pounds, 1.1 percent below May 2002 but 2.6 percent above April 2003. Butter production was 115 million pounds in May, 8.7 percent below May 2002 and 6.6 percent below April 2003. Nonfat dry milk production was 154 million pounds in May, down 5.5 percent from May 2002 and an increase of 2.7 percent from April 2003. The milk-feed price ratio was 2.24 in June, an increase from last month's revised 2.19 ratio. The change resulted from decreased feed prices, as surveyed by USDA.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JUNE 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.89%	7,759,470	\$1.1500	\$ 8,923,390.50
Class I Differential at Location				232,260.35
Class II Butterfat	25.95%	5,179,156	\$1.1646	6,031,645.08
Class III Butterfat	24.70%	4,930,070	\$1.1576	5,707,049.03
Class IV Butterfat	10.46%	2,087,730	\$1.1576	2,416,756.25
Total Butterfat	100.00%	19,956,426		\$ 23,311,101.21

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.1681**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	62.39%	341,032,830	\$5.92 /cwt.	\$ 20,189,143.54
Class I Butterfat	38.89%	7,759,470	\$1.1500 /lb.	8,923,390.50
Class I Differential at Location		348,792,300		10,368,058.14
Total Class I Milk	61.57%	348,792,300		\$ 39,480,592.18
Class II Skim Milk	12.02%	65,714,380	\$6.62 /cwt.	\$ 4,350,291.96
Class II Butterfat	25.95%	5,179,156	\$1.1646 /lb.	6,031,645.08
Total Class II Milk	12.51%	70,893,536		\$ 10,381,937.03
Class III Skim Milk	21.55%	117,758,038	\$5.91 /cwt.	\$ 6,959,500.05
Class III Butterfat	24.70%	4,930,070	\$1.1576 /lb.	5,707,049.03
Total Class III Milk	21.66%	122,688,108		\$ 12,666,549.08
Class IV Skim Milk	4.04%	22,057,166	\$5.92 /cwt.	\$ 1,305,784.23
Class IV Butterfat	10.46%	2,087,730	\$1.1576 /lb.	2,416,756.25
Total Class IV Milk	4.26%	24,144,896		\$ 3,722,540.48
Producer Milk	100.00%	566,518,840		\$ 66,251,618.76

Adjustments

Overage and Other Source	\$ 8,017.11
Inventory Adjustments	6,156.11
Producer butterfat at uniform butterfat price	(23,311,101.21)
Location Adjustments to Producers	1,779,585.47
1/2 Unobligated Balance in P.S.F.	247,561.10

Adjusted Pool Value	\$ 8.22995	\$ 44,981,837.34
Reserve for Producer Settlement Fund	\$ 0.04995	267,992.81

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$8.18**

Uniform Price per cwt. (Fulton County, Georgia) **\$11.98***

* 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 %
	JUN 2003	JUL 2003	MAY 2003	JUN 2003	JUN 2003
Appalachian (Charlotte)	\$ 12.84	\$ 12.87	\$ 12.11	\$ 12.04	62.33%
Arizona-Las Vegas (Phoenix)	\$ 12.09	\$ 12.12	\$ 10.45	\$ 10.47	27.61%
Central (Kansas City)	\$ 11.74	\$ 11.77	\$ 10.41	\$ 10.44	25.38%
Florida (Tampa)	\$ 13.74	\$ 13.77	\$ 13.10	\$ 13.02	77.25%
Mideast (Cleveland)	\$ 11.74	\$ 11.77	\$ 10.63	\$ 10.63	34.00%
Northeast (Boston)	\$ 12.99	\$ 13.02	\$ 11.60	\$ 11.66	41.30%
Pacific Northwest (Seattle)	\$ 11.64	\$ 11.67	\$ 10.38	\$ 10.37	25.87%
Southeast (Atlanta)	\$ 12.84	\$ 12.87	\$ 11.99	\$ 11.98	61.57%
Southwest (Dallas)	\$ 12.74	\$ 12.77	\$ 11.30	\$ 11.33	34.87%
Upper Midwest (Chicago)	\$ 11.54	\$ 11.57	\$ 10.11	\$ 10.13	15.60%
Western (Salt Lake City)	\$ 11.60	\$ 11.63	\$ 10.19	\$ 10.24	14.33%

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

Receipts:	June 2003	June 2002
Producer Milk		
Class I	348,792,300	352,011,771
Class II	70,893,536	76,244,839
Class III	122,688,108	141,505,459
Class IV	24,144,896	81,156,346
Total Producer Milk	<u>566,518,840</u>	<u>650,918,415</u>
Average Butterfat Test	3.52%	3.54%
Percent of Producer Milk in Class I	61.57%	54.08%
Daily Average Receipts	18,883,961	21,697,281
Other Source Milk		
Class I	8,548,537	6,781,907
Class II	3,709,576	8,056,374
Class III	3,414,625	7,598,722
Class IV	5,831,757	7,296,655
Total Other Source Milk	<u>21,504,495</u>	<u>29,733,658</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	39,475	21,925
Total Overage	<u>39,475</u>	<u>21,925</u>
Opening Inventory		
Class I	28,137,572	34,548,035
Class II	784,974	438,503
Class III	1,612,790	642,989
Class IV	12,807,900	9,737,912
Total Opening Inventory	<u>43,343,236</u>	<u>45,367,439</u>
Total Receipts	631,406,046	726,041,437
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	27,917,002	29,665,585
Route Disposition Class I	352,593,409	350,327,552
Shrinkage	893,428	2,284,150
Transfers and Diversions to Nonpool	4,074,570	11,064,426
Total Class I Utilization	<u>385,478,409</u>	<u>393,341,713</u>
Average Butterfat Test	2.22%	2.24%
Daily Average Utilization	12,849,280	13,111,390
Class II Utilization		
Nonfluid Used To Produce	1,984,126	2,424,653
Shrinkage	0	0
Transfers and Diversions to Nonpool	52,691,646	62,321,599
Used To Produce/Other Uses	20,712,314	19,993,464
Total Class II Utilization	<u>75,388,086</u>	<u>84,739,716</u>
Average Butterfat Test	7.36%	6.91%
Class III Utilization		
Shrinkage	6,548,891	6,761,484
Transfers and Diversions to Nonpool	116,484,145	137,978,383
Used To Produce/Other Uses	4,682,487	5,007,303
Total Class III Utilization	<u>127,715,523</u>	<u>149,747,170</u>
Average Butterfat Test	3.99%	3.80%
Class IV Utilization		
Inventory	20,462,343	24,684,521
Nonfluid Used To Fortify	1,421,438	1,827,005
Shrinkage	0	0
Transfers and Diversions to Nonpool	16,942,596	59,426,698
Used To Produce/Other Uses	3,997,651	12,274,614
Total Class IV Utilization	<u>42,824,028</u>	<u>98,212,838</u>
Average Butterfat Test	6.89%	5.26%
Total Utilization	631,406,046	726,041,437

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2003 is \$11.98 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.18 per hundredweight plus 3.5 times the uniform butterfat price of \$1.1681 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

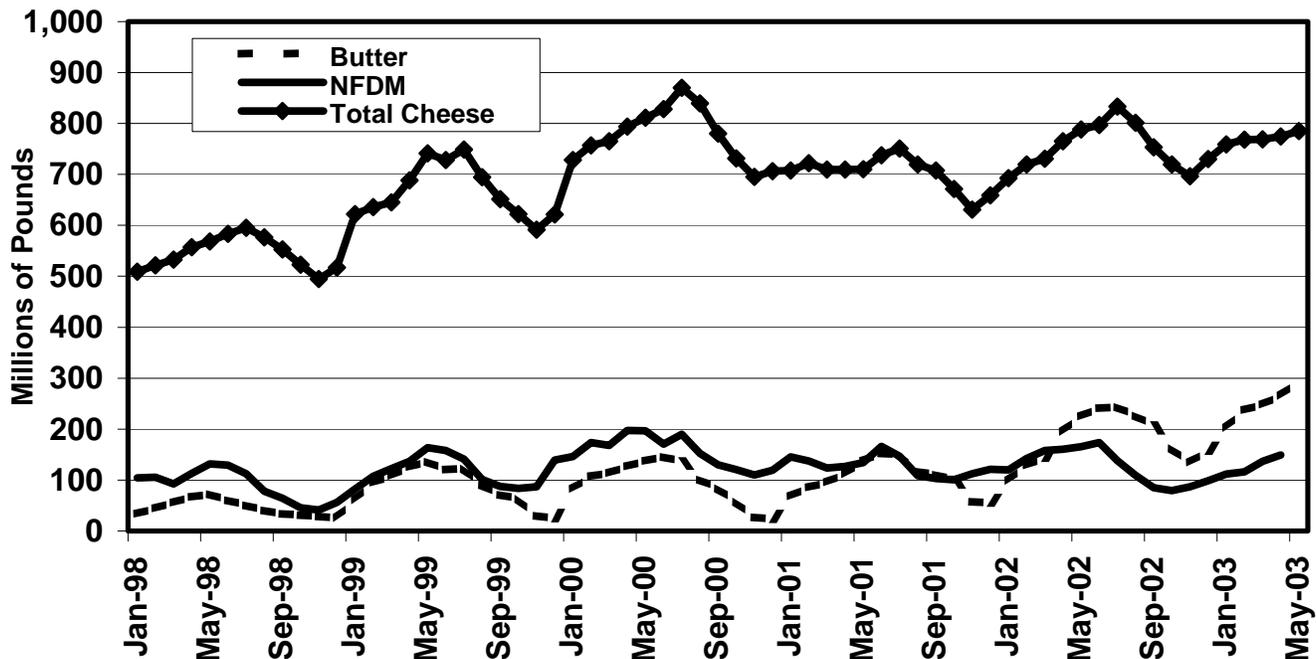
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In June, Class I use, which is primarily bottled or packaged fluid milk, accounted for 62.40% of all producer skim milk (priced to handlers at \$5.92 per hundredweight, plus the Class I differential, see page 2) and 38.89% of producer butterfat (priced to handlers at \$1.1500 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.02% of all producer skim milk (\$6.62 per hundredweight) and 25.95% of producer butterfat (\$1.1646 per pound). Class III use, mostly milk used to produce cheese, accounted for 21.54% of all producer skim milk (\$5.91 per hundredweight) and 24.70% of producer butterfat (\$1.1576 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.04% of all producer skim milk (\$5.92 per hundredweight) and 10.46% of producer butterfat (\$1.1576 per pound).

Receipts of producer milk during June 2003 totaled 566.5 million pounds. There were 30 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2003. Class I route disposition in the Southeast Market totaled 408.9 million pounds in May 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	May 2003
Whole Milk	163,096,459
Fat Free Milk	49,101,347
Lowfat Milk (incl. 1%)	27,404,679
Reduced Fat Milk (incl. 2%)	122,675,051
Cultured Fluid Milk (incl. Buttermilk)	10,396,860
Flavored Drinks and Milk (incl. Eggnog)	36,213,710
Total Disposition in Marketing Area	408,888,106
Total Disposition by Pool Plants	339,023,337
Total Disposition by Nonpool Plants	69,864,769
Total Disposition in Marketing Area	408,888,106

Ending Stocks of Dairy Products; January 1998 to May 2003



The volume of dairy products held as stocks is indicative of the milk supply, prevailing price relationships amongst the storable commodities and demand for the products themselves. Stocks are closely watched because declining stocks signify potential price increases for both milk and milk products, while growing stocks forecast declines in prices. That cheese stocks are not building as quickly this year as last year provides some justification for the recent run-up in cheese prices.

