

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

January 2004

Volume 5—No. 1

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

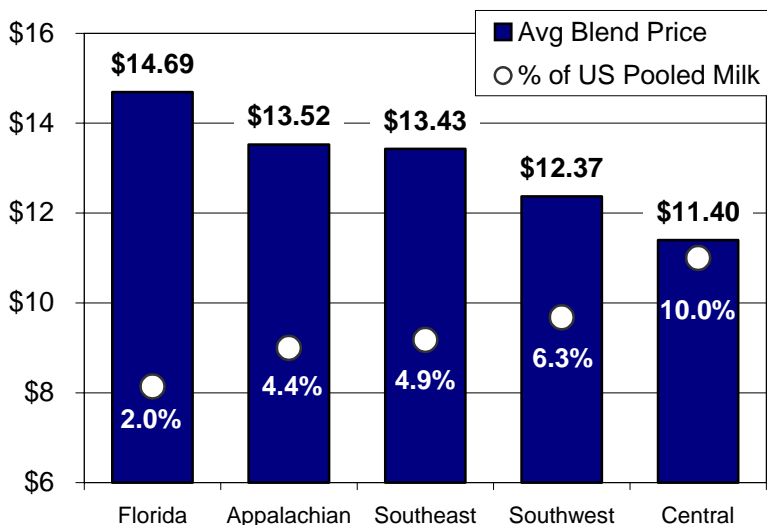
Termination of Western Order Proposed

The U.S. Department of Agriculture announced that it is considering the termination of the Western milk marketing order effective April 1, 2004, because producers did not approve the issuance of the order as amended by a tentative final decision issued in August 2003.

This action is necessary because a milk marketing order must be approved by at least two-thirds of the producers whose milk would be regulated under the terms of an order. When an amended milk marketing order is not approved by producers, USDA takes action to terminate it because, without the needed amendments, the order does not comply with the Agricultural Marketing Agreement Act of 1937, as amended.

The proposed termination was published in the January 13 Federal Register. Interested persons will have 30 days to submit responses as to why the order should not be terminated. Send two copies to the USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, Room 2971 - Stop 0231, 1400 Independence Ave., SW, Washington, DC 20250-0231.

2003 Price and Pool Statistics: Selected Markets



The chart above displays, for 2003, the weighted average uniform price and the percentage of total US pool milk (both Federal Order and California combined) for the Southeast and the four surrounding orders.

2003 Ends on High Note

The uniform blend in Fulton County, GA, was \$15.33 per hundredweight of milk at 3.5 percent butterfat for the month of December. This is a decrease of \$0.39 from the previous month, but is \$2.57 higher than December 2002. Despite the decline from November, the blend price closes out the year \$1.90 higher than the weighted average 2003 uniform price of \$13.43 per hundredweight. Class I utilization was 64.66 percent, a 1.09 percent increase from the previous month but a 0.32 percent decline from December 2002.

National Dairy Situation

The biggest news for producers concerned about milk prices are the recent declines in the cheese market. They have pushed the January Class I price lower by nearly two-dollars when compared to December (\$14.95 vs. \$16.94).

USDA estimates total U.S. production of milk in November at 13.40 billion pounds, which is a decrease of 2.9 percent from October and a decrease of 0.6 percent when compared with November 2002. Total cheese output (excluding cottage cheese) was 718 million pounds, 1.0 percent below November 2002 and 3.1 percent below October 2003. Butter production was 88.1 million pounds in November, 15.2 percent below November 2002 and 9.2 percent below October 2003. Nonfat dry milk production was 102 million pounds in November, a decline of 2.8 percent from October and an increase of 3.3 percent from November 2002.

The milk-feed price ratio was 2.80 in December; down from last month's revised 3.05 value but up from the 2.44 ratio of December 2002.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for December were made for \$959,872.53. Since the available balance was \$281,364.97, eligible claims were paid at the rate of approximately \$0.29 to the dollar.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.19%	9,179,304	\$1.2806	\$ 11,755,016.70
Class I Differential at Location				275,296.41
Class II Butterfat	20.15%	4,720,037	\$1.3758	6,493,826.91
Class III Butterfat	20.52%	4,806,428	\$1.3688	6,579,038.66
Class IV Butterfat	20.14%	4,718,432	\$1.3688	6,458,589.75
Total Butterfat	100.00%	23,424,201		\$ 31,561,768.43

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.3474**

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	65.67%	391,886,969	\$9.70 /cwt.	\$ 38,013,035.99
Class I Butterfat	39.19%	9,179,304	\$1.2806 /lb.	11,755,016.70
Class I Differential at Location		401,066,273		11,926,223.41
Total Class I Milk	64.66%	401,066,273		\$ 61,694,276.10
Class II Skim Milk	8.43%	50,292,593	\$6.72 /cwt.	\$ 3,379,662.25
Class II Butterfat	20.15%	4,720,037	\$1.3758 /lb.	6,493,826.91
Total Class II Milk	8.87%	55,012,630		\$ 9,873,489.16
Class III Skim Milk	16.54%	98,785,456	\$7.34 /cwt.	\$ 7,250,852.47
Class III Butterfat	20.52%	4,806,428	\$1.3688 /lb.	6,579,038.66
Total Class III Milk	16.70%	103,591,884		\$ 13,829,891.13
Class IV Skim Milk	9.36%	55,875,285	\$5.94 /cwt.	\$ 3,318,991.94
Class IV Butterfat	20.14%	4,718,432	\$1.3688 /lb.	6,458,589.75
Total Class IV Milk	9.77%	60,593,717		\$ 9,777,581.69
Producer Milk	100.00%	620,264,504		\$ 95,175,238.08

Adjustments

Overage and Other Source	\$ 30,469.15
Inventory Adjustments	155,055.79
Producer butterfat at uniform butterfat price	(31,561,768.43)
Location Adjustments to Producers	1,887,583.21
1/2 Unobligated Balance in P.S.F.	263,155.13

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 11.04981	\$ 65,949,732.93
	\$ 0.04981	297,299.58

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

\$11.00

Uniform Price per cwt. (Fulton County, Georgia)

\$15.33*

* 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 2003	JAN 2004	NOV 2003	DEC 2003	DEC 2003
Appalachian (Charlotte)	\$ 16.94	\$ 14.95	\$ 15.76	\$ 15.48	69.19%
Arizona-Las Vegas (Phoenix)	\$ 16.19	\$ 14.20	\$ 13.74	\$ 12.98	32.96%
Central (Kansas City)	\$ 15.84	\$ 13.85	\$ 13.67	\$ 12.91	30.37%
Florida (Tampa)	\$ 17.84	\$ 15.85	\$ 17.47	\$ 17.16	86.78%
Mideast (Cleveland)	\$ 15.84	\$ 13.85	\$ 13.93	\$ 13.26	38.60%
Northeast (Boston)	\$ 17.09	\$ 15.10	\$ 14.95	\$ 14.39	46.60%
Pacific Northwest (Seattle)	\$ 15.74	\$ 13.75	\$ 12.95	\$ 12.47	29.66%
Southeast (Atlanta)	\$ 16.94	\$ 14.95	\$ 15.72	\$ 15.33	64.66%
Southwest (Dallas)	\$ 16.84	\$ 14.85	\$ 14.53	\$ 13.86	41.68%
Upper Midwest (Chicago)	\$ 15.64	\$ 13.65	\$ 13.40	\$ 12.41	18.10%
Western (Salt Lake City)	\$ 15.70	\$ 13.71	\$ 13.41	\$ 12.65	22.12%

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

Receipts:	December 2003	December 2002
Producer Milk		
Class I	401,066,273	393,341,204
Class II	55,012,630	41,853,053
Class III	103,591,884	130,245,271
Class IV	60,593,717	39,972,821
Total Producer Milk	<u>620,264,504</u>	<u>605,412,349</u>
Average Butterfat Test	3.78%	3.79%
Percent of Producer Milk in Class I	64.66%	64.98%
Daily Average Receipts	20,008,532	19,529,431
Other Source Milk		
Class I	8,067,483	8,578,093
Class II	3,365,849	5,041,671
Class III	2,121,531	2,282,053
Class IV	9,527,886	7,486,840
Total Other Source Milk	<u>23,082,749</u>	<u>23,388,657</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	379,716	0
Total Overage	<u>379,716</u>	<u>0</u>
Opening Inventory		
Class I	29,971,482	33,017,632
Class II	3,417,200	1,182,299
Class III	492,354	2,355,812
Class IV	25,057,771	13,854,052
Total Opening Inventory	<u>58,938,807</u>	<u>50,409,795</u>
Total Receipts	702,665,776	679,210,801
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	29,289,888	32,843,599
Route Disposition Class I	397,990,882	393,758,882
Shrinkage	4,067,901	2,704,266
Transfers and Diversions to Nonpool	7,756,567	5,630,182
Total Class I Utilization	<u>439,105,238</u>	<u>434,936,929</u>
Average Butterfat Test	2.29%	2.28%
Daily Average Utilization	14,164,685	14,030,224
Class II Utilization		
Nonfluid Used To Produce	1,267,829	1,654,774
Shrinkage	0	0
Transfers and Diversions to Nonpool	41,821,914	29,640,302
Used To Produce/Other Uses	18,705,936	16,781,947
Total Class II Utilization	<u>61,795,679</u>	<u>48,077,023</u>
Average Butterfat Test	8.51%	9.00%
Class III Utilization		
Shrinkage	0	8,225,912
Transfers and Diversions to Nonpool	106,205,769	120,853,902
Used To Produce/Other Uses	0	5,803,322
Total Class III Utilization	<u>106,205,769</u>	<u>134,883,136</u>
Average Butterfat Test	4.63%	4.25%
Class IV Utilization		
Inventory	16,903,935	16,872,726
Nonfluid Used To Fortify	3,642,083	3,357,841
Shrinkage	7,358,700	0
Transfers and Diversions to Nonpool	55,210,740	33,147,498
Used To Produce/Other Uses	12,443,632	7,935,648
Total Class IV Utilization	<u>95,559,090</u>	<u>61,313,713</u>
Average Butterfat Test	6.55%	9.26%
Total Utilization	702,665,776	679,210,801

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 2003 is \$15.33 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$11.00 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3474 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 65.66% of all producer skim milk (priced to handlers at \$9.70 per hundredweight, plus the Class I differential, see page 2) and 39.19% of producer butterfat (priced to handlers at \$1.2806 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.43% of all producer skim milk (\$6.72 per hundredweight) and 20.15% of producer butterfat (\$1.3758 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.55% of all producer skim milk (\$7.34 per hundredweight) and 20.52% of producer butterfat (\$1.3688 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.36% of all producer skim milk (\$5.94 per hundredweight) and 20.14% of producer butterfat (\$1.3688 per pound).