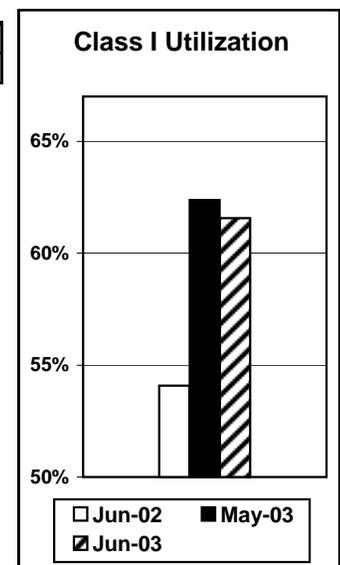
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$ 5.91	\$1.1503	\$9.73	\$ 8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$ 5.92	\$1.1512	\$9.74	\$ 8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$ 5.92	\$1.1576	\$9.76	\$ 8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,200**	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%

* 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 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
July 2003	08/11/03	08/12/03	08/13/03	07/25/03	07/28/03	08/13/03	08/14/03
August 2003	09/11/03	09/12/03	09/15/03	08/25/03	08/26/03	09/15/03	09/16/03
September 2003	10/11/03	10/14/03	10/15/03	09/25/03	09/26/03	10/15/03	10/16/03

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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

August 2003

Volume 4—No. 8

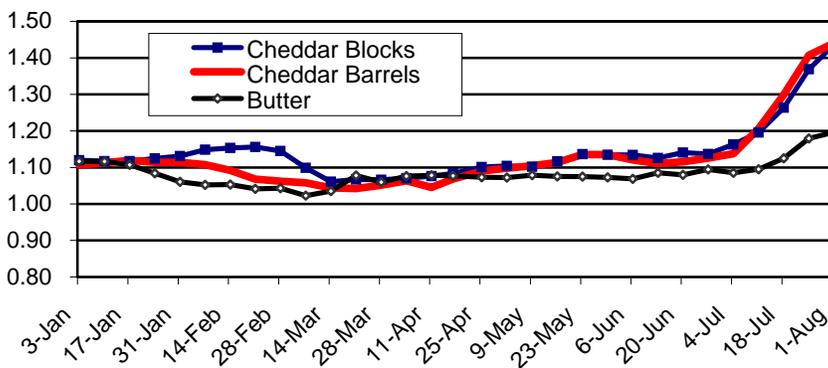
ISSUED FOR THE INFORMATION OF PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

Cheese Prices Drive Price Inversion

The largest monthly increase in cheese prices in recent memory has, for at least some parts of the Southeast Order, caused the Class III price to exceed the uniform price. This 'inversion' of a class price and the blend price has been a rare occurrence due to the relatively sparse amounts of lower valued manufacturing classes of milk.

The chart below illustrates the rapid rise in both barrel and block cheese prices as surveyed by the National Agricultural Statistics Service (NASS). In the one-month period, from June 28 to July 19, the average barrel price rose \$0.27/lb. At 23.7 percent, this is the largest gain in any four week period

NASS Dairy Product Prices: 2003



since Federal Order Reform. A similar gain (17.7 percent) was surveyed in the average Cheddar cheese block price over that same period. At the same time, butter prices increased 8.7 percent to help strengthen the Class IV price.

The NASS survey used in determining the July advanced Class I price didn't capture these gains, while the lower classes utilized a later NASS survey which did. Therefore, in Atlanta, GA, what averages a \$3.60 spread between Class I and III shrunk to only \$1.09. Similarly, the difference between the uniform price and the Class III price fell from its average of approximately \$2.50 to just \$0.70! For those parts of the Southeast Order with location differentials of \$2.20 (note the difference from Atlanta's \$3.10 differential is -\$0.90), the Class III price exceeds the blend price. This inversion of prices discourages the pooling of Class III milk, and indeed Class III milk volume fell by 36.8 million pounds from last month, a 30.0 percent decline.

Blend Rises, Say Cheese!

The uniform blend in Fulton County, GA, was \$12.47 per hundredweight of milk at 3.5 percent butterfat for the month of July, up \$0.49 from the previous month and nearly equaling last July's price of \$12.55. Most of this gain can be attributed to the rise in cheese prices and the Class III price, which rose from \$9.75 in June to \$11.78 in July. Class I utilization was 66.33 percent, a 4.76 percent increase from the previous month, and 3.73 percent higher than July 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in June at 14.3 billion pounds, which is a decrease of 5.0 percent from May, and a decrease of 0.5 percent when compared with June 2002. Total cheese output (excluding cottage cheese) was 714 million pounds, 0.8 percent above June 2002 but 3.8 percent below May 2003. Butter production was 89.9 million pounds in June, 6.2 percent below June 2002 and 21.6 percent below May 2003. Nonfat dry milk production was 131 million pounds in June, a decline of 14.1 percent from June 2002 and a decline of 14.9 percent from May 2003.

The milk-feed price ratio was 2.58 in July, a significant 0.24 point increase from June 2002 and an even larger gain from the June 2003 revised ratio of 2.23.

Public Hearing Announced

A hearing will be held on September 23 in Tempe, AZ to consider proposals to amend certain producer-handler provisions in the Pacific Northwest and Arizona-Las Vegas milk marketing orders. See www.ams.usda.gov/dairy/, the August 6 *Federal Register*, or call this office for more details.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JULY 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.11%	8,152,714	\$1.1590	\$ 9,448,995.54
Class I Differential at Location				242,047.37
Class II Butterfat	28.26%	5,472,315	\$1.2125	6,635,181.97
Class III Butterfat	18.72%	3,623,977	\$1.2055	4,368,704.29
Class IV Butterfat	10.91%	2,113,262	\$1.2055	2,547,537.34
Total Butterfat	100.00%	19,362,268		\$ 23,242,466.51

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2004**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	67.23%	357,529,646	\$5.92 /cwt.	\$ 21,165,755.05
Class I Butterfat	42.11%	8,152,714	\$1.1590 /lb.	9,448,995.54
Class I Differential at Location		365,682,360		10,858,053.42
Total Class I Milk	66.33%	365,682,360		\$ 41,472,804.01
Class II Skim Milk	12.45%	66,248,565	\$6.62 /cwt.	\$ 4,385,655.01
Class II Butterfat	28.26%	5,472,315	\$1.2125 /lb.	6,635,181.97
Total Class II Milk	13.01%	71,720,880		\$ 11,020,836.98
Class III Skim Milk	15.44%	82,202,545	\$7.83 /cwt.	\$ 6,436,459.27
Class III Butterfat	18.72%	3,623,977	\$1.2055 /lb.	4,368,704.29
Total Class III Milk	15.57%	85,826,522		\$ 10,805,163.57
Class IV Skim Milk	4.88%	25,966,357	\$5.94 /cwt.	\$ 1,542,401.55
Class IV Butterfat	10.91%	2,113,262	\$1.2055 /lb.	2,547,537.34
Total Class IV Milk	5.09%	28,079,619		\$ 4,089,938.89
Producer Milk	100.00%	551,309,381		\$ 67,388,743.44

Adjustments

Overage and Other Source	\$ 4,956.60
Inventory Adjustments	45,188.13
Producer butterfat at uniform butterfat price	(23,242,466.51)
Location Adjustments to Producers	1,395,656.40
1/2 Unobligated Balance in P.S.F.	214,458.61

Adjusted Pool Value	\$ 8.61079	\$ 45,806,536.67
Reserve for Producer Settlement Fund	\$ 0.04079	216,993.30

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$8.57**

Uniform Price per cwt. (Fulton County, Georgia) **\$12.47***

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	JUL 2003	AUG 2003	JUN 2003	JUL 2003	JUL 2003
Appalachian (Charlotte)	\$ 12.87	\$ 14.07	\$ 12.04	\$ 12.49	77.05%
Arizona-Las Vegas (Phoenix)	\$ 12.12	\$ 13.32	\$ 10.47	\$ 11.53	34.00%
Central (Kansas City)	\$ 11.77	\$ 12.97	\$ 10.44	\$ 11.49	49.23%
Florida (Tampa)	\$ 13.77	\$ 14.97	\$ 13.02	\$ 13.46	86.67%
Mideast (Cleveland)	\$ 11.77	\$ 12.97	\$ 10.63	\$ 11.68	51.20%
Northeast (Boston)	\$ 13.02	\$ 14.22	\$ 11.66	\$ 12.46	41.90%
Pacific Northwest (Seattle)	\$ 11.67	\$ 12.87	\$ 10.37	\$ 10.93	41.91%
Southeast (Atlanta)	\$ 12.87	\$ 14.07	\$ 11.98	\$ 12.47	66.33%
Southwest (Dallas)	\$ 12.77	\$ 13.97	\$ 11.33	\$ 12.01	54.61%
Upper Midwest (Chicago)	\$ 11.57	\$ 12.77	\$ 10.13	\$ 11.37	49.70%
Western (Salt Lake City)	\$ 11.63	\$ 12.83	\$ 10.24	\$ 11.44	52.59%

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

Receipts:	July 2003	July 2002
Producer Milk		
Class I	365,682,360	380,268,177
Class II	71,720,880	81,322,735
Class III	85,826,522	126,141,653
Class IV	28,079,619	19,673,045
Total Producer Milk	<u>551,309,381</u>	<u>607,405,610</u>
Average Butterfat Test	3.51%	3.56%
Percent of Producer Milk in Class I	66.33%	62.60%
Daily Average Receipts	17,784,174	19,593,729
Other Source Milk		
Class I	7,443,331	7,093,584
Class II	4,073,416	6,262,616
Class III	3,487,981	3,390,339
Class IV	4,573,804	6,598,463
Total Other Source Milk	<u>19,578,532</u>	<u>23,345,002</u>
Overage		
Class I	0	0
Class II	48,230	0
Class III	0	0
Class IV	0	7,964
Total Overage	<u>48,230</u>	<u>7,964</u>
Opening Inventory		
Class I	27,916,905	30,237,822
Class II	2,102,616	2,157,585
Class III	840,019	2,601,162
Class IV	17,728,113	19,353,537
Total Opening Inventory	<u>48,587,653</u>	<u>54,350,106</u>
Total Receipts	619,523,796	685,108,682
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,461,983	28,959,379
Route Disposition Class I	362,584,795	377,039,382
Shrinkage	1,620,127	2,452,094
Transfers and Diversions to Nonpool	4,375,691	9,148,728
Total Class I Utilization	<u>401,042,596</u>	<u>417,599,583</u>
Average Butterfat Test	2.23%	2.23%
Daily Average Utilization	12,936,858	13,470,954
Class II Utilization		
Nonfluid Used To Produce	2,148,993	2,389,739
Shrinkage	0	0
Transfers and Diversions to Nonpool	54,300,751	63,663,929
Used To Produce/Other Uses	21,495,398	23,689,268
Total Class II Utilization	<u>77,945,142</u>	<u>89,742,936</u>
Average Butterfat Test	7.57%	6.94%
Class III Utilization		
Shrinkage	0	7,462,698
Transfers and Diversions to Nonpool	90,154,522	119,633,331
Used To Produce/Other Uses	0	5,037,125
Total Class III Utilization	<u>90,154,522</u>	<u>132,133,154</u>
Average Butterfat Test	4.20%	3.75%
Class IV Utilization		
Inventory	18,432,447	22,876,939
Nonfluid Used To Fortify	1,468,718	1,864,965
Shrinkage	7,391,422	0
Transfers and Diversions to Nonpool	17,703,421	18,444,086
Used To Produce/Other Uses	5,385,528	2,447,019
Total Class IV Utilization	<u>50,381,536</u>	<u>45,633,009</u>
Average Butterfat Test	6.19%	8.21%
Total Utilization	619,523,796	685,108,682

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2003 is \$12.47 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.57 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2004 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 67.22% of all producer skim milk (priced to handlers at \$5.92 per hundredweight, plus the Class I differential, see page 2) and 42.11% of producer butterfat (priced to handlers at \$1.1590 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.45% of all producer skim milk (\$6.62 per hundredweight) and 28.26% of producer butterfat (\$1.2125 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.45% of all producer skim milk (\$7.83 per hundredweight) and 18.72% of producer butterfat (\$1.2055 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.88% of all producer skim milk (\$5.94 per hundredweight) and 10.91% of producer butterfat (\$1.2055 per pound).

Receipts of producer milk during June 2003 totaled 551.3 million pounds. There were 29 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2003. Class I route disposition in the Southeast Market totaled 366.9 million pounds in June 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	June 2003
Whole Milk	154,372,370
Fat Free Milk	45,421,545
Lowfat Milk (incl. 1%)	23,490,469
Reduced Fat Milk (incl. 2%)	114,360,795
Cultured Fluid Milk (incl. Buttermilk)	9,749,007
Flavored Drinks and Milk (incl. Eggnog)	19,527,445
Total Disposition in Marketing Area	366,921,631
Total Disposition by Pool Plants	300,366,980
Total Disposition by Nonpool Plants	66,554,651
Total Disposition in Marketing Area	366,921,631

Market Administrator Services Provided For Independent Producers

There are a multitude of forces pushing change upon the dairy industry, impacting those within the Southeast marketing area especially hard. Consolidation is occurring at all levels of the supply chain, with retailers, processors, cooperatives, and even individual producers each growing larger to gain market share, lower unit cost and gain competitive advantage. Advancements in technology, strategic alliances, environmental concerns, and governmental programs, among others, have made change ever present in the lives of dairy producers.

Through all of this change, the Market Administrator will continue to provide services for independent producers. Minimum order value is verified for each producer on a monthly basis. This entails verifying producer butterfat test values through sample testing at our laboratories, reviewing the accuracy of deductions from each milk check and determining the source and destination of each producer milk delivery. This ensures all producers receive at least the minimum order value (known as the uniform or blend price) minus any authorized deductions. An extensive audit program verifies that handlers make these minimum payments to producers, whether they are payments to independent producers or to a cooperative association on behalf of its member producers.

The Market Administrator also provides a check of the calibration of bulk milk tanks and access to component test results on our website at www.fmmlatlanta.com.

It is our intent and indeed our obligation to provide independent producers with the regulatory oversight authorized by the Southeast Milk Marketing Order.

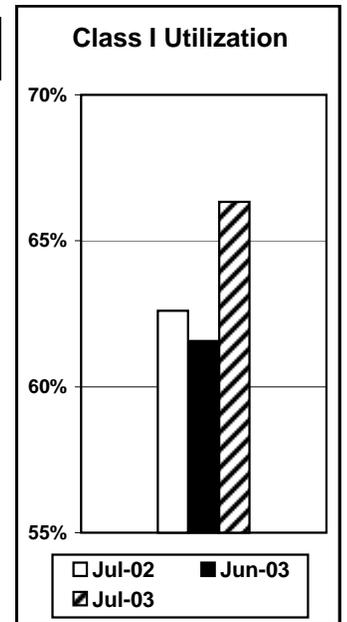
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$6.13	\$1.1856	\$10.07	\$8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$6.04	\$1.1373	\$9.81	\$8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$5.99	\$1.1459	\$9.79	\$8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$5.91	\$1.1503	\$9.73	\$8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$5.92	\$1.1512	\$9.74	\$8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$5.92	\$1.1576	\$9.76	\$8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$5.94	\$1.2055	\$9.95	\$8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,200**	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%

* 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 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
August 2003	09/11/03	09/12/03	09/15/03	08/25/03	08/26/03	09/15/03	09/16/03
September 2003	10/11/03	10/14/03	10/15/03	09/25/03	09/26/03	10/15/03	10/16/03
October 2003	11/11/03	11/12/03	11/13/03	10/27/03	10/27/03	11/13/03	11/14/03

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**FEDERAL MILK MARKET ADMINISTRATOR
 U.S. DEPARTMENT OF AGRICULTURE
 P.O. BOX 491778
 LAWRENCEVILLE, GEORGIA 30049**
Address Correction Requested



We've Moved!

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

September 2003

Volume 4—No. 9

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

Request to Alter FMP Definition Submitted

The U.S. Department of Agriculture has received a request from the dairy industry to change the fluid milk product definition to state that all products intended to be consumed in fluid form should be classified and priced as Class I. Currently, Class I classification generally only applies to those milk products in fluid form containing less than 9 percent butterfat and more than 6.5 percent nonfat milk solids. While a decision to hold a hearing on the matter has not yet been made, USDA is providing interested parties an opportunity to submit additional proposals regarding the definition of fluid milk products at this time. Contact this office or visit www.ams.usda.gov/dairy/dockets.htm for more information.

Decisions Issued in Several Order Hearings

A tentative final decision to amend certain pooling provisions in the Pacific Northwest and Western orders has been issued by USDA. It prevents the inappropriate pooling of milk on these orders, such as simultaneously pooling the same milk on a Federal and a State order. Producers will vote on whether or not to approve the amended orders.

A final decision has been issued to make certain pooling provisions permanent in the Central Order. It eliminates pooling the same milk on a Federal and a State order simultaneously, and generally increases the performance standards required to participate in the pool. A final rule will be issued to implement these changes only if producers approve the order as amended.

Lastly, producers have approved the order as amended in the Upper Midwest Order which prohibits simultaneously pooling milk on a State and Federal order and limits the acceptable amount of diversions for pool plants. Having received producer approval, a final rule became effective September 1, 2003. For more details on these and other recent Federal Milk Marketing Order hearings, visit www.ams.usda.gov/dairy/dockets.htm.

Blend Increases by Record Amount

The uniform blend in Fulton County, GA, was \$13.54 per hundredweight of milk at 3.5 percent butterfat for the month of August, up \$1.07 from the previous month and \$0.91 higher than August 2002. This is the largest monthly increase in the uniform price since Order Reform (January 2000). Class I utilization was 79.17 percent, a 12.84 percent increase from the previous month, and 11.89 percent higher than August 2002. This is both the highest Class I utilization and the largest monthly increase in Class I utilization since Order Reform.

Cheese prices, and therefore Class III prices, are responsible for the record setting price and utilization changes seen in August. Because the Class III price was only \$0.27 below the Class I price in Atlanta, there was an economic disincentive to include an estimated 60 million pounds of Class III milk in the market wide pool. This 'depooling' resulted in the lowest Class III volume and utilization since Order Reform.

National Dairy Situation

USDA estimates total U.S. production of milk in July at 14.2 billion pounds, which is a decrease of 0.3 percent from June, but an increase of 0.3 percent when compared with July 2002. Total cheese output (excluding cottage cheese) was 712 million pounds, 2.9 percent above July 2002 but 0.3 percent below June 2003. Butter production was 79.2 million pounds in July, 16.1 percent below July 2002 and 5.5 percent below June 2003. Nonfat dry milk production was 120 million pounds in July, a decline of 8.4 percent from the previous month and a decline of 7.4 percent from July 2002.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for August was \$1,412,472.59. Claims were made for \$1,300,058.90. Since sufficient funds were available, all eligible claims were paid in full.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - AUGUST 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	48.26%	8,222,420	\$1.1854	\$ 9,746,856.70
Class I Differential at Location				244,540.24
Class II Butterfat	28.74%	4,895,768	\$1.2584	6,160,834.46
Class III Butterfat	4.80%	817,157	\$1.2514	1,022,590.27
Class IV Butterfat	18.20%	3,100,903	\$1.2514	3,880,470.03
Total Butterfat	100.00%	17,036,248		\$ 21,055,291.70

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2359**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	80.32%	373,797,739	\$7.07 /cwt.	\$ 26,427,500.14
Class I Butterfat	48.26%	8,222,420	\$1.1854 /lb.	9,746,856.70
Class I Differential at Location		382,020,159		11,360,194.93
Total Class I Milk	79.17%	382,020,159		\$ 47,534,551.77
Class II Skim Milk	11.38%	52,979,412	\$6.64 /cwt.	\$ 3,517,832.97
Class II Butterfat	28.74%	4,895,768	\$1.2584 /lb.	6,160,834.46
Total Class II Milk	12.00%	57,875,180		\$ 9,678,667.43
Class III Skim Milk	1.21%	5,688,462	\$9.76 /cwt.	\$ 555,193.88
Class III Butterfat	4.80%	817,157	\$1.2514 /lb.	1,022,590.27
Total Class III Milk	1.35%	6,505,619		\$ 1,577,784.15
Class IV Skim Milk	7.09%	32,989,135	\$5.97 /cwt.	\$ 1,969,451.36
Class IV Butterfat	18.20%	3,100,903	\$1.2514 /lb.	3,880,470.03
Total Class IV Milk	7.48%	36,090,038		\$ 5,849,921.39
Producer Milk	100.00%	482,490,996		\$ 64,640,924.74

Adjustments

Overage and Other Source	\$ 956.78
Inventory Adjustments	7,075.69
Producer butterfat at uniform butterfat price	(21,055,291.70)
Location Adjustments to Producers	862,722.49
1/2 Unobligated Balance in P.S.F.	210,012.67

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.59588	\$ 44,666,400.67
	\$ 0.04588	214,713.98

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

\$9.55

Uniform Price per cwt. (Fulton County, Georgia)

\$13.54*

* At 3.5% butterfat test; for information purposes.

OTHER FEDERAL ORDERS: CLASS I AND UNIFORM PRICES (At 3.5% Butterfat)

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	AUG 2003	SEPT 2003	JUL 2003	AUG 2003	AUG 2003
Appalachian (Charlotte)	\$ 14.07	\$ 16.81	\$ 12.49	\$ 13.52	78.22%
Arizona-Las Vegas (Phoenix)	\$ 13.32	\$ 16.06	\$ 11.53	\$ 12.94	34.73%
Central (Kansas City)	\$ 12.97	\$ 15.71	\$ 11.49	\$ 12.52	59.75%
Florida (Tampa)	\$ 14.97	\$ 17.71	\$ 13.46	\$ 14.53	87.78%
Mideast (Cleveland)	\$ 12.97	\$ 15.71	\$ 11.68	\$ 12.60	53.80%
Northeast (Boston)	\$ 14.22	\$ 16.96	\$ 12.46	\$ 13.72	44.90%
Pacific Northwest (Seattle)	\$ 12.87	\$ 15.61	\$ 10.93	\$ 11.66	40.64%
Southeast (Atlanta)	\$ 14.07	\$ 16.81	\$ 12.47	\$ 13.54	79.17%
Southwest (Dallas)	\$ 13.97	\$ 16.71	\$ 12.01	\$ 12.93	61.04%
Upper Midwest (Chicago)	\$ 12.77	\$ 15.51	\$ 11.37	\$ 12.22	50.60%
Western (Salt Lake City)	\$ 12.83	\$ 15.57	\$ 11.44	\$ 12.10	50.39%

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

Receipts:	August 2003	August 2002
Producer Milk		
Class I	382,020,159	417,146,424
Class II	57,875,180	79,031,072
Class III	6,505,619	106,178,774
Class IV	36,090,038	17,632,532
Total Producer Milk	<u>482,490,996</u>	<u>619,988,802</u>
Average Butterfat Test	3.53%	3.56%
Percent of Producer Milk in Class I	79.17%	67.28%
Daily Average Receipts	15,564,226	19,999,639
Other Source Milk		
Class I	9,823,339	9,267,233
Class II	4,127,482	4,505,163
Class III	0	2,328,576
Class IV	4,783,096	5,883,021
Total Other Source Milk	<u>18,733,917</u>	<u>21,983,993</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	11,898
Total Overage	<u>0</u>	<u>11,898</u>
Opening Inventory		
Class I	33,030,409	29,116,030
Class II	679,625	263,576
Class III	0	5,781,189
Class IV	17,184,396	16,815,581
Total Opening Inventory	<u>50,894,430</u>	<u>51,976,376</u>
Total Receipts	552,119,343	693,961,069
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,692,067	30,821,345
Route Disposition Class I	384,793,755	412,562,381
Shrinkage	2,281,560	2,739,308
Transfers and Diversions to Nonpool	5,106,525	9,406,653
Total Class I Utilization	<u>424,873,907</u>	<u>455,529,687</u>
Average Butterfat Test	2.16%	2.15%
Daily Average Utilization	13,705,610	14,694,506
Class II Utilization		
Nonfluid Used To Produce	1,854,677	2,001,131
Shrinkage	0	434
Transfers and Diversions to Nonpool	41,082,118	60,349,846
Used To Produce/Other Uses	19,745,492	21,448,400
Total Class II Utilization	<u>62,682,287</u>	<u>83,799,811</u>
Average Butterfat Test	8.34%	7.29%
Class III Utilization		
Shrinkage	0	8,372,172
Transfers and Diversions to Nonpool	6,505,619	100,130,610
Used To Produce/Other Uses	0	5,785,757
Total Class III Utilization	<u>6,505,619</u>	<u>114,288,539</u>
Average Butterfat Test	12.56%	4.20%
Class IV Utilization		
Inventory	24,535,979	15,938,708
Nonfluid Used To Fortify	1,774,078	1,903,546
Shrinkage	7,920,660	0
Transfers and Diversions to Nonpool	18,113,010	22,500,778
Used To Produce/Other Uses	5,713,803	0
Total Class IV Utilization	<u>58,057,530</u>	<u>40,343,032</u>
Average Butterfat Test	6.92%	9.42%
Total Utilization	552,119,343	693,961,069