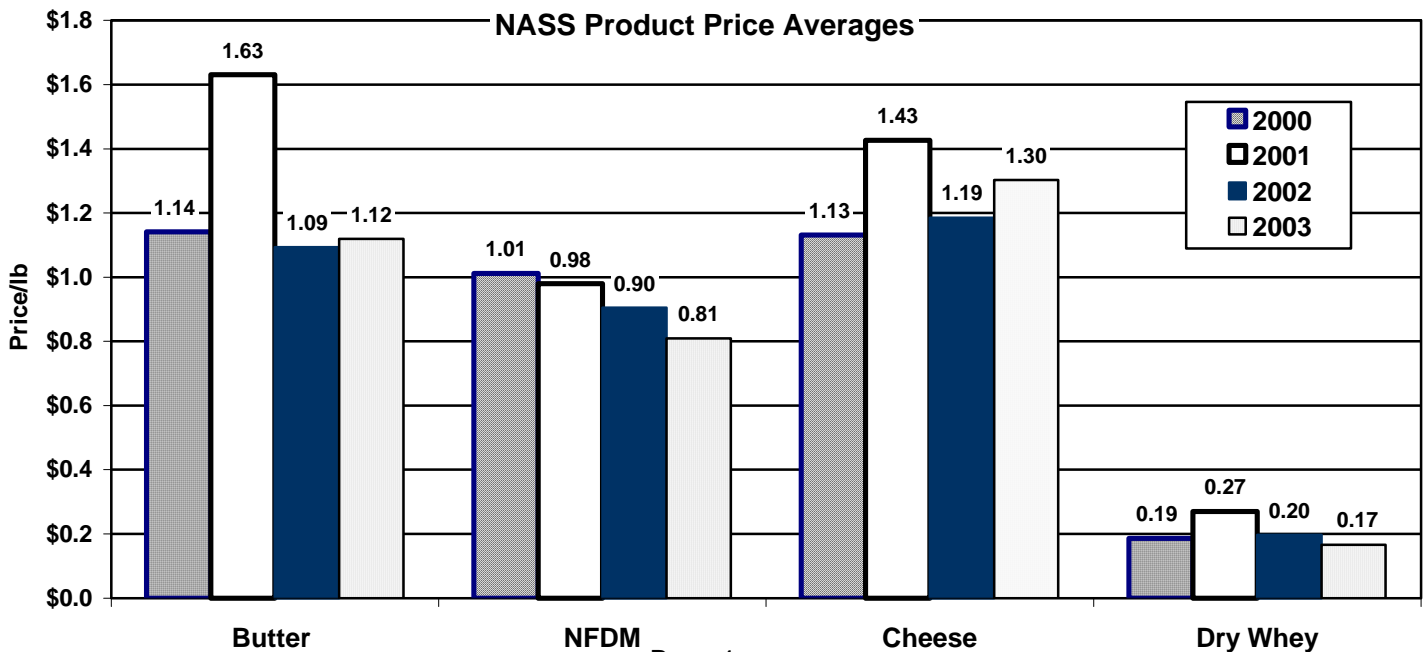
Receipts of producer milk during December 2003 totaled 620.3 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 2003. Class I route disposition in the Southeast Market totaled 391.9 million pounds in November 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
November 2003	
Whole Milk	151,526,170
Fat Free Milk	45,423,894
Lowfat Milk (incl. 1%)	25,554,059
Reduced Fat Milk (incl. 2%)	116,258,001
Cultured Fluid Milk (incl. Buttermilk)	12,167,466
Flavored Drinks and Milk (incl. Eggnog)	40,997,621
Total Disposition in Marketing Area	391,927,211
Total Disposition by Pool Plants	321,969,865
Total Disposition by Nonpool Plants	69,957,346
Total Disposition in Marketing Area	391,927,211

NASS Dairy Product Price Averages Used in Federal Milk Order Price Formulas

Below are the National Agricultural Statistics Service's (NASS) yearly product price averages collected from their monthly survey and used in calculating Class II butterfat, Class III and Class IV prices. Most of the improvement in milk prices during 2003 is attributed to the cheese market in which prices were, on average, 9.2 percent higher than 2002. Note that reporting just the \$1.30 per pound *average* 2003 Cheddar cheese price masks the wide fluctuations in monthly prices occurring last year, from \$1.08 per pound in March to \$1.59 per pound in September.



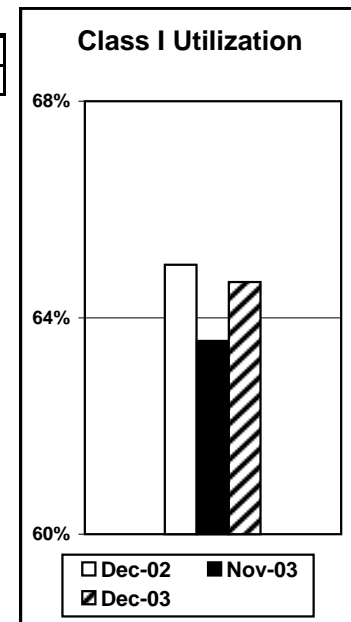
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$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.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	4,000**	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods January through March 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
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
March 2004	04/11/04	04/12/04	04/13/04	03/25/04	03/26/04	04/13/04	04/14/04

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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

February 2004

Volume 5—No. 2

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

Public Hearing to be Held in Atlanta

A public hearing will be held in response to industry requests to consider proposals to amend the Appalachian and Southeast Federal milk marketing orders. A proposal by Southern Marketing Agency, Inc. (SMA), would merge the Appalachian and Southeast milk marketing areas into a single milk marketing area. A separate SMA proposal and a proposal by The Kroger Company would expand the proposed merged order to include certain currently unregulated counties and cities in the State of Virginia. Also, a proposal submitted by Prairie Farms and Dean Foods Company would create a "Mississippi Valley" milk marketing area by breaking the Southeast order into two orders. Additional proposals that seek to amend certain other terms and provisions of the orders also will be considered at the hearing. The exact language of the proposals may be viewed at www.fmmatlanta.com under 'What's New'.

The hearing will convene at 1 p.m. on Monday, February 23, 2004. The hearing will be held at the Westin Atlanta Airport Hotel, 4736 Best Road, Atlanta, GA 30337; (404) 762-7676.

For further information, contact Antoinette M. Carter, Marketing Specialist, Order Formulation and Enforcement, USDA/AMS/Dairy Programs, Room 2971-Stop 0231, 1400 Independence Avenue, SW, Washington, DC 20250-0231, (202) 690-3465, e-mail address: Antoinette.Carter@usda.gov. Persons requiring a sign language interpreter or other special accommodations should contact Sue L. Mosley, Market Administrator, at (770) 682-2501; e-mail smosley@fmmatlanta.com before the hearing begins.

Study Reveals Merits of Forward Contracting

USDA has released an update to their continuing evaluation of the Dairy Forward Pricing Pilot Program. In addition to reduced price variability, the study shows that, on average, milk priced under a forward contract has received an additional \$0.72 per hundredweight versus non-contracted milk. Look for more information on page four of this publication.

Despite Decline, Average Start to '04

The uniform blend price in Fulton County, GA, was \$14.02 per hundredweight of milk at 3.5 percent butterfat for the month of January. This is a decrease of \$1.31 from the previous month, but is \$1.34 higher than January 2003. Even though the blend price fell 8.5 percent from December, the new year begins only slightly below the average blend price since Order Reform (\$14.06 versus \$14.02). Comparing this month to the previous four Januarys actually shows an increase of \$0.43 per hundredweight.

National Dairy Situation

Butter prices on the Chicago Mercantile Exchange on December 31 of last year closed at \$1.28 per pound. Just six weeks later, the price has risen to \$1.65 per pound, an increase of nearly thirty percent. Most, but not all, of this increase was incorporated into January's Federal Order prices, so look for February's Class IV and March's Class I price to climb higher.

USDA estimates total U.S. production of milk in December at 14.1 billion pounds, which is an increase of 5.2 percent from November but a decrease of 0.7 percent when compared with December 2002. Total cheese output was 753 million pounds, 0.8 percent above December 2002 and 6.0 percent above November 2003. Butter production was 114 million pounds in December, 10.4 percent below December 2002 but 30.0 percent above November 2003. Nonfat dry milk production was 132 million pounds, down slightly from December 2002, but 29.4 percent over November 2003.

Transportation Credit Balancing Fund Summary

In 2003, \$3,240,320 was assessed on Class I milk for distribution through the Fund. On the 488,653,299 pounds claimed for transportation credits, \$3,259,773 was paid. More funds were distributed than assessed due to accrued interest and 2002 audit adjustments.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JANUARY 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	35.88%	8,831,174	\$1.3283	\$ 11,730,448.42
Class I Differential at Location				263,721.20
Class II Butterfat	21.68%	5,333,936	\$1.5048	8,026,506.92
Class III Butterfat	20.00%	4,920,033	\$1.4978	7,369,225.41
Class IV Butterfat	22.44%	5,520,315	\$1.4978	8,268,327.78
Total Butterfat	100.00%	24,605,458		\$ 35,658,229.73

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.4492**

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	63.95%	403,488,764	\$7.46 /cwt.	\$ 30,100,261.80
Class I Butterfat	35.88%	8,831,174	\$1.3283 /lb.	11,730,448.42
Class I Differential at Location		412,319,938		12,260,038.67
Total Class I Milk	62.89%	412,319,938		\$ 54,090,748.89
Class II Skim Milk	9.41%	59,408,183	\$6.64 /cwt.	\$ 3,944,703.36
Class II Butterfat	21.68%	5,333,936	\$1.5048 /lb.	8,026,506.92
Total Class II Milk	9.87%	64,742,119		\$ 11,971,210.28
Class III Skim Milk	15.68%	99,023,910	\$6.60 /cwt.	\$ 6,535,578.07
Class III Butterfat	20.00%	4,920,033	\$1.4978 /lb.	7,369,225.41
Total Class III Milk	15.85%	103,943,943		\$ 13,904,803.48
Class IV Skim Milk	10.96%	69,172,742	\$5.94 /cwt.	\$ 4,108,860.89
Class IV Butterfat	22.44%	5,520,315	\$1.4978 /lb.	8,268,327.78
Total Class IV Milk	11.39%	74,693,057		\$ 12,377,188.67
Producer Milk	100.00%	655,699,057		\$ 92,343,951.32

Adjustments

Overage and Other Source	\$4,830.40
Inventory Adjustments	\$13,273.46
Producer butterfat at uniform butterfat price	(\$35,658,229.73)
Location Adjustments to Producers	\$1,926,776.02
1/2 Unobligated Balance in P.S.F.	\$156,164.32

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.31506	\$ 58,786,765.79
	\$ 0.04506	\$284,389.14

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

\$9.27

Uniform Price per cwt. (Fulton County, Georgia)

\$14.02*

* 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 2004	FEB 2004	DEC 2003	JAN 2004	JAN 2004
Appalachian (Charlotte)	\$ 14.95	\$ 14.69	\$ 15.48	\$ 14.25	69.07%
Arizona-Las Vegas (Phoenix)	\$ 14.20	\$ 13.94	\$ 12.98	\$ 12.39	32.19%
Central (Kansas City)	\$ 13.85	\$ 13.59	\$ 12.91	\$ 12.30	30.35%
Florida (Tampa)	\$ 15.85	\$ 15.59	\$ 17.16	\$ 15.54	86.61%
Mideast (Cleveland)	\$ 13.85	\$ 13.59	\$ 13.26	\$ 12.51	38.60%
Northeast (Boston)	\$ 15.10	\$ 14.84	\$ 14.39	\$ 13.58	47.40%
Pacific Northwest (Seattle)	\$ 13.75	\$ 13.49	\$ 12.47	\$ 12.07	30.15%
Southeast (Atlanta)	\$ 14.95	\$ 14.69	\$ 15.33	\$ 14.02	62.89%
Southwest (Dallas)	\$ 14.85	\$ 14.59	\$ 13.86	\$ 13.29	45.26%
Upper Midwest (Chicago)	\$ 13.65	\$ 13.39	\$ 12.41	\$ 11.98	17.80%
Western (Salt Lake City)	\$ 13.71	\$ 13.45	\$ 12.65	\$ 12.13	20.72%

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

Receipts:	January 2004	January 2003
Producer Milk		
Class I	412,319,938	426,901,367
Class II	64,742,119	51,389,133
Class III	103,943,943	134,244,323
Class IV	74,693,057	51,432,860
Total Producer Milk	<u>655,699,057</u>	<u>663,967,683</u>
Average Butterfat Test	3.75%	3.74%
Percent of Producer Milk in Class I	62.89%	64.29%
Daily Average Receipts	21,151,582	21,418,312
Other Source Milk		
Class I	7,674,617	9,073,064
Class II	2,898,824	5,807,353
Class III	2,175,291	3,869,170
Class IV	4,878,751	4,163,617
Total Other Source Milk	<u>17,627,483</u>	<u>22,913,204</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	3,225	0
Total Overage	<u>3,225</u>	<u>0</u>
Opening Inventory		
Class I	29,357,883	32,649,309
Class II	196,615	1,545,033
Class III	772,130	2,055,613
Class IV	16,021,270	13,466,370
Total Opening Inventory	<u>43,647,898</u>	<u>49,716,325</u>
Total Receipts	719,677,663	736,597,212
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	31,507,007	36,063,050
Route Disposition Class I	408,578,759	424,798,278
Shrinkage	2,575,928	1,808,123
Transfers and Diversions to Nonpool	6,690,744	5,954,289
Total Class I Utilization	<u>449,352,438</u>	<u>468,623,740</u>
Average Butterfat Test	2.15%	2.14%
Daily Average Utilization	14,495,240	15,116,895
Class II Utilization		
Nonfluid Used To Produce	1,560,100	2,059,354
Shrinkage	0	0
Transfers and Diversions to Nonpool	48,209,620	39,876,761
Used To Produce/Other Uses	18,067,838	16,806,404
Total Class II Utilization	<u>67,837,558</u>	<u>58,741,519</u>
Average Butterfat Test	8.26%	8.57%
Class III Utilization		
Shrinkage	0	7,823,003
Transfers and Diversions to Nonpool	106,891,364	126,429,787
Used To Produce/Other Uses	0	5,916,316
Total Class III Utilization	<u>106,891,364</u>	<u>140,169,106</u>
Average Butterfat Test	4.71%	4.05%
Class IV Utilization		
Inventory	1,554,741	15,282,479
Nonfluid Used To Fortify	1,651,109	1,918,432
Shrinkage	7,178,455	0
Transfers and Diversions to Nonpool	59,695,820	44,858,635
Used To Produce/Other Uses	11,516,178	7,003,301
Total Class IV Utilization	<u>95,596,303</u>	<u>69,062,847</u>
Average Butterfat Test	6.86%	9.34%
Total Utilization	719,677,663	736,597,212

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2004 is \$14.02 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.27 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4492 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

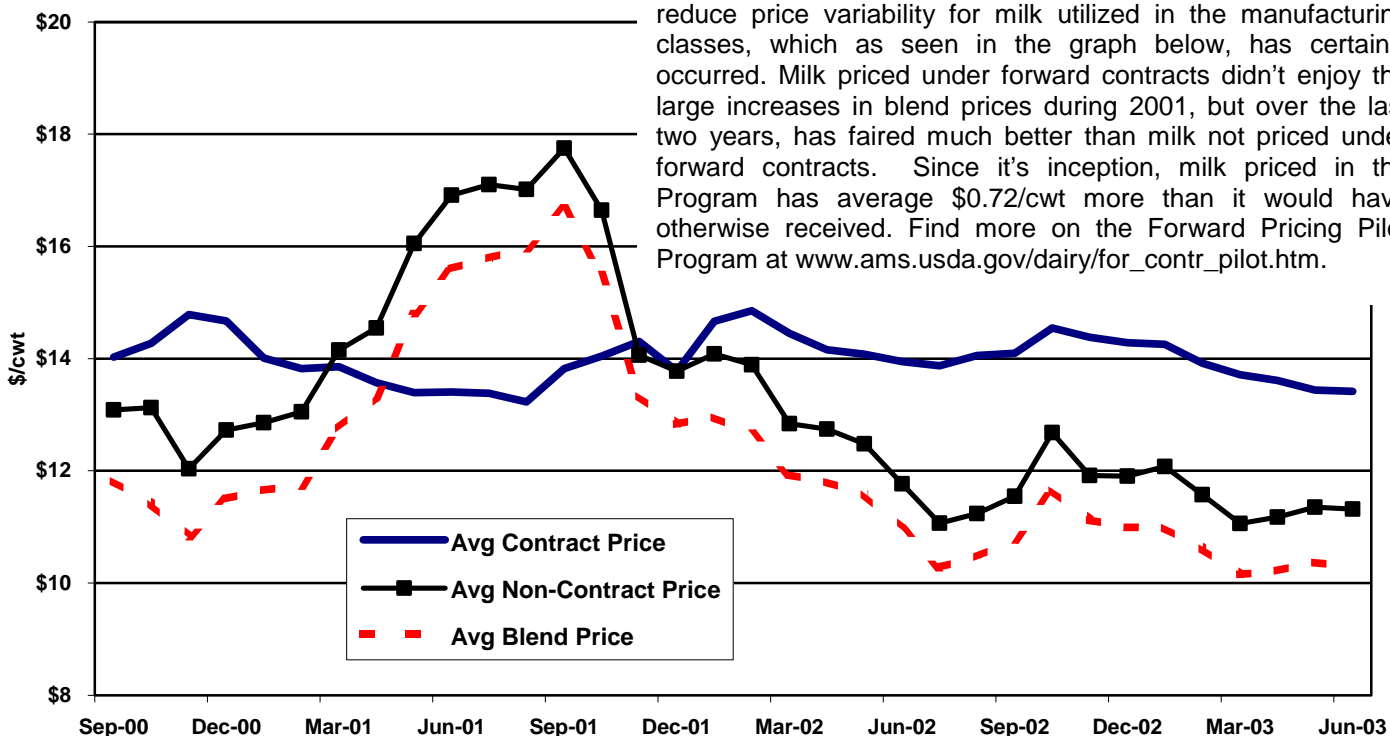
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In January, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.94% of all producer skim milk (priced to handlers at \$7.46 per hundredweight, plus the Class I differential, see page 2) and 35.88% of producer butterfat (priced to handlers at \$1.3283 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.41% of all producer skim milk (\$6.64 per hundredweight) and 21.68% of producer butterfat (\$1.5048 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.69% of all producer skim milk (\$6.60 per hundredweight) and 20.00% of producer butterfat (\$1.4978 per pound). Class IV use, generally milk processed into butter and powder, accounted for 10.96% of all producer skim milk (\$5.94 per hundredweight) and 22.44% of producer butterfat (\$1.4978 per pound).

Receipts of producer milk during January 2004 totaled 655.7 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 January 2004. Class I route disposition in the Southeast Market totaled 412.8 million pounds in December 2003.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
December 2003	
Whole Milk	164,641,372
Fat Free Milk	46,223,966
Lowfat Milk (incl. 1%)	25,612,506
Reduced Fat Milk (incl. 2%)	123,784,831
Cultured Fluid Milk (incl. Buttermilk)	11,312,836
Flavored Drinks and Milk (incl. Eggnog)	41,211,189
Total Disposition in Marketing Area	412,786,700
Total Disposition by Pool Plants	338,053,859
Total Disposition by Nonpool Plants	74,732,841
Total Disposition in Marketing Area	412,786,700

Price of Forward Contracted Milk; September 2000 to June 2003



USDA's Dairy Forward Pricing Pilot Program allows non-Class I milk to be priced into the future and not be subject to Federal Order pricing regulations. One of the Program's objectives is to reduce price variability for milk utilized in the manufacturing classes, which as seen in the graph below, has certainly occurred. Milk priced under forward contracts didn't enjoy the large increases in blend prices during 2001, but over the last two years, has fared much better than milk not priced under forward contracts. Since its inception, milk priced in the Program has average \$0.72/cwt more than it would have otherwise received. Find more on the Forward Pricing Pilot Program at www.ams.usda.gov/dairy/for_contr_pilot.htm.

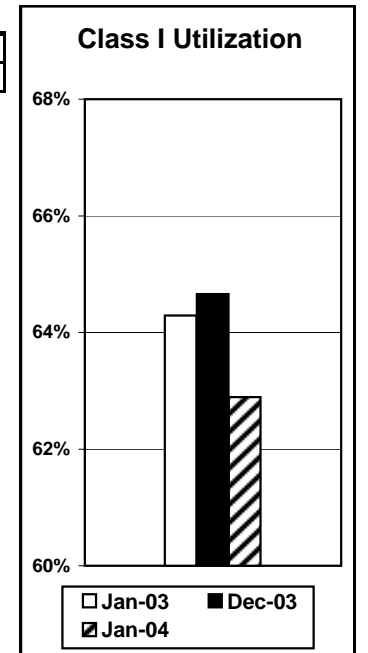
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,000**	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods February through April 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
February 2004	03/11/04	03/12/04	03/15/04	02/25/04	02/26/04	03/15/04	03/16/04
March 2004	04/11/04	04/12/04	04/13/04	03/25/04	03/26/04	04/13/04	04/14/04
April 2004	05/11/04	05/12/04	05/13/04	04/26/04	04/26/04	05/13/04	05/14/04

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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

March 2004

Volume 5—No. 3

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

'03 State Production Totals In; Southeastern Decline Continues

The National Agricultural Statistics Service (NASS) has released state production estimates for 2003 and they reveal a continuation in the expansion of milk production in the western U.S. and the contraction of milk supplies in the southeastern and northeastern U.S. The southeastern states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri and Tennessee (bolded in the chart below and combined into SE States) have each lost production, though Florida and Georgia seem to be losing it at a slower rate than the others. Combined, states in the southeastern U.S. produced 6.5% less milk in 2003 than the prior year.

In terms of volume produced, the states with the largest increases were California, Idaho and New Mexico, which combined to produced 1.34 billion pounds more last year than in 2002. States with the largest declines were Pennsylvania, New York and Minnesota, which when combined, produced 903 million fewer pounds.

Production Rank		2003	2002	1995	'02-03 % chg	'95-03 % chg
millions of pounds						
1	CA	35,437	35,065	25,327	1.1%	39.9%
2	WI	22,266	22,074	22,942	0.9%	-2.9%
3	NY	11,952	12,218	11,643	-2.2%	2.7%
4	PA	10,338	10,775	10,600	-4.1%	-2.5%
5	ID	8,774	8,155	4,210	7.6%	108.4%
6	MN	8,258	8,458	9,442	-2.4%	-12.5%
7	NM	6,666	6,316	3,623	5.5%	84.0%
8	MI	6,360	6,120	5,565	3.9%	14.3%
9	TX	5,630	5,300	6,113	6.2%	-7.9%
10	WA	5,581	5,620	5,302	-0.7%	5.3%
18	FL	2,161	2,308	2,381	-6.4%	-9.2%
21	MO	1,886	1,946	2,690	-3.1%	-29.9%
24	KY	1,464	1,614	2,020	-9.3%	-27.5%
25	GA	1,444	1,470	1,555	-1.8%	-7.1%
29	TN	1,205	1,315	1,745	-8.4%	-30.9%
34	LA	519	579	905	-10.4%	-42.7%
36	MS	423	478	710	-11.5%	-40.4%
38	AR	352	393	732	-10.4%	-51.9%
43	AL	252	277	482	-9.0%	-47.7%
	US	170,312	170,063	155,644	0.1%	9.4%
	SE States	9,706	10,380	13,220	-6.5%	-26.6%

Blend Price Up

The uniform blend price in Fulton County, GA, was \$14.23 per hundredweight of milk at 3.5 percent butterfat for the month of February. This is an increase of \$0.21 from the previous month, and is \$1.91 higher than February 2003. Class I utilization was 58.32 percent.

National Dairy Situation

USDA estimates total U.S. production of milk in January at 14.4 billion pounds, which is an increase of 1.5 percent from December but a decrease of 1.3 percent when compared with January 2003. Total cheese output (excluding cottage cheese) was 735 million pounds, 2.4 percent above January 2003 but 2.5 percent below December 2003. Butter production was 132 million pounds in January, 6.8 percent below January 2003 but 15.3 percent above December 2003. Nonfat dry milk production was 120 million pounds in January, a decrease of 9.1 percent from December and down 10.2 percent from January 2003.

Decision Issued on Product Classifications

USDA has announced a tentative final decision to amend all Federal milk orders. If approved by producers, this decision would reclassify evaporated milk and sweetened condensed milk in consumer-type packages from Class III to Class IV. It is expected to have minimal impact on producer prices. For more information, visit www.ams.usda.gov/dairy or contact this office directly.