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2003 is \$13.54 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.55 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2359 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

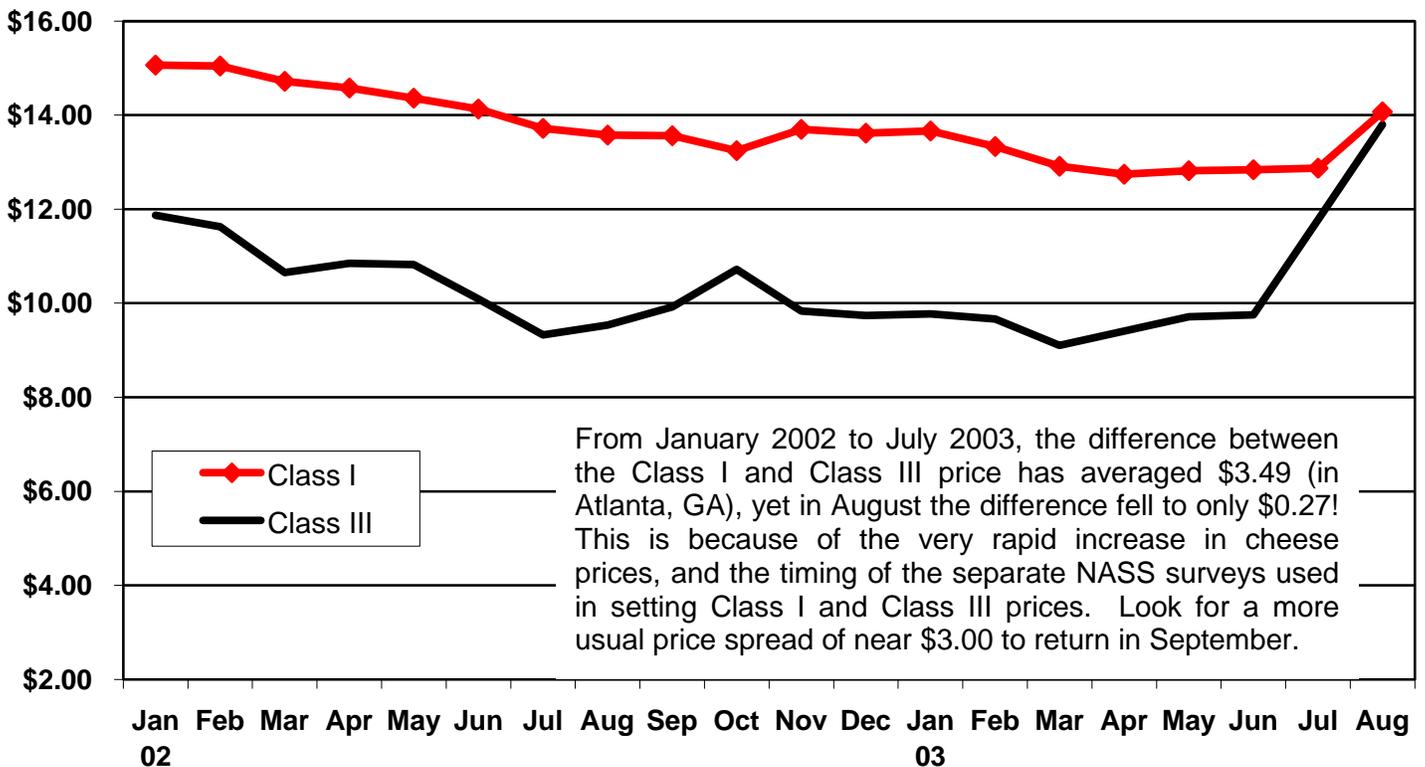
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In August, Class I use, which is primarily bottled or packaged fluid milk, accounted for 80.31% of all producer skim milk (priced to handlers at \$7.07 per hundredweight, plus the Class I differential, see page 2) and 48.26% of producer butterfat (priced to handlers at \$1.1854 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.38% of all producer skim milk (\$6.64 per hundredweight) and 28.74% of producer butterfat (\$1.2584 per pound). Class III use, mostly milk used to produce cheese, accounted for 1.22% of all producer skim milk (\$9.76 per hundredweight) and 4.80% of producer butterfat (\$1.2514 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.09% of all producer skim milk (\$5.97 per hundredweight) and 18.20% of producer butterfat (\$1.2514 per pound).

Receipts of producer milk during August 2003 totaled 482.5 million pounds. There were 28 regulated pool distributing plants, 3 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 2003. Class I route disposition in the Southeast Market totaled 375.8 million pounds in July 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast July 2003
Whole Milk	165,605,680
Fat Free Milk	40,555,748
Lowfat Milk (incl. 1%)	22,787,992
Reduced Fat Milk (incl. 2%)	115,449,511
Cultured Fluid Milk (incl. Buttermilk)	8,980,749
Flavored Drinks and Milk (incl. Eggnog)	22,470,947
Total Disposition in Marketing Area	375,850,627
Total Disposition by Pool Plants	306,846,679
Total Disposition by Nonpool Plants	69,003,948
Total Disposition in Marketing Area	375,850,627

Class I Prices vs. Class III Prices: January 2002 to August 2003



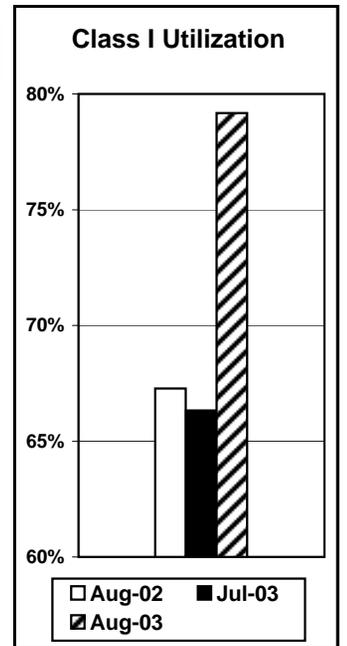
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$ 6.55	\$1.1922	\$10.49	\$ 9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$ 6.13	\$1.1856	\$10.07	\$ 8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$ 6.04	\$1.1373	\$9.81	\$ 8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$ 5.99	\$1.1459	\$9.79	\$ 8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$ 5.91	\$1.1503	\$9.73	\$ 8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$ 5.92	\$1.1512	\$9.74	\$ 8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$ 5.92	\$1.1576	\$9.76	\$ 8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$ 5.94	\$1.2055	\$9.95	\$ 8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64	\$1.2584	\$10.81	\$9.76	\$1.2514	\$13.80	\$ 5.97	\$1.2514	\$10.14	\$ 9.55	\$1.2359	\$13.54
Sep	\$12.61	\$1.3254	\$16.81	\$6.69											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,309	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%
Aug	482,491	4,400**	382,020	79.17%	57,875	12.00%	6,506	1.35%	36,090	7.48%

* 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 September through November 2003							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
September 2003	10/11/03	10/14/03	10/15/03	09/25/03	09/26/03	10/15/03	10/16/03
October 2003	11/11/03	11/12/03	11/13/03	10/27/03	10/27/03	11/13/03	11/14/03
November 2003	12/11/03	12/12/03	12/15/03	11/25/03	11/26/03	12/15/03	12/16/03

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**FEDERAL MILK MARKET ADMINISTRATOR
 U.S. DEPARTMENT OF AGRICULTURE
 P.O. BOX 491778
 LAWRENCEVILLE, GEORGIA 30049
*Address Correction Requested***



Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

October 2003

Volume 4—No. 10

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

Department Seeks Additional Proposals

The U.S. Department of Agriculture (USDA) has received a request from the Southeast Marketing Agency to merge the Appalachian and Southeast Federal milk marketing areas. The request states a merger of the two orders would resolve disorderly marketing conditions that result from blend price differences between the two orders and inefficient movements of milk. A hearing has not yet been granted for this proposal, however before deciding whether a hearing should be held, USDA is providing interested parties an opportunity to submit additional proposals regarding the proposed merger. Proposals should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP-0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by November 14, 2003. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal.

In a related development, USDA has extended the deadline for submitting additional proposals in connection with the hearing request to alter the fluid milk product definition. The previous deadline, September 19, has been extended to January 30, 2004. Proposals regarding the fluid milk product definition should be mailed to: Deputy Administrator, USDA/AMS/Dairy Programs, STOP-0225-Room 2968, 1400 Independence Avenue, SW, Washington, DC 20250-0225, by January 30, 2004. Each proposal should be accompanied by a brief but comprehensive statement on the need for the proposal. For additional information regarding both of these invitations for additional proposals, please visit www.fmmatlanta.com.

National Dairy Board Members Appointed

Secretary Veneman appointed seven new and five incumbents to the National Dairy Promotion and Research Board, including Charles W. Bryant of Austin, AR. See www.ams.usda.gov/dairy/ndbbd.htm for the complete list of board members.

September's Blend Rises Over 15%

The uniform blend in Fulton County, GA, was \$15.65 per hundredweight of milk at 3.5 percent butterfat for the month of September. This is an increase of \$2.11 (or 15.6 percent) from the previous month and \$3.09 higher than September 2002. September's increase nearly doubles the previous record monthly increase in the blend price, which was set last month. Class I utilization was 72.08 percent, a 7.09 percent decrease from the previous month, but 6.48 percent higher than September 2002. For the second straight month, Class I utilization is more reminiscent of pre-Reform than of recent post-Reform history, due mainly to fewer pounds of producer milk in Class III than what has historically been pooled.

National Dairy Situation

USDA estimates total U.S. production of milk in August at 13.99 billion pounds, which is a decrease of 1.8 percent from July and a decrease of 1.0 percent when compared with August 2002. Total cheese output was 708 million pounds, 0.8 percent below August 2002 and 1.2 percent below July 2003. Butter production was 70.2 million pounds in August, 21.1 percent below August 2002 and 11.3 percent below July 2003. Nonfat dry milk production was 100 million pounds in August, a decline of 14.9 percent from August 2002 and a decline of 16.7 percent from July 2003.