Western Order to Terminate

Producers in the Western order failed to approve the issuance of their order, as amended, which sought to increase pooling standards. As a result, the order will terminate as of April 1, 2004. Certain administrative functions, such as the auditing of plants, will continue to operate for a few months before the order's provisions can officially cease.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - FEBRUARY 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	33.16%	7,752,942	\$1.5044	\$ 11,663,525.92
Class I Differential at Location				230,990.20
Class II Butterfat	23.25%	5,436,318	\$1.8588	10,105,027.88
Class III Butterfat	20.62%	4,819,775	\$1.8518	8,925,259.37
Class IV Butterfat	22.97%	5,369,245	\$1.8518	9,942,767.90
Total Butterfat	100.00%	23,378,280		\$ 40,867,571.27

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.7481**

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	59.31%	357,494,626	\$6.55 /cwt.	\$ 23,415,898.00
Class I Butterfat	33.16%	7,752,942	\$1.5044 /lb.	11,663,525.92
Class I Differential at Location		365,247,568		10,851,095.58
Total Class I Milk	58.32%	365,247,568		\$ 45,930,519.50
Class II Skim Milk	10.24%	61,761,235	\$6.63 /cwt.	\$ 4,094,769.88
Class II Butterfat	23.25%	5,436,318	\$1.8588 /lb.	10,105,027.88
Total Class II Milk	10.73%	67,197,553		\$ 14,199,797.76
Class III Skim Milk	17.58%	106,050,124	\$5.61 /cwt.	\$ 5,949,411.96
Class III Butterfat	20.62%	4,819,775	\$1.8518 /lb.	8,925,259.37
Total Class III Milk	17.70%	110,869,899		\$ 14,874,671.33
Class IV Skim Milk	12.87%	77,585,683	\$5.94 /cwt.	\$ 4,608,589.58
Class IV Butterfat	22.97%	5,369,245	\$1.8518 /lb.	9,942,767.90
Total Class IV Milk	13.25%	82,954,928		\$ 14,551,357.48
Producer Milk	100.00%	626,269,948		\$ 89,556,346.07

Adjustments

Overage and Other Source	\$22,517.89
Inventory Adjustments	\$20,678.48
Producer butterfat at uniform butterfat price	(\$40,867,571.27)
Location Adjustments to Producers	\$2,012,377.82
1/2 Unobligated Balance in P.S.F.	\$256,638.52

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.45939	\$ 51,000,987.51
	\$ 0.04939	\$297,798.22

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

\$8.41

Uniform Price per cwt. (Fulton County, Georgia)

\$14.23*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	FEB 2004	MAR 2004	JAN 2004	FEB 2004	FEB 2004
Appalachian (Charlotte)	\$ 14.69	\$ 15.04	\$ 14.25	\$ 14.49	66.52%
Arizona-Las Vegas (Phoenix)	\$ 13.94	\$ 14.29	\$ 12.39	\$ 12.89	31.41%
Central (Kansas City)	\$ 13.59	\$ 13.94	\$ 12.30	\$ 12.66	29.49%
Florida (Tampa)	\$ 15.59	\$ 15.94	\$ 15.54	\$ 15.48	81.90%
Midwest (Cleveland)	\$ 13.59	\$ 13.94	\$ 12.51	\$ 12.87	36.30%
Northeast (Boston)	\$ 14.84	\$ 15.19	\$ 13.58	\$ 13.95	43.60%
Pacific Northwest (Seattle)	\$ 13.49	\$ 13.84	\$ 12.07	\$ 12.67	28.34%
Southeast (Atlanta)	\$ 14.69	\$ 15.04	\$ 14.02	\$ 14.23	58.32%
Southwest (Dallas)	\$ 14.59	\$ 14.94	\$ 13.29	\$ 13.67	44.39%
Upper Midwest (Chicago)	\$ 13.39	\$ 13.74	\$ 11.98	\$ 12.36	18.30%
Western (Salt Lake City)	\$ 13.45	\$ 13.80	\$ 12.13	\$ 12.53	19.40%

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

Receipts:	February 2004	February 2003
Producer Milk		
Class I	365,247,568	373,680,168
Class II	67,197,553	48,319,750
Class III	110,869,899	117,426,517
Class IV	82,954,928	33,487,871
Total Producer Milk	626,269,948	572,914,306
Average Butterfat Test	3.73%	3.70%
Percent of Producer Milk in Class I	58.32%	65.22%
Daily Average Receipts	21,595,515	20,461,225
Other Source Milk		
Class I	5,791,222	7,727,860
Class II	2,842,053	3,493,692
Class III	2,092,648	2,468,573
Class IV	4,737,783	5,671,988
Total Other Source Milk	15,463,706	19,363,113
Overage		
Class I	0	18,028
Class II	0	0
Class III	12,160	0
Class IV	0	22,229
Total Overage	12,160	40,257
Opening Inventory		
Class I	31,139,946	36,906,580
Class II	625,417	836,606
Class III	487,284	2,218,126
Class IV	14,442,040	11,384,217
Total Opening Inventory	46,694,687	51,345,529
Total Receipts	688,440,501	643,663,205
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	29,949,373	35,514,901
Route Disposition Class I	361,852,253	375,732,519
Shrinkage	2,391,946	964,200
Transfers and Diversions to Nonpool	7,985,164	6,121,016
Total Class I Utilization	402,178,736	418,332,636
Average Butterfat Test	2.12%	2.12%
Daily Average Utilization	13,868,232	14,940,451
Class II Utilization		
Nonfluid Used To Produce	1,433,162	1,221,682
Shrinkage	0	0
Transfers and Diversions to Nonpool	51,089,394	33,763,071
Used To Produce/Other Uses	18,142,467	17,665,295
Total Class II Utilization	70,665,023	52,650,048
Average Butterfat Test	8.20%	8.66%
Class III Utilization		
Shrinkage	7,617,246	6,510,741
Transfers and Diversions to Nonpool	101,322,257	110,695,834
Used To Produce/Other Uses	4,522,488	4,907,641
Total Class III Utilization	113,461,991	122,114,216
Average Butterfat Test	4.36%	4.06%
Class IV Utilization		
Inventory	26,995,674	12,704,027
Nonfluid Used To Fortify	1,548,221	1,711,194
Shrinkage	0	0
Transfers and Diversions to Nonpool	70,766,904	24,206,927
Used To Produce/Other Uses	2,823,952	11,944,157
Total Class IV Utilization	102,134,751	50,566,305
Average Butterfat Test	6.32%	10.39%
Total Utilization	688,440,501	643,663,205

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2004 is \$14.23 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.41 per hundredweight plus 3.5 times the uniform butterfat price of \$1.7481 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 59.30% of all producer skim milk (priced to handlers at \$6.55 per hundredweight, plus the Class I differential, see page 2) and 33.16% of producer butterfat (priced to handlers at \$1.5044 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.24% of all producer skim milk (\$6.63 per hundredweight) and 23.25% of producer butterfat (\$1.8588 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.59% of all producer skim milk (\$5.61 per hundredweight) and 20.62% of producer butterfat (\$1.8518 per pound). Class IV use, generally milk processed into butter and powder, accounted for 12.87% of all producer skim milk (\$5.94 per hundredweight) and 22.97% of producer butterfat (\$1.8518 per pound).

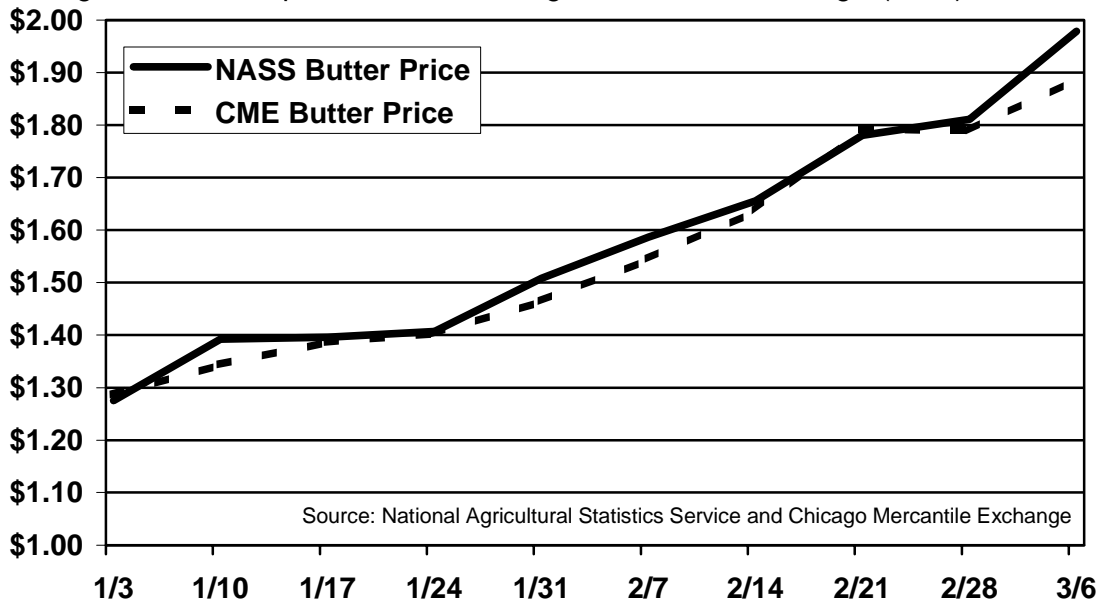
Receipts of producer milk during February 2004 totaled 626.3 million pounds. There were 29 regulated pool distributing plants, 4 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2004. Class I route disposition in the area totaled 423.0 million pounds in January 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
January 2004	
Whole Milk	166,488,137
Fat Free Milk	48,509,627
Lowfat Milk (incl. 1%)	27,417,333
Reduced Fat Milk (incl. 2%)	127,639,212
Cultured Fluid Milk (incl. Buttermilk)	10,423,148
Flavored Drinks and Milk (incl. Eggnog)	42,555,916
Total Disposition in Marketing Area	423,033,373
Total Disposition by Pool Plants	347,260,093
Total Disposition by Nonpool Plants	75,773,280
Total Disposition in Marketing Area	423,033,373

Charting the Recent Surge in Butter Prices

Recent declines in U.S. butter production, coupled with increases in commercial disappearance, have fueled speculation regarding tight butter supplies and higher prices throughout the remainder of 2004. Production during the fourth quarter of 2003 was 34.7 million pounds, or 10.4 percent below prior year levels. At the same time, commercial disappearance increased by 18 million pounds, or about 5 percent. As a result, NASS survey prices have increased quickly, from \$1.2867 per pound for the week ending January 3 to \$1.8888 per pound for the week ending March 6 (see graph below), an increase of approximately 47 percent. Weekly average cash butter prices on the Chicago Mercantile Exchange (CME) have increased from \$1.2750 per



pound to \$1.9790 per pound over the same period of time, an increase of nearly 55 percent. The Atlanta Market Administrator's Office estimates that, other factors being equal, this run-up in butter prices served to add approximately 16 cents to the January Southeast Order uniform price and about 72 cents to the February uniform price.

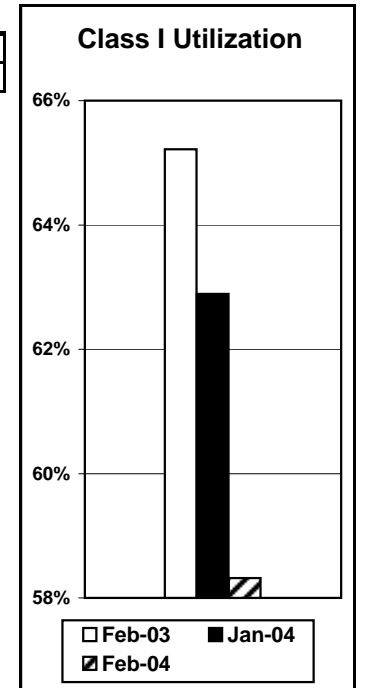
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$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.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	4,000**	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%

* 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 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
March 2004	04/11/04	04/12/04	04/13/04	03/25/04	03/26/04	04/13/04	04/14/04
April 2004	05/11/04	05/12/04	05/13/04	04/26/04	04/26/04	05/13/04	05/14/04
May 2004	06/11/04	06/14/04	06/15/04	05/25/04	05/26/04	06/15/04	06/16/04

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



Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

April 2004

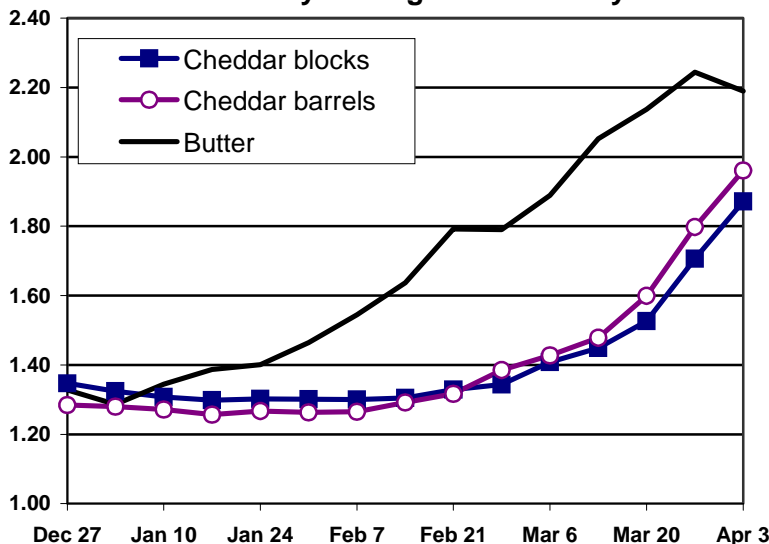
Volume 5—No. 4

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

Commodity Prices Flying High

The National Agricultural Statistics Service (NASS) commodity price survey finds Cheddar cheese prices at record-breaking highs and butter prices over 50 percent higher than the average price since Order Reform (January 2000). The prices observed in these surveys are used in Federal order pricing formulas which establish minimum class prices for pooled milk. The weekly average prices for Cheddar blocks and barrels were \$1.87/lb and \$1.96/lb, respectively, for the week ending April 3. These prices normally average

NASS Weekly Average Price Surveys



around \$1.25/lb. Meanwhile, the weekly average butter price was \$2.19/lb for the week ending April 3, nearly one dollar above its long-run average.