The milk-feed price ratio was 3.06 in September, which is up from the revised 2.88 price ratio for August and marks the third consecutive month of significant increases and the highest value since January 2002, twenty months earlier.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for September were made for \$1,224,186.50. Since the available balance was \$365,918.67, eligible claims were paid at the rate of approximately \$0.30 to the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - SEPTEMBER 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.65%	8,260,688	\$1.2944	\$ 10,692,634.55
Class I Differential at Location				246,707.33
Class II Butterfat	25.67%	4,971,380	\$1.2288	6,108,831.75
Class III Butterfat	16.75%	3,244,803	\$1.2218	3,964,500.30
Class IV Butterfat	14.93%	2,890,886	\$1.2218	3,532,084.52
Total Butterfat	100.00%	19,367,757		\$ 24,544,758.45

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2673**

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	73.19%	379,264,612	\$9.51 /cwt.	\$ 36,068,064.58
Class I Butterfat	42.65%	8,260,688	\$1.2944 /lb.	10,692,634.55
Class I Differential at Location		387,525,300		11,550,268.31
Total Class I Milk	72.08%	387,525,300		\$ 58,310,967.44
Class II Skim Milk	9.75%	50,525,297	\$6.69 /cwt.	\$ 3,380,142.35
Class II Butterfat	25.67%	4,971,380	\$1.2288 /lb.	6,108,831.75
Total Class II Milk	10.32%	55,496,677		\$ 9,488,974.10
Class III Skim Milk	12.71%	65,938,330	\$10.39 /cwt.	\$ 6,850,992.51
Class III Butterfat	16.75%	3,244,803	\$1.2218 /lb.	3,964,500.30
Total Class III Milk	12.87%	69,183,133		\$ 10,815,492.81
Class IV Skim Milk	4.35%	22,551,946	\$5.98 /cwt.	\$ 1,348,606.36
Class IV Butterfat	14.93%	2,890,886	\$1.2218 /lb.	3,532,084.52
Total Class IV Milk	4.73%	25,442,832		\$ 4,880,690.88
Producer Milk	100.00%	537,647,942		\$ 83,496,125.23

Adjustments

Overage and Other Source	\$ 8,988.76
Inventory Adjustments	40,106.47
Producer butterfat at uniform butterfat price	(24,544,758.45)
Location Adjustments to Producers	1,278,499.65
1/2 Unobligated Balance in P.S.F.	174,214.25

Adjusted Pool Value	\$ 11.66419	\$ 60,453,175.91
Reserve for Producer Settlement Fund	\$ 0.04419	229,018.43

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$11.62**

Uniform Price per cwt. (Fulton County, Georgia) **\$15.65***

* 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 %
	SEPT 2003	OCT 2003	AUG 2003	SEPT 2003	SEPT 2003
Appalachian (Charlotte)	\$ 16.81	\$ 17.37	\$ 13.52	\$ 15.57	77.60%
Arizona-Las Vegas (Phoenix)	\$ 16.06	\$ 16.62	\$ 12.94	\$ 13.98	35.82%
Central (Kansas City)	\$ 15.71	\$ 16.27	\$ 12.52	\$ 13.92	57.16%
Florida (Tampa)	\$ 17.71	\$ 18.27	\$ 14.53	\$ 16.99	90.23%
Mideast (Cleveland)	\$ 15.71	\$ 16.27	\$ 12.60	\$ 13.93	54.80%
Northeast (Boston)	\$ 16.96	\$ 17.52	\$ 13.72	\$ 15.01	49.10%
Pacific Northwest (Seattle)	\$ 15.61	\$ 16.17	\$ 11.66	\$ 12.54	46.67%
Southeast (Atlanta)	\$ 16.81	\$ 17.37	\$ 13.54	\$ 15.65	72.08%
Southwest (Dallas)	\$ 16.71	\$ 17.27	\$ 12.93	\$ 14.48	65.42%
Upper Midwest (Chicago)	\$ 15.51	\$ 16.07	\$ 12.22	\$ 13.23	54.00%
Western (Salt Lake City)	\$ 15.57	\$ 16.13	\$ 12.10	\$ 13.40	56.33%

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

Receipts:	September 2003	September 2002
Producer Milk		
Class I	387,525,300	392,523,389
Class II	55,496,677	61,811,692
Class III	69,183,133	119,391,409
Class IV	25,442,832	24,632,879
Total Producer Milk	537,647,942	598,359,369
Average Butterfat Test	3.60%	3.62%
Percent of Producer Milk in Class I	72.08%	65.60%
Daily Average Receipts	17,921,598	19,945,312
Other Source Milk		
Class I	8,607,916	8,657,621
Class II	4,159,003	3,627,912
Class III	2,384,775	2,082,839
Class IV	3,645,676	5,134,710
Total Other Source Milk	18,797,370	19,503,082
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	125,461	11,390
Total Overage	125,461	11,390
Opening Inventory		
Class I	33,036,237	30,821,345
Class II	384,788	541,661
Class III	349,777	1,101,908
Class IV	23,457,244	14,295,049
Total Opening Inventory	57,228,046	46,759,963
Total Receipts	613,798,819	664,633,804
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,438,540	32,232,484
Route Disposition Class I	386,024,697	390,706,835
Shrinkage	3,265,949	1,701,299
Transfers and Diversions to Nonpool	5,440,267	7,361,737
Total Class I Utilization	429,169,453	432,002,355
Average Butterfat Test	2.14%	2.13%
Daily Average Utilization	14,305,648	14,400,079
Class II Utilization		
Nonfluid Used To Produce	1,896,884	2,029,258
Shrinkage	0	0
Transfers and Diversions to Nonpool	39,026,301	45,368,991
Used To Produce/Other Uses	19,117,283	18,583,016
Total Class II Utilization	60,040,468	65,981,265
Average Butterfat Test	8.81%	8.08%
Class III Utilization		
Shrinkage	0	7,722,719
Transfers and Diversions to Nonpool	71,917,685	110,162,244
Used To Produce/Other Uses	0	4,691,193
Total Class III Utilization	71,917,685	122,576,156
Average Butterfat Test	4.66%	3.97%
Class IV Utilization		
Inventory	18,100,828	23,913,803
Nonfluid Used To Fortify	1,717,168	1,889,270
Shrinkage	7,545,224	0
Transfers and Diversions to Nonpool	20,057,727	18,270,955
Used To Produce/Other Uses	5,250,266	0
Total Class IV Utilization	52,671,213	44,074,028
Average Butterfat Test	7.74%	10.19%
Total Utilization	613,798,819	664,633,804

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2003 is \$15.65 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.62 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2673 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 73.18% of all producer skim milk (priced to handlers at \$9.51 per hundredweight, plus the Class I differential, see page 2) and 42.65% of producer butterfat (priced to handlers at \$1.2944 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.75% of all producer skim milk (\$6.69 per hundredweight) and 25.67% of producer butterfat (\$1.2288 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.72% of all producer skim milk (\$10.39 per hundredweight) and 16.75% of producer butterfat (\$1.2218 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.35% of all producer skim milk (\$5.98 per hundredweight) and 14.93% of producer butterfat (\$1.2218 per pound).

Receipts of producer milk during September 2003 totaled 537.6 million pounds. There were 28 regulated pool distributing plants, 3 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 2003. Class I route disposition in the Southeast Market totaled 400.8 million pounds in August 2003.

Packaged Class I Route Sales in Marketing Area

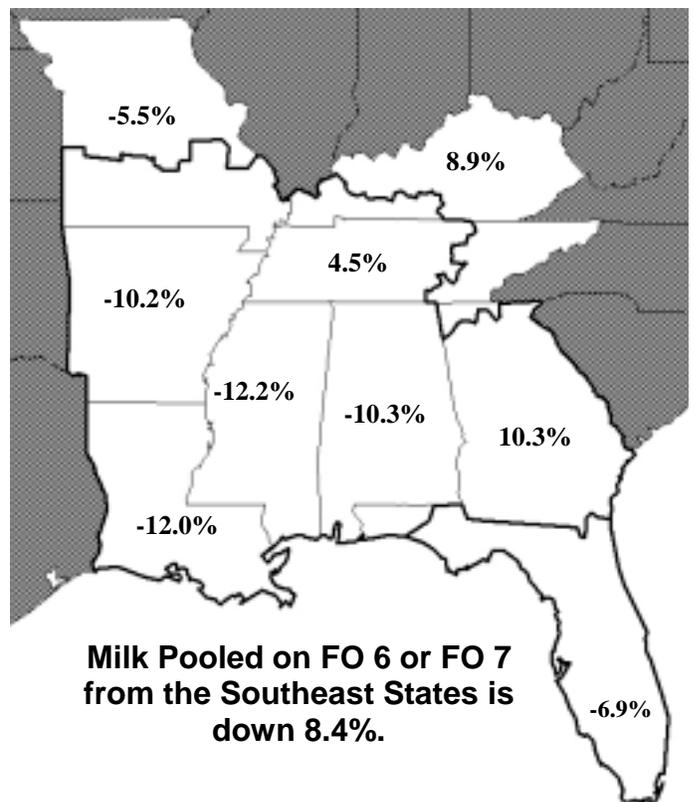
Product Description	Southeast
	August 2003
Whole Milk	158,446,946
Fat Free Milk	48,243,326
Lowfat Milk (incl. 1%)	26,794,949
Reduced Fat Milk (incl. 2%)	121,895,234
Cultured Fluid Milk (incl. Buttermilk)	9,528,162
Flavored Drinks and Milk (incl. Eggnog)	35,901,508
Total Disposition in Marketing Area	400,810,125
Total Disposition by Pool Plants	327,354,887
Total Disposition by Nonpool Plants	73,455,238
Total Disposition in Marketing Area	400,810,125

Southeast States Cumulative Producer Milk: January-July 2002 vs. January-July 2003

The so-called Southeast states (AL, AR, FL, GA, KY, LA, MO, MS and TN) have pooled 3.2% less milk with the Southeast and Florida Orders during the first seven months of 2003 when compared with same period of 2002. Milk from states other than those listed above declined by 21.8%. Overall, the total combined producer milk on Southeast and Florida Orders fell by 550 million pounds, a decrease of 8.4%.

This analysis combines both orders due to the volumes of farm and packaged milk that move between them. However, the changes in producer milk volumes during this time frame is quite different for these two orders. The amount of producer milk pooled on the Florida Order increased 7.1%. Over the same period, the Southeast Order experienced a 13.6% loss of producer milk. Florida's average Class I utilization fell 5.5%, as the Southeast's rose by 7.2%.

The month of August was excluded because the intentional depooling of milk that occurred exaggerates some of the reductions on the Southeast Order noted above.

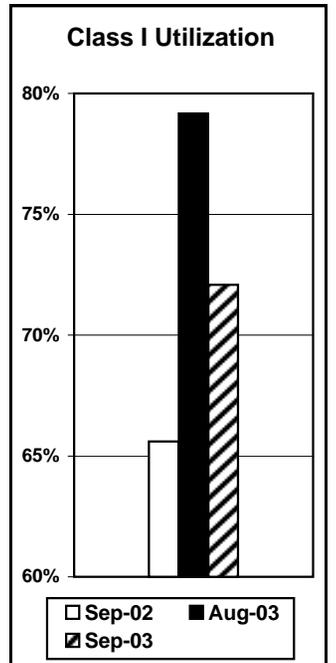


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$6.13	\$1.1856	\$10.07	\$8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$6.04	\$1.1373	\$9.81	\$8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$5.99	\$1.1459	\$9.79	\$8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$5.91	\$1.1503	\$9.73	\$8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$5.92	\$1.1512	\$9.74	\$8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$5.92	\$1.1576	\$9.76	\$8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$5.94	\$1.2055	\$9.95	\$8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64	\$1.2584	\$10.81	\$9.76	\$1.2514	\$13.80	\$5.97	\$1.2514	\$10.14	\$9.55	\$1.2359	\$13.54
Sep	\$12.61	\$1.3254	\$16.81	\$6.69	\$1.2288	\$10.76	\$10.39	\$1.2218	\$14.30	\$5.98	\$1.2218	\$10.05	\$11.62	\$1.2673	\$15.65
Oct	\$13.53	\$1.2317	\$17.37	\$6.66											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,309	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%
Aug	482,491	4,117	382,020	79.17%	57,875	12.00%	6,506	1.35%	36,090	7.48%
Sep	537,648	4,400**	387,525	72.08%	55,497	10.32%	69,183	12.87%	25,443	4.73%



* 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 October through December 2003							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to: All Funds	Due From: P/S & T-Credit	Partial Payment Due		Final Payment Due	
				Coop	Nonmember	Coop	Nonmember
October 2003	11/11/03	11/12/03	11/13/03	10/27/03	10/27/03	11/13/03	11/14/03
November 2003	12/11/03	12/12/03	12/15/03	11/25/03	11/26/03	12/15/03	12/16/03
December 2003	01/11/04	01/12/04	01/13/04	12/26/03	12/26/03	01/13/04	01/14/04

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**FEDERAL MILK MARKET ADMINISTRATOR
 U.S. DEPARTMENT OF AGRICULTURE
 P.O. BOX 491778
 LAWRENCEVILLE, GEORGIA 30049**
Address Correction Requested



Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

November 2003

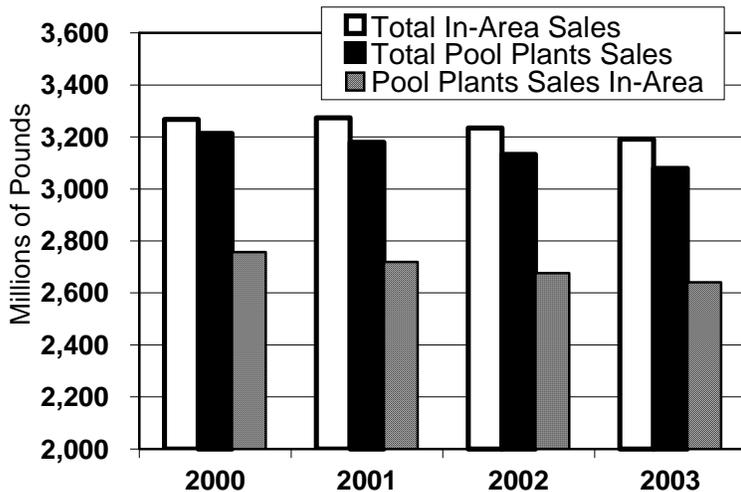
Volume 4—No. 11

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

Downward Trend in Class I Sales Continues

The total amount of fluid milk sold in the Southeast marketing area continues on its declining trajectory. The January through August period of 2003 witnessed a 1.30 percent fall in total Class I in-area sales when compared to 2002. Because pool plants

Cumulative Class I Sales: Jan-Aug, 2000 to 2003



comprise between 85 and 86 percent of in-area sales (and have done so since Order Reform), much of the decreases in fluid milk sales is attributed to them. In fact, pool plants have lost 1.32 percent of in-area sales so far in 2003 compared to last year. They have fared slightly worse when out-of-area sales are considered as well as in-area sales. The decline in *total* pool plant Class I sales was 1.72 percent, or about 54 million pounds of milk.