It's reasonable to expect another significant increase in the blend price for April, despite the fact an inversion of the blend price and the Class III price is likely. Such an inversion discourages the pooling of Class III manufacturing milk, effectively removing the higher-valued milk from the market-wide pool. Even so, the rise in cheese and butter prices assures that all class prices will be higher in April, and that the blend price will also be higher.

10 Percent Added to Blend Price in March

The uniform blend price in Fulton County, GA, was \$15.61 per hundredweight of milk at 3.5 percent butterfat for the month of March. This is an increase of \$1.38 (9.7 percent) from February, and is \$3.70 higher than March 2003. Class I utilization was 61.15 percent, 2.83 percent higher than February but down 1.34 percent from March 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in February was 13.6 billion pounds, which is a decrease of 5.4 percent from January and a decrease of 2.2 percent when compared with February 2003 (after adjusting for the extra day in February due to leap year). Note that January 2004's estimate was revised downward by 19 million pounds. Total cheese output (excluding cottage cheese) was 701 million pounds, 3.5 percent above February 2003 (after adjusting for leap year) but 4.8 percent below January 2004. Butter production was 106 million pounds in February, 20.5 percent below February 2003 (after adjusting for leap year) and 19.8 percent below January 2004.

USDA Requests Comments and Proposals

In three separate actions, USDA is requesting input from all segments of the dairy industry. First, transcripts and exhibits for the Southeast and Appalachian proposed merger hearing are now available and comments or briefs associated with the proposed merger should be filed by June 30. The second action invites proposals regarding the pooling provisions of the Upper Midwest Order. Currently, two separate requests seek higher pooling standards to be implemented on an emergency basis. The third departmental action is the issuance of a recommended decision in the Northeast Order that would increase pooling standards. For more information on all of these actions, including deadlines for submission of comments and proposals, visit www.ams.usda.gov/dairy/hearings.htm or contact this office directly at 770-682-2501.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MARCH 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	35.84%	8,492,801	\$1.7675	\$ 15,011,025.81
Class I Differential at Location				253,325.44
Class II Butterfat	24.39%	5,779,654	\$2.3883	13,803,547.67
Class III Butterfat	24.68%	5,847,292	\$2.3813	13,924,156.42
Class IV Butterfat	15.09%	3,575,331	\$2.3813	8,513,935.71
Total Butterfat	100.00%	23,695,078		\$ 51,505,991.05

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.1737**

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	62.09%	392,641,504	\$5.96 /cwt.	\$ 23,401,433.66
Class I Butterfat	35.84%	8,492,801	\$1.7675 /lb.	15,011,025.81
Class I Differential at Location		401,134,305		11,950,763.30
Total Class I Milk	61.15%	401,134,305		\$ 50,363,222.77
Class II Skim Milk	11.46%	72,450,073	\$6.66 /cwt.	\$ 4,825,174.88
Class II Butterfat	24.39%	5,779,654	\$2.3883 /lb.	13,803,547.67
Total Class II Milk	11.92%	78,229,727		\$ 18,628,722.55
Class III Skim Milk	20.09%	127,101,683	\$6.38 /cwt.	\$ 8,109,087.38
Class III Butterfat	24.68%	5,847,292	\$2.3813 /lb.	13,924,156.42
Total Class III Milk	20.26%	132,948,975		\$ 22,033,243.80
Class IV Skim Milk	6.36%	40,201,075	\$5.97 /cwt.	\$ 2,400,004.17
Class IV Butterfat	15.09%	3,575,331	\$2.3813 /lb.	8,513,935.71
Total Class IV Milk	6.67%	43,776,406		\$ 10,913,939.88
Producer Milk	100.00%	656,089,413		\$ 101,939,129.00

Adjustments

Overage and Other Source	\$32,777.70
Inventory Adjustments	\$74,483.50
Producer butterfat at uniform butterfat price	(\$51,505,991.05)
Location Adjustments to Producers	\$1,904,403.41
1/2 Unobligated Balance in P.S.F.	\$283,479.54

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.33788	\$ 52,728,282.10
	\$ 0.04788	\$302,791.74

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

\$8.29

Uniform Price per cwt. (Fulton County, Georgia)

\$15.61*

* 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 2004	APR 2004	FEB 2004	MAR 2004	MAR 2004
Appalachian (Charlotte)	\$ 15.04	\$ 16.74	\$ 14.49	\$ 15.80	76.20%
Arizona-Las Vegas (Phoenix)	\$ 14.29	\$ 15.99	\$ 12.89	\$ 14.69	32.35%
Central (Kansas City)	\$ 13.94	\$ 15.64	\$ 12.66	\$ 14.63	53.77%
Florida (Tampa)	\$ 15.94	\$ 17.64	\$ 15.48	\$ 16.48	83.01%
Midwest (Cleveland)	\$ 13.94	\$ 15.64	\$ 12.87	\$ 14.68	44.50%
Northeast (Boston)	\$ 15.19	\$ 16.89	\$ 13.95	\$ 15.56	44.60%
Pacific Northwest (Seattle)	\$ 13.84	\$ 15.54	\$ 12.67	\$ 14.55	31.61%
Southeast (Atlanta)	\$ 15.04	\$ 16.74	\$ 14.23	\$ 15.61	61.15%
Southwest (Dallas)	\$ 14.94	\$ 16.64	\$ 13.67	\$ 15.22	58.74%
Upper Midwest (Chicago)	\$ 13.74	\$ 15.44	\$ 12.36	\$ 14.70	58.70%
Western (Salt Lake City)	\$ 13.80	\$ 15.50	\$ 12.53	\$ 14.69	60.03%

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

Receipts:	March 2004	March 2003
Producer Milk		
Class I	401,134,305	391,779,769
Class II	78,229,727	57,346,884
Class III	132,948,975	136,935,404
Class IV	43,776,406	40,864,722
Total Producer Milk	<u>656,089,413</u>	<u>626,926,779</u>
Average Butterfat Test	3.62%	3.64%
Percent of Producer Milk in Class I	61.15%	62.49%
Daily Average Receipts	21,164,175	20,223,444
Other Source Milk		
Class I	7,088,105	8,387,846
Class II	3,397,578	3,062,680
Class III	2,827,392	2,818,248
Class IV	4,963,956	10,344,718
Total Other Source Milk	<u>18,277,031</u>	<u>24,613,492</u>
Overage		
Class I	0	0
Class II	13,355	68,863
Class III	0	0
Class IV	14,773	9,731
Total Overage	<u>28,128</u>	<u>78,594</u>
Opening Inventory		
Class I	29,997,391	35,514,901
Class II	1,913,039	471,989
Class III	117,163	1,147,927
Class IV	24,917,454	11,084,111
Total Opening Inventory	<u>56,945,047</u>	<u>48,218,928</u>
Total Receipts	731,339,619	699,837,793
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	30,472,483	32,314,942
Route Disposition Class I	398,156,593	397,152,236
Shrinkage	2,080,918	1,732,127
Transfers and Diversions to Nonpool	7,509,807	4,483,211
Total Class I Utilization	<u>438,219,801</u>	<u>435,682,516</u>
Average Butterfat Test	2.12%	2.12%
Daily Average Utilization	14,136,123	14,054,275
Class II Utilization		
Nonfluid Used To Produce	1,641,211	1,579,391
Shrinkage	0	0
Transfers and Diversions to Nonpool	59,946,310	40,157,714
Used To Produce/Other Uses	21,966,178	19,213,311
Total Class II Utilization	<u>83,553,699</u>	<u>60,950,416</u>
Average Butterfat Test	7.51%	8.24%
Class III Utilization		
Shrinkage	0	7,207,134
Transfers and Diversions to Nonpool	135,893,530	128,685,719
Used To Produce/Other Uses	0	5,008,726
Total Class III Utilization	<u>135,893,530</u>	<u>140,901,579</u>
Average Butterfat Test	4.41%	4.09%
Class IV Utilization		
Inventory	23,241,345	23,989,741
Nonfluid Used To Fortify	1,752,954	1,705,877
Shrinkage	7,721,126	0
Transfers and Diversions to Nonpool	29,652,408	20,321,722
Used To Produce/Other Uses	11,304,756	16,285,942
Total Class IV Utilization	<u>73,672,589</u>	<u>62,303,282</u>
Average Butterfat Test	6.57%	8.40%
Total Utilization	731,339,619	699,837,793

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2004 is \$15.61 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.29 per hundredweight plus 3.5 times the uniform butterfat price of \$2.1737 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 62.08% of all producer skim milk (priced to handlers at \$5.96 per hundredweight, plus the Class I differential, see page 2) and 35.84% of producer butterfat (priced to handlers at \$1.7675 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.46% of all producer skim milk (\$6.66 per hundredweight) and 24.39% of producer butterfat (\$2.3883 per pound). Class III use, mostly milk used to produce cheese, accounted for 20.10% of all producer skim milk (\$6.38 per hundredweight) and 24.68% of producer butterfat (\$2.3813 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.36% of all producer skim milk (\$5.97 per hundredweight) and 15.09% of producer butterfat (\$2.3813 per pound).