How does the Southeast compare with national fluid sales trends? According to USDA data, total Class I in-area sales in all Federal orders combined has decreased 0.54 percent between 2002 and 2003 over the period in question. Estimated fluid sales in the U.S., which includes California and unregulated areas, is down 0.39 percent. So generally, trends in Class I sales in the Southeast marketing area are declining like other parts of the nation, but are declining at a rate two to three times more rapidly.

Blend Price Moves Higher

The uniform blend in Fulton County, GA, was \$16.07 per hundredweight of milk at 3.5 percent butterfat for the month of October. This is an increase of \$0.42 from the previous month and \$3.26 higher than October 2002. Class I utilization was 67.35 percent, a 4.73 percent decrease from the previous month and a 2.33 percent decrease from October 2002.

National Dairy Situation

USDA estimates total U.S. production of milk in August at 13.99 billion pounds, which is a decrease of 1.8 percent from July and a decrease of 1.0 percent when compared with August 2002. Total cheese output (excluding cottage cheese) was 706 million pounds, 3.3 percent above September 2002 but 0.4 percent below August 2003. Butter production was 72.8 million pounds in September, 21.6 percent below September 2002 but 3.8 percent above August 2003. Nonfat dry milk production was 88.5 million pounds in September, a decline of 8.9 percent from September 2002 and a decline of 11.5 percent from August 2003.

Fluid Milk Board Nominations Sought

The U.S. Department of Agriculture is asking dairy processors and other interested parties to nominate candidates for the National Fluid Milk Processor Promotion Board. Five regional and two at-large members will be appointed for a three-year term beginning July 2004. Submit nominations by Dec. 5. For more information or to obtain a nomination and background form, visit www.ams.usda.gov/dairy/dairyprp.htm.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for October were made for \$1,023,114.73. Since the available balance was \$280,423.23, eligible claims were paid at the rate of approximately \$0.27 to the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - OCTOBER 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.46%	8,709,631	\$1.2007	\$ 10,457,653.93
Class I Differential at Location				259,551.65
Class II Butterfat	21.22%	4,684,452	\$1.2623	5,913,183.77
Class III Butterfat	20.09%	4,434,991	\$1.2553	5,567,244.19
Class IV Butterfat	19.23%	4,243,581	\$1.2553	5,326,967.25
Total Butterfat	100.00%	22,072,655		\$ 27,524,600.79

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2470**

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	68.44%	391,732,119	\$10.43 /cwt.	\$ 40,857,659.99
Class I Butterfat	39.46%	8,709,631	\$1.2007 /lb.	10,457,653.93
Class I Differential at Location		400,441,750		11,918,740.58
Total Class I Milk	67.35%	400,441,750		\$ 63,234,054.50
Class II Skim Milk	8.21%	47,010,165	\$6.66 /cwt.	\$ 3,130,877.00
Class II Butterfat	21.22%	4,684,452	\$1.2623 /lb.	5,913,183.77
Total Class II Milk	8.70%	51,694,617		\$ 9,044,060.77
Class III Skim Milk	15.96%	91,393,856	\$10.36 /cwt.	\$ 9,468,403.47
Class III Butterfat	20.09%	4,434,991	\$1.2553 /lb.	5,567,244.19
Total Class III Milk	16.12%	95,828,847		\$ 15,035,647.66
Class IV Skim Milk	7.39%	42,313,642	\$5.98 /cwt.	\$ 2,530,355.76
Class IV Butterfat	19.23%	4,243,581	\$1.2553 /lb.	5,326,967.25
Total Class IV Milk	7.83%	46,557,223		\$ 7,857,323.01
Producer Milk	100.00%	594,522,437		\$ 95,171,085.94

Adjustments

Overage and Other Source	\$ 5,139.51
Inventory Adjustments	26,238.29
Producer butterfat at uniform butterfat price	(27,524,600.79)
Location Adjustments to Producers	1,735,555.23
1/2 Unobligated Balance in P.S.F.	279,628.27

Adjusted Pool Value	\$ 12.17453	\$ 69,693,046.46
Reserve for Producer Settlement Fund	\$ 0.04453	254,887.90

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$12.13**

Uniform Price per cwt. (Fulton County, Georgia) **\$16.07***

* 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 2003	NOV 2003	SEPT 2003	OCT 2003	OCT 2003
Appalachian (Charlotte)	\$ 17.37	\$ 17.47	\$ 15.57	\$ 16.09	73.91%
Arizona-Las Vegas (Phoenix)	\$ 16.62	\$ 16.72	\$ 13.98	\$ 14.31	36.67%
Central (Kansas City)	\$ 16.27	\$ 16.37	\$ 13.92	\$ 14.23	53.62%
Florida (Tampa)	\$ 18.27	\$ 18.37	\$ 16.99	\$ 17.67	90.32%
Mideast (Cleveland)	\$ 16.27	\$ 16.37	\$ 13.93	\$ 14.25	54.20%
Northeast (Boston)	\$ 17.52	\$ 17.62	\$ 15.01	\$ 15.21	49.70%
Pacific Northwest (Seattle)	\$ 16.17	\$ 16.27	\$ 12.54	\$ 13.05	49.84%
Southeast (Atlanta)	\$ 17.37	\$ 17.47	\$ 15.65	\$ 16.07	67.35%
Southwest (Dallas)	\$ 17.27	\$ 17.37	\$ 14.48	\$ 14.89	65.75%
Upper Midwest (Chicago)	\$ 16.07	\$ 16.17	\$ 13.23	\$ 13.51	55.20%
Western (Salt Lake City)	\$ 16.13	\$ 16.23	\$ 13.40	\$ 13.76	57.54%

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

Receipts:	October 2003	October 2002
Producer Milk		
Class I	400,441,750	420,940,861
Class II	51,694,617	46,349,802
Class III	95,828,847	114,921,978
Class IV	46,557,223	21,837,362
Total Producer Milk	<u>594,522,437</u>	<u>604,050,003</u>
Average Butterfat Test	3.71%	3.74%
Percent of Producer Milk in Class I	67.35%	69.68%
Daily Average Receipts	19,178,143	19,485,484
Other Source Milk		
Class I	10,065,533	8,897,354
Class II	4,504,229	3,994,126
Class III	2,120,736	2,058,303
Class IV	3,888,538	5,110,975
Total Other Source Milk	<u>20,579,036</u>	<u>20,060,758</u>
Overage		
Class I	0	0
Class II	72,878	0
Class III	8	0
Class IV	4,612	0
Total Overage	<u>77,498</u>	<u>0</u>
Opening Inventory		
Class I	34,540,484	32,280,452
Class II	1,532,858	2,551,986
Class III	161,998	726,846
Class IV	16,137,243	20,587,003
Total Opening Inventory	<u>52,372,583</u>	<u>56,146,287</u>
Total Receipts	667,551,554	680,257,048
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	35,150,647	36,491,086
Route Disposition Class I	400,137,833	416,951,988
Shrinkage	3,858,552	2,181,768
Transfers and Diversions to Nonpool	5,900,735	6,493,825
Total Class I Utilization	<u>445,047,767</u>	<u>462,118,667</u>
Average Butterfat Test	2.17%	2.14%
Daily Average Utilization	14,356,380	14,907,054
Class II Utilization		
Nonfluid Used To Produce	1,489,521	1,914,748
Shrinkage	0	5,839
Transfers and Diversions to Nonpool	37,094,329	31,138,214
Used To Produce/Other Uses	19,220,732	19,837,113
Total Class II Utilization	<u>57,804,582</u>	<u>52,895,914</u>
Average Butterfat Test	9.07%	9.55%
Class III Utilization		
Shrinkage	0	0
Transfers and Diversions to Nonpool	98,111,589	117,707,127
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>98,111,589</u>	<u>117,707,127</u>
Average Butterfat Test	4.62%	4.27%
Class IV Utilization		
Inventory	13,087,291	17,019,697
Nonfluid Used To Fortify	2,321,408	2,030,051
Shrinkage	7,939,328	8,054,653
Transfers and Diversions to Nonpool	37,113,524	16,048,567
Used To Produce/Other Uses	6,126,065	4,382,372
Total Class IV Utilization	<u>66,587,616</u>	<u>47,535,340</u>
Average Butterfat Test	7.93%	11.05%
Total Utilization	667,551,554	680,257,048

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2003 is \$16.07 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.13 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2470 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 68.43% of all producer skim milk (priced to handlers at \$10.43 per hundredweight, plus the Class I differential, see page 2) and 39.46% of producer butterfat (priced to handlers at \$1.2007 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.21% of all producer skim milk (\$6.66 per hundredweight) and 21.22% of producer butterfat (\$1.2623 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.97% of all producer skim milk (\$10.36 per hundredweight) and 20.09% of producer butterfat (\$1.2553 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.39% of all producer skim milk (\$5.98 per hundredweight) and 19.23% of producer butterfat (\$1.2553 per pound).

Receipts of producer milk during October 2003 totaled 594.5 million pounds. There were 28 regulated pool distributing plants, 3 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 2003. Class I route disposition in the Southeast Market totaled 400.1 million pounds in September 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	September 2003
Whole Milk	154,302,836
Fat Free Milk	46,420,318
Lowfat Milk (incl. 1%)	26,473,304
Reduced Fat Milk (incl. 2%)	118,933,605
Cultured Fluid Milk (incl. Buttermilk)	9,817,679
Flavored Drinks and Milk (incl. Eggnog)	44,177,233
Total Disposition in Marketing Area	400,124,975
Total Disposition by Pool Plants	327,279,907
Total Disposition by Nonpool Plants	72,845,068
Total Disposition in Marketing Area	400,124,975