Receipts of producer milk during March 2004 totaled 656.1 million pounds. There were 28 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 2004. Class I route disposition in the area totaled 378.2 million pounds in February 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
February 2004		
Whole Milk	146,719,629	38.8%
Fat Free Milk	44,267,111	11.7%
Lowfat Milk (incl. 1%)	26,542,950	7.0%
Reduced Fat Milk (incl. 2%)	113,154,421	29.9%
Cultured Fluid Milk (incl. Buttermilk)	9,345,879	2.5%
Flavored Drinks and Milk	38,167,785	10.1%
Total Disposition in Marketing Area	378,197,775	100.0%
Total Disposition by Pool Plants	308,750,817	81.6%
Total Disposition by Nonpool Plants	69,446,958	18.4%
Total Disposition in Marketing Area	378,197,775	100.0%

State Production, Number of Farms, and Average Pounds Per Farm: 2003

	2003		Avg.		
	Production	Rank	No. Farms	Rank	Pounds
	Million lbs.				Million lbs.
CA	35,437	1	2,060	8	17.20
WI	22,266	2	16,400	1	1.36
NY	11,952	3	6,700	3	1.78
PA	10,338	4	9,130	2	1.13
ID	8,774	5	775	18	11.32
MN	8,258	6	6,235	4	1.32
NM	6,666	7	170	37	39.21
MI	6,360	8	2,840	6	2.24
TX	5,630	9	850	15	6.62
WA	5,581	10	640	20	8.72
FL	2,161	18	190	35	11.37
MO	1,886	21	1,980	10	0.95
KY	1,464	24	1,630	11	0.90
GA	1,444	25	360	28	4.01
TN	1,205	29	820	16	1.47
LA	519	34	340	30	1.53
MS	423	36	270	32	1.57
AR	352	38	290	31	1.21
AL	252	43	110	44	2.29
US	170,312		70,410		2.42

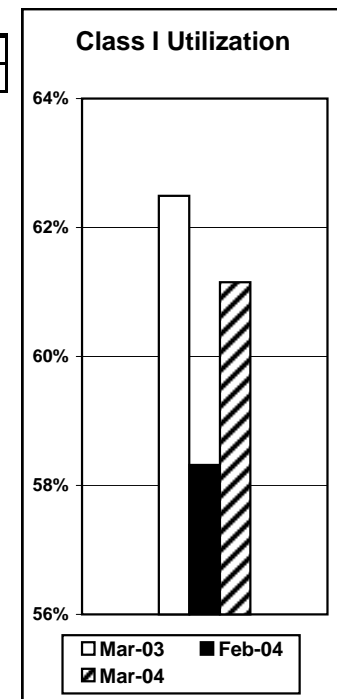
The table at left shows, for the top ten largest states, as well as the states in the Southeast and Florida marketing areas, the total amount of milk produced in the state, the total number of farms in the state and the average production per farm. Also, each state's ranking among the fifty states in these categories is provided. It is interesting to note the disparities in the number of farms and the average pounds per farm between states that, in aggregate, have similar production levels. Kentucky and Georgia are good examples of states that produce similar amounts of milk, yet have vastly different average farm size. California and Wisconsin, the two largest milk producing states, are likewise very different in average farm size. (The source of this data is NASS's 'Licensed Dairy Herds', available at <http://usda.mannlib.cornell.edu/reports/nassr/dairy/pmp-bb/specda04.txt>.)

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$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.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,900**	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%



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

Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods April through June 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
April 2004	05/11/04	05/12/04	05/13/04	04/26/04	04/26/04	05/13/04	05/14/04
May 2004	06/11/04	06/14/04	06/15/04	05/25/04	05/26/04	06/15/04	06/16/04
June 2004	07/11/04	07/12/04	07/13/04	06/25/04	06/28/04	07/13/04	07/14/04

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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

May 2004

Volume 5—No. 5

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

Record High Class I Price

With butter prices on the Chicago Mercantile Exchange (CME) averaging over \$2.20/pound and Cheddar cheese blocks and barrels both above \$2.10/pound during the month of April, it should come as no surprise that milk prices are on their way up. So high up, in fact, that the Order minimum Class I price at 3.5 percent butterfat in At-



lanta will be \$22.75 per hundredweight in May. This is more than six dollars above April's price and \$3.72 higher than the previous record high of \$19.03 per hundredweight set in October 2001. Perhaps most shocking is how much difference a year can make, with May 2003's Class I price (\$12.81 per hundredweight) a whopping \$9.94 less than next month's Class I value!

Relatively strong demand for dairy products coupled with an expected decline in U.S. production bodes well for producer prices spending much of the year above historical averages. Cow numbers are constrained by the continued ban on Canadian replacements and the size of the U.S. herd is down 1.7 percent from a year ago. Also, milk per cow in the first quarter of 2004 is only 0.8 percent above last year, less than half of the 1.9 percent annual growth rate seen over the past ten years.

Southeast Blend Up \$1.11

The uniform blend price in Fulton County, GA, was \$16.72 per hundredweight of milk at 3.5 percent butterfat for the month of April. This is an increase of \$1.11 from March and is \$4.91 higher than April 2003. Class I utilization was 69.46 percent, 8.31 percent higher than March and 9.08 percent higher than April 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in March was 14.7 billion pounds, which is an increase of 8.4 percent from February and a decrease of 2.1 percent when compared with March 2003. Note that on a daily average basis, March was only 1.4 percent above February.

Total cheese output (excluding cottage cheese) was 779 million pounds, 6.6 percent above March 2003 and 10.6 percent above February 2004. Butter production was 97.7 million pounds in March, 22.7 percent below March 2003 and 7.7 percent below February 2004. Nonfat dry milk production was 118 million pounds, 24.0 percent below March 2003 and 7.3 percent below February 2004.

National Dairy Board Nominations Sought

USDA is requesting nominations be made for the National Dairy Promotion and Research Board by May 31 for the following regions: Region 1 (Oregon and Washington); Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 6 (Wisconsin); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); and Region 12 (New York). Those appointed will serve from Nov. 1, 2004 until Oct. 31, 2007 and administer promotional, educational and research activities financed with the 15-cent per hundredweight assessment on dairy producers who market milk commercially.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - APRIL 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.30%	8,261,266	\$2.2525	\$ 18,608,501.70
Class I Differential at Location				246,953.43
Class II Butterfat	27.50%	5,499,717	\$2.5083	13,794,940.14
Class III Butterfat	6.07%	1,213,144	\$2.5013	3,034,437.11
Class IV Butterfat	25.13%	5,025,870	\$2.5013	12,571,208.64
Total Butterfat	100.00%	19,999,997		\$ 48,256,041.02

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4128**

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	70.51%	382,263,714	\$5.96 /cwt.	\$ 22,782,917.35
Class I Butterfat	41.30%	8,261,266	\$2.2525 /lb.	18,608,501.70
Class I Differential at Location		390,524,980		11,599,398.12
Total Class I Milk	69.46%	390,524,980		\$ 52,990,817.17
Class II Skim Milk	12.67%	68,696,474	\$6.66 /cwt.	\$ 4,575,185.16
Class II Butterfat	27.50%	5,499,717	\$2.5083 /lb.	13,794,940.14
Total Class II Milk	13.20%	74,196,191		\$ 18,370,125.30
Class III Skim Milk	2.24%	12,186,075	\$11.30 /cwt.	\$ 1,377,026.49
Class III Butterfat	6.07%	1,213,144	\$2.5013 /lb.	3,034,437.11
Total Class III Milk	2.38%	13,399,219		\$ 4,411,463.60
Class IV Skim Milk	14.58%	79,078,412	\$6.03 /cwt.	\$ 4,768,428.26
Class IV Butterfat	25.13%	5,025,870	\$2.5013 /lb.	12,571,208.64
Total Class IV Milk	14.96%	84,104,282		\$ 17,339,636.90
Producer Milk	100.00%	562,224,672		\$ 93,112,042.97

Adjustments

Overage and Other Source	\$14,108.47
Inventory Adjustments	\$67,563.72
Producer butterfat at uniform butterfat price	(\$48,256,041.02)
Location Adjustments to Producers	\$1,448,965.07
1/2 Unobligated Balance in P.S.F.	\$362,483.47

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 8.62170	\$ 46,749,122.68
	\$ 0.04170	\$224,846.84

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

\$8.58

Uniform Price per cwt. (Fulton County, Georgia)

\$16.72*

* 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 %
	APR 2004	MAY 2004	MAR 2004	APR 2004	APR 2004
Appalachian (Charlotte)	\$ 16.74	\$ 22.75	\$ 15.80	\$ 16.76	76.38%
Arizona-Las Vegas (Phoenix)	\$ 15.99	\$ 22.00	\$ 14.69	\$ 17.29	32.67%
Central (Kansas City)	\$ 15.64	\$ 21.65	\$ 14.63	\$ 15.64	60.62%
Florida (Tampa)	\$ 17.64	\$ 23.65	\$ 16.48	\$ 17.74	90.57%
Midwest (Cleveland)	\$ 15.64	\$ 21.65	\$ 14.68	\$ 15.88	62.30%
Northeast (Boston)	\$ 16.89	\$ 22.90	\$ 15.56	\$ 17.28	48.50%
Pacific Northwest (Seattle)	\$ 15.54	\$ 21.55	\$ 14.55	\$ 15.34	43.24%
Southeast (Atlanta)	\$ 16.74	\$ 22.75	\$ 15.61	\$ 16.72	69.46%
Southwest (Dallas)	\$ 16.64	\$ 22.65	\$ 15.22	\$ 16.18	55.24%
Upper Midwest (Chicago)	\$ 15.44	\$ 21.45	\$ 14.70	\$ 15.55	62.80%

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

Receipts:	April 2004	April 2003
Producer Milk		
Class I	390,524,980	384,094,606
Class II	74,196,191	62,319,683
Class III	13,399,219	147,416,901
Class IV	84,104,282	42,212,178
Total Producer Milk	<u>562,224,672</u>	<u>636,043,368</u>
Average Butterfat Test	3.56%	3.53%
Percent of Producer Milk in Class I	69.46%	60.38%
Daily Average Receipts	18,740,822	21,201,446
Other Source Milk		
Class I	6,558,491	8,064,032
Class II	3,992,003	3,096,543
Class III	103,135	3,455,539
Class IV	3,316,656	6,662,475
Total Other Source Milk	<u>13,970,285</u>	<u>21,278,589</u>
Overage		
Class I	0	0
Class II	0	0
Class III	5,075	0
Class IV	0	0
Total Overage	<u>5,075</u>	<u>0</u>
Opening Inventory		
Class I	31,249,082	32,308,315
Class II	2,191,339	382,682
Class III	402,891	2,799,369
Class IV	18,809,049	20,617,030
Total Opening Inventory	<u>52,652,361</u>	<u>56,107,396</u>
Total Receipts	628,852,393	713,429,353
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	38,325,268	30,136,093
Route Disposition Class I	379,817,580	388,200,611
Shrinkage	2,028,010	1,678,554
Transfers and Diversions to Nonpool	8,161,695	4,451,695
Total Class I Utilization	<u>428,332,553</u>	<u>424,466,953</u>
Average Butterfat Test	2.12%	2.12%
Daily Average Utilization	14,277,752	14,148,898
Class II Utilization		
Nonfluid Used To Produce	1,773,352	1,705,791
Shrinkage	0	0
Transfers and Diversions to Nonpool	56,074,914	44,446,805
Used To Produce/Other Uses	22,531,267	19,646,312
Total Class II Utilization	<u>80,379,533</u>	<u>65,798,908</u>
Average Butterfat Test	7.33%	8.13%
Class III Utilization		
Shrinkage	0	7,416,638
Transfers and Diversions to Nonpool	13,910,320	140,927,809
Used To Produce/Other Uses	0	5,327,362
Total Class III Utilization	<u>13,910,320</u>	<u>153,671,809</u>
Average Butterfat Test	9.09%	3.91%
Class IV Utilization		
Inventory	9,810,402	24,290,921
Nonfluid Used To Fortify	1,670,228	1,630,629
Shrinkage	7,201,533	0
Transfers and Diversions to Nonpool	82,703,745	29,327,903
Used To Produce/Other Uses	4,844,079	14,242,230
Total Class IV Utilization	<u>106,229,987</u>	<u>69,491,683</u>
Average Butterfat Test	5.67%	6.82%
Total Utilization	628,852,393	713,429,353

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2004 is \$16.72 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$8.58 per hundredweight plus 3.5 times the uniform butterfat price of \$2.4128 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 70.50% of all producer skim milk (priced to handlers at \$5.96 per hundredweight, plus the Class I differential, see page 2) and 41.30% of producer butterfat (priced to handlers at \$2.2525 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.67% of all producer skim milk (\$6.66 per hundredweight) and 27.50% of producer butterfat (\$2.5083 per pound). Class III use, mostly milk used to produce cheese, accounted for 2.25% of all producer skim milk (\$11.30 per hundredweight) and 6.07% of producer butterfat (\$2.5013 per pound). Class IV use, generally milk processed into butter and powder, accounted for 14.58% of all producer skim milk (\$6.03 per hundredweight) and 25.13% of producer butterfat (\$2.5013 per pound).

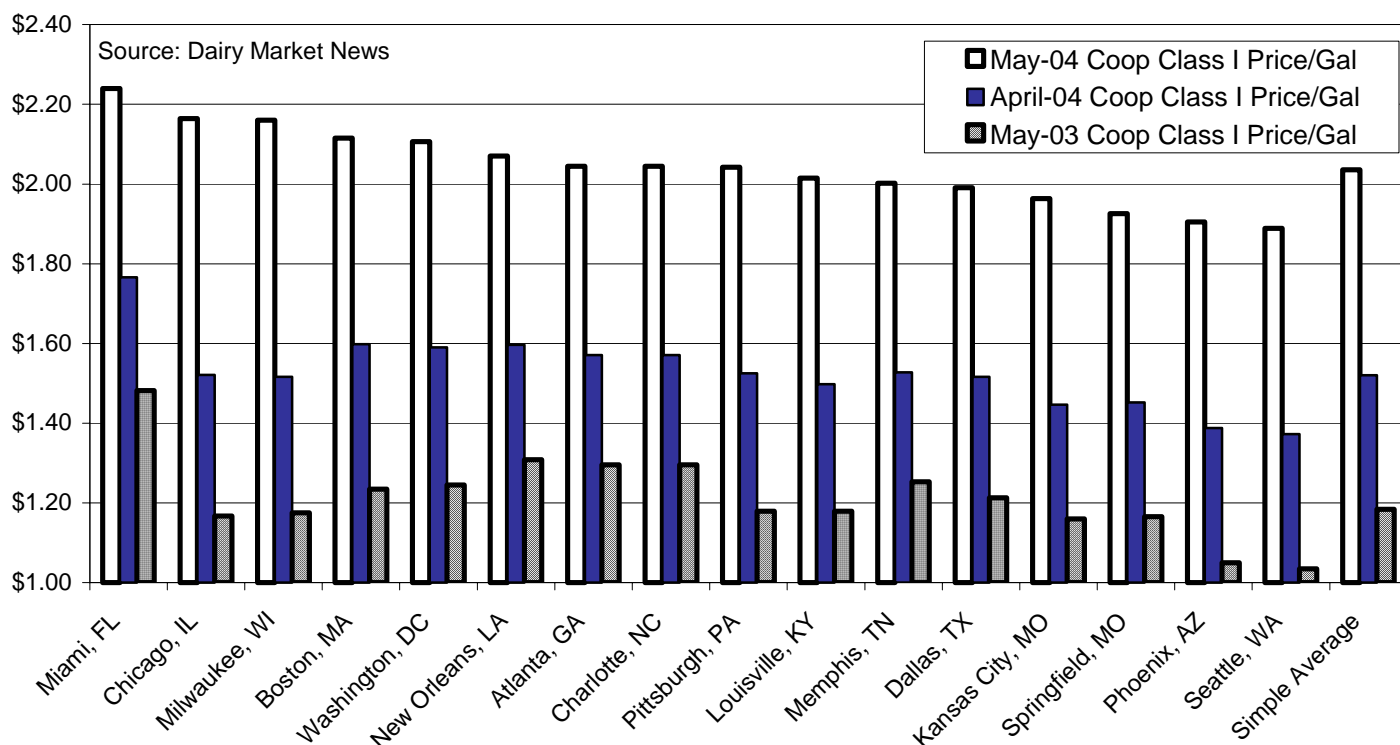
Receipts of producer milk during April 2004 totaled 562.2 million pounds. There were 28 regulated pool distributing plants, 2 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2004. Class I route disposition in the area totaled 407.5 million pounds in March 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
March 2004		
Whole Milk	158,140,895	38.8%
Fat Free Milk	46,748,420	11.5%
Lowfat Milk (incl. 1%)	26,283,307	6.4%
Reduced Fat Milk (incl. 2%)	121,763,446	29.9%
Cultured Fluid Milk (incl. Buttermilk)	10,294,086	2.5%
Flavored Drinks and Milk	44,287,784	10.9%
Total Disposition in Marketing Area	407,517,938	100.0%
Total Disposition by Pool Plants	330,332,678	81.1%
Total Disposition by Nonpool Plants	77,185,260	18.9%
Total Disposition in Marketing Area	407,517,938	100.0%

Announced Cooperative Class I Price at 3.5% Per Gallon in Selected Cities

The anticipated rise in retail milk prices that have been widely reported should correspond to the rise in prices being paid to dairy cooperatives for Class I milk. Cooperatives announce, at 3.5 percent butterfat, what they will charge for milk used in Class I. Dividing these hundredweight prices by 11.63 yields the per gallon prices found in the chart below. The full report of cooperative Class I prices can be found at www.ams.usda.gov/dairy/mncs/v71rpt17.pdf.



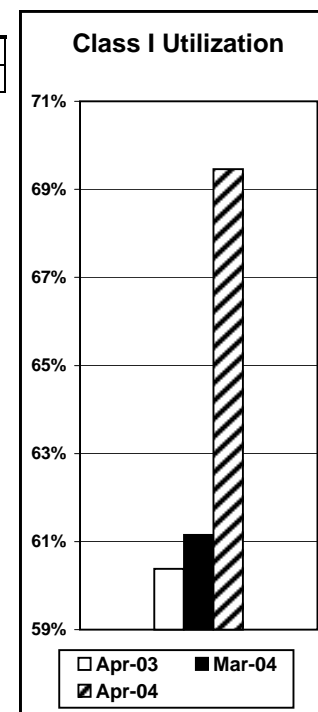
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

Pool Period	CLASS I*			CLASS II			CLASS III			CLASS IV			UNIFORM*		
	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5	Skim/cwt	Bfat/lb	@ 3.5
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$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.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
			2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,900**	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods May through July 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
May 2004	06/11/04	06/14/04	06/15/04	05/25/04	05/26/04	06/15/04	06/16/04
June 2004	07/11/04	07/12/04	07/13/04	06/25/04	06/28/04	07/13/04	07/14/04
July 2004	08/11/04	08/12/04	08/13/04	07/26/04	07/26/04	08/13/04	08/16/04

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



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Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

June 2004

Volume 5—No. 6

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

Partial Payments Explained

The sudden large gains observed in milk prices of late have caused some confusion about the Federal order requirements regarding the amount of partial payments. On May 26, producers should have received a partial payment for milk delivered during the first half of the month. These payments were smaller than some had anticipated, given the Class I price for May was \$22.75 per hundredweight in Atlanta. The reason is partial payments are required to be made at a rate not less than 90 percent of the preceding month's uniform price. So May's minimum partial payment rate was \$15.05 per hundredweight in Atlanta before authorized deductions. (See sample calculation below) These partial payments do not account for an individual producer's butterfat tests. The final payment producers receive for May production, due by June 15, will be adjusted for individual producer butterfat tests and for the value of the partial payment. It will make producers whole for pooled production received during May at the uniform skim and butterfat prices adjusted for individual butterfat tests, plant location and authorized deductions. Stated differently, the sum of the partial payment and the final payment must not be less than the minimum order value for pooled production.

To assist you in verifying that your partial payment is correct, the base payment rate will be provided on the last page of this publication under the Pool and Payment Dates chart each month. The calculation below is of a producer who shipped milk to a pool plant located in a \$2.30 Class I differential zone (minus \$0.90 relative to Atlanta) during the first 15 days of May.

Calculation for May's Partial Payment Rate

April's uniform price @ 3.5 % in Atlanta = \$16.72
 $\$16.72 \times 90\% = \15.05 (May's partial payment rate in Atlanta)
 $\$15.05 - \$0.90 = \$14.15$ (May's partial payment rate in a \$2.30 zone)

Blend Price Passes \$20 Mark

The uniform blend price in Fulton County, GA, was \$20.27 per hundredweight of milk at 3.5 percent butterfat for the month of May. This is an increase of \$3.55 from April and is \$8.28 higher than May 2003. Class I utilization was 57.62 percent, 11.84 percent less than April and 4.76 percent less than May 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in April was 14.47 billion pounds, which is a decrease of 1.2 percent from April 2003 and a decrease of 1.9 percent when compared with March 2004. Total cheese output (excluding cottage cheese) was 755 million pounds, 5.0 percent above April 2003 but 3.2 percent below March 2004. Butter production was 97.1 million pounds in April, 21.0 percent below April 2003 but slightly above March 2004. Nonfat dry milk production was 134 million pounds, 16.4 percent below April 2003 but 13.4 percent higher than March 2004.

USDA Announcements

USDA has extended the time period for submission of comments on the proposal to exempt producers and marketers of solely 100 percent organic products from paying assessments to any research or promotion program administered by the Agricultural Marketing Service. Comments must be received by June 25, 2004. Send to Angela C. Snyder, Office of the Deputy Administrator, Poultry Programs, Agricultural Marketing Service, U.S. Department of Agriculture, 1400 Independence Ave., SW, STOP 0256, Room 3932 South, Washington, D.C. 20250 or via fax at (202) 720 5631.

The deadline for filing briefs, written arguments and proposed findings of fact and conclusions in the proposed merger of the Appalachian and Southeast orders has also been extended. Parties now have until July 14, 2004 to make such submissions. Contact this office directly at (770) 682-2501 for questions regarding these announcements.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - MAY 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	35.17%	7,642,267	\$2.4437	\$ 18,675,407.88
Class I Differential at Location				227,533.44
Class II Butterfat	26.82%	5,826,677	\$2.4352	14,189,123.84
Class III Butterfat	15.66%	3,402,346	\$2.4282	8,261,576.56
Class IV Butterfat	22.35%	4,856,702	\$2.4282	11,793,043.83
Total Butterfat	100.00%	21,727,992		\$ 53,146,685.55

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.4460**

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	58.45%	347,225,617	\$11.50 /cwt.	\$ 39,930,946.04
Class I Butterfat	35.17%	7,642,267	\$2.4437 /lb.	18,675,407.88
Class I Differential at Location		354,867,884		10,572,765.73
Total Class I Milk	57.62%	354,867,884		\$ 69,179,119.65
Class II Skim Milk	13.42%	79,749,670	\$6.74 /cwt.	\$ 5,375,127.73
Class II Butterfat	26.82%	5,826,677	\$2.4352 /lb.	14,189,123.84
Total Class II Milk	13.89%	85,576,347		\$ 19,564,251.57
Class III Skim Milk	11.46%	68,170,570	\$12.52 /cwt.	\$ 8,534,955.37
Class III Butterfat	15.66%	3,402,346	\$2.4282 /lb.	8,261,576.56
Total Class III Milk	11.62%	71,572,916		\$ 16,796,531.93
Class IV Skim Milk	16.67%	99,062,170	\$6.22 /cwt.	\$ 6,161,666.99
Class IV Butterfat	22.35%	4,856,702	\$2.4282 /lb.	11,793,043.83
Total Class IV Milk	16.87%	103,918,872		\$ 17,954,710.82
Producer Milk	100.00%	615,936,019		\$ 123,494,613.97

Adjustments

Overage and Other Source	\$6,645.63
Inventory Adjustments	(\$1,842.58)
Producer butterfat at uniform butterfat price	(\$53,146,685.55)
Location Adjustments to Producers	\$1,819,789.41
1/2 Unobligated Balance in P.S.F.	\$198,436.47

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 12.17937	\$ 72,370,957.35
	\$ 0.04937	\$292,178.31

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

\$12.13

Uniform Price per cwt. (Fulton County, Georgia)

\$20.27*

* 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 2004	JUNE 2004	APR 2004	MAY 2004	MAY 2004
Appalachian (Charlotte)	\$ 22.75	\$ 24.23	\$ 16.76	\$ 20.18	64.17%
Arizona-Las Vegas (Phoenix)	\$ 22.00	\$ 23.48	\$ 17.29	\$ 19.36	29.32%
Central (Kansas City)	\$ 21.65	\$ 23.13	\$ 15.64	\$ 18.40	50.62%
Florida (Tampa)	\$ 23.65	\$ 25.13	\$ 17.74	\$ 22.23	75.70%
Midwest (Cleveland)	\$ 21.65	\$ 23.13	\$ 15.88	\$ 18.99	54.60%
Northeast (Boston)	\$ 22.90	\$ 24.38	\$ 17.28	\$ 19.84	44.80%
Pacific Northwest (Seattle)	\$ 21.55	\$ 23.03	\$ 15.34	\$ 17.40	38.40%
Southeast (Atlanta)	\$ 22.75	\$ 24.23	\$ 16.72	\$ 20.27	57.62%
Southwest (Dallas)	\$ 22.65	\$ 24.13	\$ 16.18	\$ 18.67	47.27%
Upper Midwest (Chicago)	\$ 21.45	\$ 22.93	\$ 15.55	\$ 18.61	53.20%