2003 Mailbox Milk Prices For Selected Reporting Areas

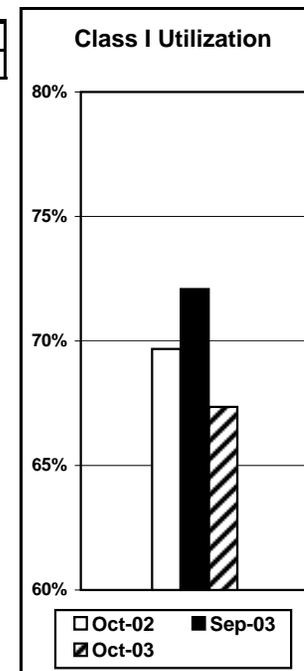
Reporting Area	Mailbox Milk Price						
	Jan	Feb	Mar	Apr	May	Jun	Jul
Northeast Federal Milk Order	\$11.62	\$11.22	\$10.86	\$11.06	\$11.10	\$11.07	\$11.63
Appalachian States	\$12.45	\$12.12	\$11.54	\$11.29	\$11.32	\$11.33	\$11.90
Southeast States	\$13.07	\$12.54	\$11.93	\$11.63	\$11.69	\$11.86	\$12.72
Southern Missouri	\$11.83	\$11.44	\$10.82	\$10.61	\$10.71	\$10.82	\$11.30
Florida	\$14.72	\$13.98	\$13.56	\$13.21	\$13.18	\$13.31	\$14.42
Ohio	\$11.77	\$11.34	\$10.85	\$10.80	\$10.84	\$10.76	\$11.47
Michigan	\$11.42	\$11.06	\$10.61	\$10.48	\$10.66	\$10.54	\$11.28
Wisconsin	\$11.59	\$11.28	\$10.70	\$10.85	\$11.04	\$10.90	\$12.26
Minnesota	\$11.52	\$11.21	\$10.72	\$10.86	\$10.95	\$10.89	\$12.51
Iowa	\$11.58	\$11.24	\$10.68	\$10.73	\$10.83	\$10.66	\$11.98
Illinois	\$11.89	\$11.48	\$10.78	\$10.84	\$10.89	\$10.82	\$11.54
Corn Belt States	\$11.46	\$11.11	\$10.40	\$10.68	\$10.66	\$10.53	\$11.22
Western Texas	\$11.90	\$11.17	\$10.71	\$10.62	\$10.48	\$10.45	\$11.48
New Mexico	\$10.93	\$10.16	\$9.78	\$9.72	\$9.62	\$9.52	\$10.57
Idaho	\$10.38	\$10.17	\$9.71	\$9.87	\$9.87	\$9.96	\$11.43
Northwest States	\$10.91	\$10.57	\$10.33	\$10.31	\$10.39	\$10.28	\$10.56
All Federal Order Areas	\$11.61	\$11.19	\$10.73	\$10.79	\$10.83	\$10.77	\$11.60
California	\$10.64	\$10.33	\$10.06	\$10.26	\$10.13	\$10.13	N/A

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$6.13	\$1.1856	\$10.07	\$8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$6.04	\$1.1373	\$9.81	\$8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$5.99	\$1.1459	\$9.79	\$8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$5.91	\$1.1503	\$9.73	\$8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$5.92	\$1.1512	\$9.74	\$8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$5.92	\$1.1576	\$9.76	\$8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$5.94	\$1.2055	\$9.95	\$8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64	\$1.2584	\$10.81	\$9.76	\$1.2514	\$13.80	\$5.97	\$1.2514	\$10.14	\$9.55	\$1.2359	\$13.54
Sep	\$12.61	\$1.3254	\$16.81	\$6.69	\$1.2288	\$10.76	\$10.39	\$1.2218	\$14.30	\$5.98	\$1.2218	\$10.05	\$11.62	\$1.2673	\$15.65
Oct	\$13.53	\$1.2317	\$17.37	\$6.66	\$1.2623	\$10.84	\$10.36	\$1.2553	\$14.39	\$5.98	\$1.2553	\$10.16	\$12.13	\$1.2470	\$16.07
Nov	\$13.43	\$1.2873	\$17.47	\$6.69											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,309	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%
Aug	482,491	4,117	382,020	79.17%	57,875	12.00%	6,506	1.35%	36,090	7.48%
Sep	537,648	4,212	387,525	72.08%	55,497	10.32%	69,183	12.87%	25,443	4.73%
Oct	594,522	4,300**	400,442	67.35%	51,695	8.70%	95,829	16.12%	46,557	7.83%



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

Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods November 2003 through January 2004							
		MA Payment Dates		Payments for Producer Milk			
Pool & Uniform		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
November 2003	12/11/03	12/12/03	12/15/03	11/25/03	11/26/03	12/15/03	12/16/03
December 2003	01/11/04	01/12/04	01/13/04	12/26/03	12/26/03	01/13/04	01/14/04
January 2004	02/11/04	02/12/04	02/13/04	01/26/04	01/26/04	02/13/04	02/17/04

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**FEDERAL MILK MARKET ADMINISTRATOR
U.S. DEPARTMENT OF AGRICULTURE
P.O. BOX 491778
LAWRENCEVILLE, GEORGIA 30049**
Address Correction Requested



Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

December 2003

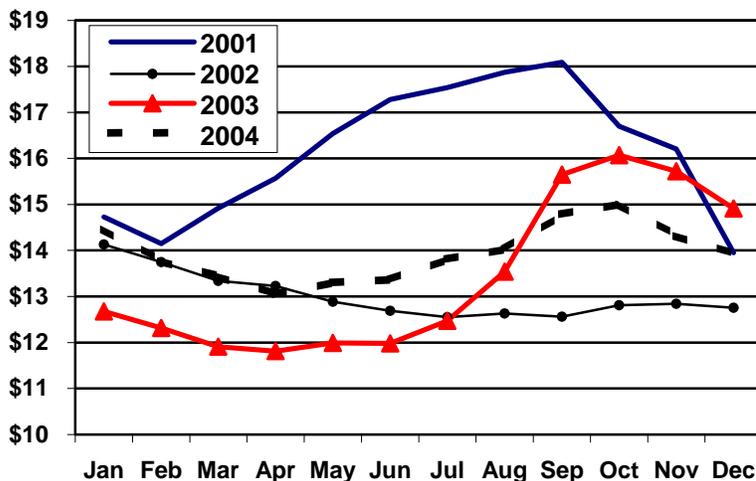
Volume 4—No. 12

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

2004 Price Outlook Promising

While fraught with difficulties and limiting assumptions, projecting milk prices is still a worthwhile exercise to assist in a variety of planning and production decisions. With that in mind, price projections for December 2003 and all of 2004 are provided in the graph below. Based on the commodity futures market, the dotted line shows a reasonable

2004 Projected Southeast Blend Prices



estimate or 'best guess' at next year's blend prices. Current expectations put 2004's average blend price in a range between \$13.60 and \$14.40 per hundredweight. For comparison, the average blend price since order reform is \$14.03 per hundredweight.

Another perspective on prices for 2004 comes from the Economic Research Service (ERS) in the *Livestock, Dairy, & Poultry Outlook* (available at www.ers.usda.gov/publications/ldp/). Milk production is forecast to increase 0.6 percent, the number of milk cows is projected to decline 1.6 percent, and milk per cow is expected to increase 2.6 percent. These, combined with projections of the demand for dairy products, result in an estimated all milk price in the range of \$11.70 and \$12.60 per hundredweight. ERS measured the all milk price at \$12.11 in 2002 and 2003 will likely end the year close to \$12.50.

Blend Price Loses Steam

After four straight months of increases, the blend price has lost momentum. The uniform blend in Fulton County, GA, was \$15.72 per hundredweight of milk at 3.5 percent butterfat for the month of November. This represents a decrease of \$0.35 from the previous month, but is \$2.88 higher than November 2002. Class I utilization was 63.57 percent, a 3.78 percent decrease from the previous month and a 4.01 percent decrease from November 2002.

National Dairy Situation

Class I prices for December will be lower because of the recent declines in cheese prices. Class II and III should follow suit, but Class IV prices could edge higher, based on stronger butter prices, when announced in early January.

USDA estimates total U.S. production of milk in October at 13.78 billion pounds, which is an increase of 2.9 percent from September and a decrease of 0.6 percent when compared with October 2002. Total cheese output (excluding cottage cheese) was 739 million pounds, 1.0 percent above October 2002 and 3.8 percent above September 2003. Butter production was 97.0 million pounds in October, 5.5 percent below October 2002 but 32.7 percent above September 2003. Nonfat dry milk production was 99.1 million pounds in October, a decline of 4.1 percent from October 2002 and an increase of 12.0 percent from September 2003.

The milk-feed price ratio was 3.09 in November, up from November 2002's 2.44 ratio but down from last month's revised 3.24 value.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for November were made for \$1,063,701.02. Since the available balance was \$264,501.12, eligible claims were paid at the rate of approximately \$0.25 to the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2003

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.03%	8,410,087	\$1.2563	\$ 10,565,592.28
Class I Differential at Location				250,150.50
Class II Butterfat	21.86%	4,832,066	\$1.2947	6,256,075.86
Class III Butterfat	21.83%	4,826,140	\$1.2877	6,214,620.48
Class IV Butterfat	18.28%	4,040,899	\$1.2877	5,203,465.69
Total Butterfat	100.00%	22,109,192		\$ 28,489,904.81
Uniform Butterfat Price per lb. (Fulton County, Georgia):			\$1.2886	

Calculation of Uniform Skim Milk Price:

Producer Milk	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	64.56%	369,078,827	\$10.33 /cwt.	\$ 38,125,842.84
Class I Butterfat	38.03%	8,410,087	\$1.2563 /lb.	10,565,592.28
Class I Differential at Location		377,488,914		11,204,186.39
Total Class I Milk	63.57%	377,488,914		\$ 59,895,621.51
Class II Skim Milk	10.42%	59,547,685	\$6.69 /cwt.	\$ 3,983,740.14
Class II Butterfat	21.86%	4,832,066	\$1.2947 /lb.	6,256,075.86
Total Class II Milk	10.84%	64,379,751		\$ 10,239,816.00
Class III Skim Milk	15.79%	90,327,009	\$9.29 /cwt.	\$ 8,391,379.13
Class III Butterfat	21.83%	4,826,140	\$1.2877 /lb.	6,214,620.48
Total Class III Milk	16.02%	95,153,149		\$ 14,605,999.61
Class IV Skim Milk	9.23%	52,774,079	\$6.00 /cwt.	\$ 3,166,444.74
Class IV Butterfat	18.28%	4,040,899	\$1.2877 /lb.	5,203,465.69
Total Class IV Milk	9.57%	56,814,978		\$ 8,369,910.43
Producer Milk	100.00%	593,836,792		\$ 93,111,347.55

Adjustments

Overage and Other Source	\$ 847.09
Inventory Adjustments	19,993.54
Producer butterfat at uniform butterfat price	(28,489,904.81)
Location Adjustments to Producers	1,774,044.16
1/2 Unobligated Balance in P.S.F.	265,641.56

Adjusted Pool Value

	\$ 11.66324	\$ 66,681,969.09
Reserve for Producer Settlement Fund	\$ 0.04324	247,221.99

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

\$11.62

Uniform Price per cwt. (Fulton County, Georgia)

\$15.72*

* 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 2003	DEC 2003	OCT 2003	NOV 2003	NOV 2003
Appalachian (Charlotte)	\$ 17.47	\$ 16.94	\$ 16.09	\$ 15.76	68.90%
Arizona-Las Vegas (Phoenix)	\$ 16.72	\$ 16.19	\$ 14.31	\$ 13.74	32.29%
Central (Kansas City)	\$ 16.37	\$ 15.84	\$ 14.23	\$ 13.67	30.98%
Florida (Tampa)	\$ 18.37	\$ 17.84	\$ 17.67	\$ 17.47	86.65%
Mideast (Cleveland)	\$ 16.37	\$ 15.84	\$ 14.25	\$ 13.93	37.50%
Northeast (Boston)	\$ 17.62	\$ 17.09	\$ 15.21	\$ 14.95	47.30%
Pacific Northwest (Seattle)	\$ 16.27	\$ 15.74	\$ 13.05	\$ 12.95	41.19%
Southeast (Atlanta)	\$ 17.47	\$ 16.94	\$ 16.07	\$ 15.72	63.57%
Southwest (Dallas)	\$ 17.37	\$ 16.84	\$ 14.89	\$ 14.53	44.54%
Upper Midwest (Chicago)	\$ 16.17	\$ 15.64	\$ 13.51	\$ 13.40	35.60%
Western (Salt Lake City)	\$ 16.23	\$ 15.70	\$ 13.76	\$ 13.41	42.01%

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

Receipts:	November 2003	November 2002
Producer Milk		
Class I	377,488,914	399,465,078
Class II	64,379,751	40,905,616
Class III	95,153,149	126,983,018
Class IV	56,814,978	23,768,883
Total Producer Milk	<u>593,836,792</u>	<u>591,122,595</u>
Average Butterfat Test	3.72%	3.82%
Percent of Producer Milk in Class I	63.57%	67.58%
Daily Average Receipts	19,794,560	19,704,087
Other Source Milk		
Class I	8,494,395	8,978,372
Class II	2,100,724	3,274,780
Class III	2,226,651	2,339,408
Class IV	5,831,933	5,738,119
Total Other Source Milk	<u>18,653,703</u>	<u>20,330,679</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	6,220	0
Total Overage	<u>6,220</u>	<u>0</u>
Opening Inventory		
Class I	34,923,998	36,491,086
Class II	377,047	1,251,791
Class III	189,391	1,410,031
Class IV	12,393,036	14,357,875
Total Opening Inventory	<u>47,883,472</u>	<u>53,510,783</u>
Total Receipts	660,380,187	664,964,057
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	32,704,368	32,052,455
Route Disposition Class I	379,404,723	403,759,478
Shrinkage	2,454,154	2,304,927
Transfers and Diversions to Nonpool	6,344,062	6,817,676
Total Class I Utilization	<u>420,907,307</u>	<u>444,934,536</u>
Average Butterfat Test	2.23%	2.20%
Daily Average Utilization	14,030,244	14,831,151
Class II Utilization		
Nonfluid Used To Produce	1,177,611	1,584,088
Shrinkage	0	0
Transfers and Diversions to Nonpool	48,629,214	25,858,455
Used To Produce/Other Uses	17,050,697	17,989,644
Total Class II Utilization	<u>66,857,522</u>	<u>44,432,187</u>
Average Butterfat Test	8.02%	10.26%
Class III Utilization		
Shrinkage	0	7,306,059
Transfers and Diversions to Nonpool	97,569,191	118,541,881
Used To Produce/Other Uses	0	4,884,517
Total Class III Utilization	<u>97,569,191</u>	<u>130,732,457</u>
Average Butterfat Test	5.04%	4.49%
Class IV Utilization		
Inventory	26,351,356	18,357,340
Nonfluid Used To Fortify	3,483,309	2,432,717
Shrinkage	7,169,886	0
Transfers and Diversions to Nonpool	32,188,913	23,074,820
Used To Produce/Other Uses	5,852,703	0
Total Class IV Utilization	<u>75,046,167</u>	<u>43,864,877</u>
Average Butterfat Test	6.72%	11.73%
Total Utilization	660,380,187	664,964,057

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2003 is \$15.72 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.62 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2886 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In November, Class I use, which is primarily bottled or packaged fluid milk, accounted for 64.55% of all producer skim milk (priced to handlers at \$10.33 per hundredweight, plus the Class I differential, see page 2) and 38.03% of producer butterfat (priced to handlers at \$1.2563 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.42% of all producer skim milk (\$6.69 per hundredweight) and 21.86% of producer butterfat (\$1.2947 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.80% of all producer skim milk (\$9.29 per hundredweight) and 21.83% of producer butterfat (\$1.2877 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.23% of all producer skim milk (\$6.00 per hundredweight) and 18.28% of producer butterfat (\$1.2877 per pound).

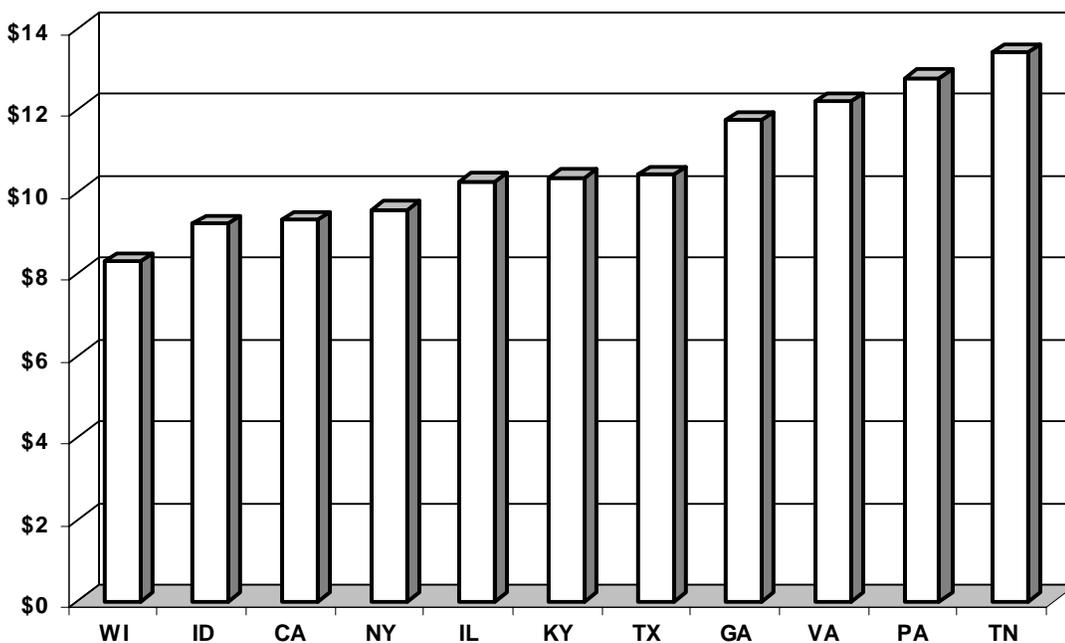
Receipts of producer milk during November 2003 totaled 593.8 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2003. Class I route disposition in the Southeast Market totaled 414.2 million pounds in October 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	October 2003
Whole Milk	161,156,356
Fat Free Milk	47,593,440
Lowfat Milk (incl. 1%)	26,665,650
Reduced Fat Milk (incl. 2%)	122,654,131
Cultured Fluid Milk (incl. Buttermilk)	10,488,227
Flavored Drinks and Milk (incl. Eggnog)	45,637,065
Total Disposition in Marketing Area	414,194,869
Total Disposition by Pool Plants	338,726,382
Total Disposition by Nonpool Plants	75,468,487
Total Disposition in Marketing Area	414,194,869

Average Total Operating Cost of Production per Hundredweight: January to October 2003

The chart below, taken from Economic Research Service (ERS) data, displays the average total operating costs for selected states for 2003 through October. Total operating cost of production is a measure of those variable expenditures required to run a dairy farm, such as feed, fuel and veterinary costs. Of those states



with available data, Wisconsin has the lowest average of \$8.39/cwt and Indiana (not shown) has the highest average of \$13.54/cwt. Fixed costs, such as land, labor and capital expenditures, are not included here, but are reserved for another measure called total economic cost of production. Both measures of cost of production data are available on a monthly basis for select states from ERS.

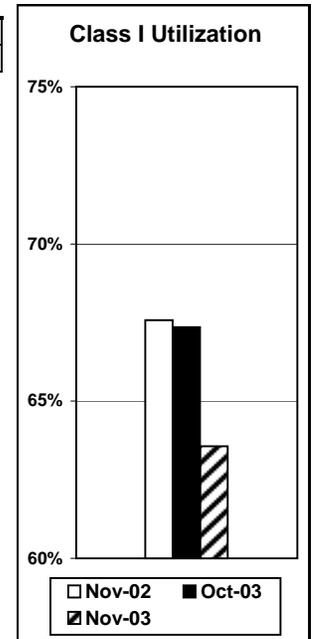
Source: www.ers.usda.gov/Data/CostsAndReturns/testpick.htm#milkproduction.

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 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	\$1.1992	\$11.62	\$5.77	\$1.1922	\$9.74	\$6.55	\$1.1922	\$10.49	\$9.01	\$1.1604	\$12.76
Jan 2003	\$9.77	\$1.2094	\$13.66	\$7.37	\$1.1926	\$11.29	\$5.83	\$1.1856	\$9.78	\$6.13	\$1.1856	\$10.07	\$8.80	\$1.1952	\$12.68
Feb	\$9.30	\$1.2443	\$13.33	\$6.90	\$1.1443	\$10.66	\$5.89	\$1.1373	\$9.66	\$6.04	\$1.1373	\$9.81	\$8.49	\$1.1782	\$12.32
Mar	\$9.14	\$1.1684	\$12.91	\$6.74	\$1.1529	\$10.54	\$5.28	\$1.1459	\$9.11	\$5.99	\$1.1459	\$9.79	\$8.15	\$1.1551	\$11.91
Apr	\$9.02	\$1.1537	\$12.74	\$6.62	\$1.1573	\$10.44	\$5.58	\$1.1503	\$9.41	\$5.91	\$1.1503	\$9.73	\$8.06	\$1.1527	\$11.81
May	\$9.01	\$1.1772	\$12.81	\$6.61	\$1.1582	\$10.43	\$5.89	\$1.1512	\$9.71	\$5.92	\$1.1512	\$9.74	\$8.21	\$1.1623	\$11.99
Jun	\$9.02	\$1.1810	\$12.84	\$6.62	\$1.1646	\$10.46	\$5.91	\$1.1576	\$9.75	\$5.92	\$1.1576	\$9.76	\$8.18	\$1.1681	\$11.98
Jul	\$9.02	\$1.1900	\$12.87	\$6.62	\$1.2125	\$10.63	\$7.83	\$1.2055	\$11.78	\$5.94	\$1.2055	\$9.95	\$8.57	\$1.2004	\$12.47
Aug	\$10.17	\$1.2164	\$14.07	\$6.64	\$1.2584	\$10.81	\$9.76	\$1.2514	\$13.80	\$5.97	\$1.2514	\$10.14	\$9.55	\$1.2359	\$13.54
Sep	\$12.61	\$1.3254	\$16.81	\$6.69	\$1.2288	\$10.76	\$10.39	\$1.2218	\$14.30	\$5.98	\$1.2218	\$10.05	\$11.62	\$1.2673	\$15.65
Oct	\$13.53	\$1.2317	\$17.37	\$6.66	\$1.2623	\$10.84	\$10.36	\$1.2553	\$14.39	\$5.98	\$1.2553	\$10.16	\$12.13	\$1.2470	\$16.07
Nov	\$13.43	\$1.2873	\$17.47	\$6.69	\$1.2947	\$10.99	\$9.29	\$1.2877	\$13.47	\$6.00	\$1.2877	\$10.30	\$11.62	\$1.2886	\$15.72
Dec	\$12.80	\$1.3116	\$16.94	\$6.72											

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.	%						
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	4,475	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	4,461	399,465	67.58%	40,906	6.92%	126,983	21.48%	23,769	4.02%
Dec	605,412	4,343	393,341	64.98%	41,853	6.91%	130,245	21.51%	39,973	6.60%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,443	7.75%
Feb	572,914	4,366	373,680	65.22%	48,320	8.43%	117,427	20.50%	33,488	5.85%
Mar	626,927	4,233	391,780	62.49%	57,347	9.15%	136,935	21.84%	40,865	6.52%
Apr	636,043	4,223	384,095	60.38%	62,320	9.80%	147,417	23.18%	42,212	6.64%
May	624,501	4,180	389,555	62.38%	58,711	9.40%	142,876	22.88%	33,359	5.34%
Jun	566,519	4,277	348,792	61.57%	70,894	12.51%	122,688	21.66%	24,145	4.26%
Jul	551,309	4,309	365,682	66.33%	71,721	13.01%	85,827	15.57%	28,080	5.09%
Aug	482,491	4,117	382,020	79.17%	57,875	12.00%	6,506	1.35%	36,090	7.48%
Sep	537,648	4,212	387,525	72.08%	55,497	10.32%	69,183	12.87%	25,443	4.73%
Oct	594,522	4,140	400,442	67.35%	51,695	8.70%	95,829	16.12%	46,557	7.83%
Nov	593,837	4,150**	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%



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

Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods December 2003 through February 2004							
	Pool & Uniform	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment Due		Final Payment Due	
Pool Month	Price Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
December 2003	01/11/04	01/12/04	01/13/04	12/26/03	12/26/03	01/13/04	01/14/04
January 2004	02/11/04	02/12/04	02/13/04	01/26/04	01/26/04	02/13/04	02/17/04
February 2004	03/11/04	03/12/04	03/15/04	02/25/04	02/26/04	03/15/04	03/16/04

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**FEDERAL MILK MARKET ADMINISTRATOR
U.S. DEPARTMENT OF AGRICULTURE
P.O. BOX 491778
LAWRENCEVILLE, GEORGIA 30049**
Address Correction Requested



Happy Holidays