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

Receipts:	May 2004	May 2003
Producer Milk		
Class I	354,867,884	389,555,091
Class II	85,576,347	58,710,945
Class III	71,572,916	142,876,272
Class IV	103,918,872	33,258,902
Total Producer Milk	<u>615,936,019</u>	<u>624,501,210</u>
Average Butterfat Test	3.53%	3.50%
Percent of Producer Milk in Class I	57.62%	62.38%
Daily Average Receipts	19,868,904	20,145,200
Other Source Milk		
Class I	7,696,352	7,813,178
Class II	3,351,703	4,114,347
Class III	2,752,658	4,986,490
Class IV	9,541,050	8,822,083
Total Other Source Milk	<u>23,341,763</u>	<u>25,736,098</u>
Overage		
Class I	0	52,634
Class II	0	47,739
Class III	2,095	424,152
Class IV	0	5,382
Total Overage	<u>2,095</u>	<u>529,907</u>
Opening Inventory		
Class I	38,326,087	30,786,494
Class II	418,472	4,033,308
Class III	17,953	5,470,952
Class IV	9,483,037	14,136,260
Total Opening Inventory	<u>48,245,549</u>	<u>54,427,014</u>
Total Receipts	687,525,426	705,194,229
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	25,591,298	28,137,572
Route Disposition Class I	364,699,522	393,637,562
Shrinkage	2,585,673	1,645,172
Transfers and Diversions to Nonpool	8,013,830	4,787,091
Total Class I Utilization	<u>400,890,323</u>	<u>428,207,397</u>
Average Butterfat Test	2.15%	2.15%
Daily Average Utilization	12,931,946	13,813,142
Class II Utilization		
Nonfluid Used To Produce	1,790,998	1,915,166
Shrinkage	0	0
Transfers and Diversions to Nonpool	64,078,481	44,747,881
Used To Produce/Other Uses	23,477,043	20,243,292
Total Class II Utilization	<u>89,346,522</u>	<u>66,906,339</u>
Average Butterfat Test	7.00%	7.88%
Class III Utilization		
Shrinkage	0	7,628,927
Transfers and Diversions to Nonpool	74,345,622	140,534,199
Used To Produce/Other Uses	0	5,594,740
Total Class III Utilization	<u>74,345,622</u>	<u>153,757,866</u>
Average Butterfat Test	4.74%	3.98%
Class IV Utilization		
Inventory	20,275,248	15,205,664
Nonfluid Used To Fortify	1,555,480	1,645,396
Shrinkage	6,978,446	0
Transfers and Diversions to Nonpool	73,911,032	25,606,391
Used To Produce/Other Uses	20,222,753	13,865,176
Total Class IV Utilization	<u>122,942,959</u>	<u>56,322,627</u>
Average Butterfat Test	4.71%	7.01%
Total Utilization	687,525,426	705,194,229

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2004 is \$20.27 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 \$2.4460 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In May, Class I use, which is primarily bottled or packaged fluid milk, accounted for 58.44% of all producer skim milk (priced to handlers at \$11.50 per hundredweight, plus the Class I differential, see page 2) and 35.17% of producer butterfat (priced to handlers at \$2.4437 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.42% of all producer skim milk (\$6.74 per hundredweight) and 26.82% of producer butterfat (\$2.4352 per pound). Class III use, mostly milk used to produce cheese, accounted for 11.47% of all producer skim milk (\$12.52 per hundredweight) and 15.66% of producer butterfat (\$2.4282 per pound). Class IV use, generally milk processed into butter and powder, accounted for 16.67% of all producer skim milk (\$6.22 per hundredweight) and 22.35% of producer butterfat (\$2.4282 per pound).

Receipts of producer milk during May 2004 totaled 615.9 million pounds. There were 29 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 May 2004. Class I route disposition in the area totaled 396.8 million pounds in April 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
April 2004		
Whole Milk	152,573,965	38.45%
Fat Free Milk	46,911,630	11.82%
Lowfat Milk (incl. 1%)	26,434,195	6.66%
Reduced Fat Milk (incl. 2%)	120,211,150	30.30%
Cultured Fluid Milk (incl. Buttermilk)	9,747,944	2.46%
Flavored Drinks and Milk	40,908,181	10.31%
Total Disposition in Marketing Area	396,787,065	100.0%
Total Disposition by Pool Plants	322,851,775	81.37%
Total Disposition by Nonpool Plants	73,935,290	18.63%
Total Disposition in Marketing Area	396,787,065	100.0%

Retail Price Update

Each Market Administrator office collects retail milk price data in selected metropolitan areas on a monthly basis. For whole and reduced fat milk in gallons only, prices are surveyed at the largest food store chain, the second largest food store chain, and the largest dairy/convenience store chain. While not an extensive survey, the information collected is useful to observe changes in price levels over time. Over the past two months, retail prices have increased between 17 and 22 percent in the Atlanta, Miami and New Orleans markets. April's surveys did not show any sizable price movements, but retailers in all three cities imposed increases in whole and 2 percent milk prices for both May and June. In Atlanta, the price of whole milk rose \$0.37 in May and another \$0.17 in June to \$3.59 per gallon. Miami had similar increases (albeit at a higher price level), with June's price averaging \$3.74 per gallon. In New Orleans, however, a slight increase in May was followed by a \$0.60 increase in June. The current average price of a gallon of whole milk in New Orleans in \$4.11. The usefulness of this survey lies in the changes in price levels observed since the surge in fluid milk prices began, not necessarily the specific price points reported in a given city for a given period. Find more at www.ams.usda.gov/dyfmoms/mib/rtl_milk_prices.htm.

Cost of Production Estimates

Several requests for cost of production data have recently been made of this office. Data on the cost of milk production by state is available for selected states from the Economic Research Service (ERS). On a monthly basis dating back to January 2003, ERS publishes highly detailed cost of production information for 15 states, including Georgia, Kentucky and Tennessee. Estimates of operating costs and allocated overhead costs are available on a per hundredweight basis. Another resource of interest may be "Characteristics and Production Costs of U.S. Dairy Operations" published in February 2004 by USDA. Find both of these items at www.ers.usda.gov/briefing/dairy/.

2002 Census of Agriculture Published

USDA recently released the 2002 Census of Agriculture. It is a massive survey that attempts to reach all agricultural operators in the nation every five years and is the only source of comprehensive agricultural data on every county in America. The last census, taken in 1997, showed 125,041 farms with dairy cows and 9,139,812 total head. In 2002, the number of farms fell 26.4 percent to 91,989 but the number of cows slipped by only 0.4 percent to 9,103,959. Find detailed information on all types agricultural activities, including dairying, in your county or state at www.usda.gov/nass/ under "Census of Agriculture".

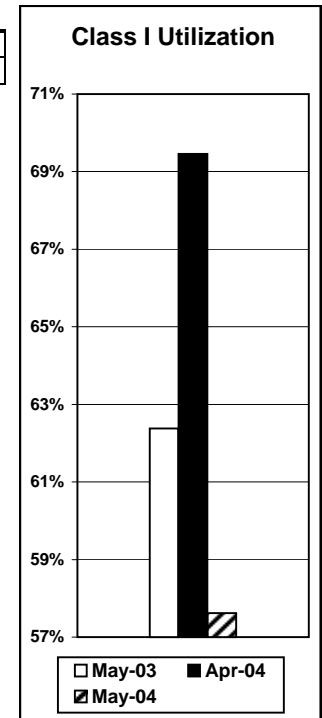
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$ 12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,850**	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%

* 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 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
June 2004	07/11/04	07/12/04	07/13/04	06/25/04	06/28/04	07/13/04	07/14/04
July 2004	08/11/04	08/12/04	08/13/04	07/26/04	07/26/04	08/13/04	08/16/04
August 2004	09/11/04	09/13/04	09/14/04	08/25/04	08/26/04	09/14/04	09/15/04

** The base rate for making partial payments in Fulton County, GA for June will be \$18.24 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.27 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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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

July 2004

Volume 5—No. 7

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

Focus on Blend Prices

Federal milk order pricing can, admittedly, be confusing. Adding rapid changes in commodity prices into the mix can be even more frustrating for producers. But understanding the basics of the Federal order pricing structure can help demystify the process and the outcomes.

The pricing mechanisms have been designed, through decades of refinement, to put a value on milk used in each of its various forms and ensure dairy producers receive at least the average of those values. Formulas convert the price of cheese, butter, nonfat dry milk and dry whey into the price of milk utilized in each use, or class. This is because these storable commodities are bought and sold in free and competitive national markets, whereas milk is not storable and is sold into a local market with few options for sellers. So free-market determined commodity prices are the preferred source to extract the true underlying price of milk.

Fluid milk prices are announced a week prior to the month they become effective, based on a two-week commodity price survey. Manufacturing milk prices are announced at the end of the month in which they apply, based on a four-week commodity price survey. In a wildly fluctuating market, this is where much confusion can occur. For example, in April, when the price of cheese skyrocketed, the fluid or Class I price had already been announced at \$16.74/cwt in Atlanta. The Class III price based on a later survey did capture the high cheese prices and was set at \$19.66/cwt. Then, in May, the Class I price jumped to \$22.75/cwt because the high cheese prices were captured in its pricing survey. Though confusing for some, the system was conveying what was occurring in the commodity markets.

But none of the above mentioned prices made it into a producer's milk check. The only price of real concern to producers, at least in terms of Federal orders, is the uniform blend price. It's the blend price that ends up in a milk check and it's the blend price that is enforced by the Market Administrator, ensuring nonmember producers and cooperatives receive proper compensation for their pooled milk production. Tracking class prices can be useful if the pricing structure is understood, but it's the uniform blend price that forms the basis of producer pay.

Blend Dips But Remains High

The uniform blend price in Fulton County, GA, was \$20.11 per hundredweight of milk at 3.5 percent butterfat for the month of June. This is a decrease of \$0.16 from May and is \$8.13 higher than June 2003. Class I utilization was 53.56 percent, 4.06 percent less than May and 12.77 percent less than June 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in May was 14.9 billion pounds, which is a decrease of 0.4 percent from May 2003 and an increase of 3.3 percent when compared with April 2004. Total cheese output (excluding cottage cheese) was 744 million pounds, 1.0 percent above May 2003 but 1.7 percent below April 2004. Butter production was 102 million pounds in May, 10.9 percent below May 2003 but 6.1 percent above April 2004.

USDA Announcements

The deadline for filing briefs, written arguments and proposed findings of fact and conclusions in the proposed merger of the Appalachian and Southeast Orders has been extended a second time by USDA. Parties now have until August 16, 2004 to make such submissions.

USDA has also announced a hearing for the Upper Midwest Order to consider proposals that would limit the volume of distant milk pooled on the order by changing the pooling requirements for producer milk originating outside the order. Other proposals would limit the amount of milk, normally associated with the market, that was not pooled in prior months. The proposed tightening of pooling qualifications is intended to discourage the 'depooling' of milk and the pooling of milk located far from the marketing area.

In addition, the Department has issued final rules for recent hearings in the Mideast, Pacific-Northwest and Arizona-Las Vegas Orders.

Contact this office directly at (770) 682-2501 for questions regarding these announcements.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JUNE 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	33.88%	7,733,951	\$2.4580	\$ 19,010,051.58
Class I Differential at Location				231,182.41
Class II Butterfat	26.86%	6,129,062	\$2.1838	13,384,645.61
Class III Butterfat	17.35%	3,960,298	\$2.1768	8,620,776.68
Class IV Butterfat	21.91%	4,999,363	\$2.1768	10,882,613.40
Total Butterfat	100.00%	22,822,674		\$ 52,129,269.68

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.2841**

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	54.30%	339,079,478	\$12.98 /cwt.	\$ 44,012,516.24
Class I Butterfat	33.88%	7,733,951	\$2.4580 /lb.	19,010,051.58
Class I Differential at Location		346,813,429		10,321,061.28
Total Class I Milk	53.56%	346,813,429		\$ 73,343,629.10
Class II Skim Milk	13.51%	84,393,148	\$6.91 /cwt.	\$ 5,831,566.54
Class II Butterfat	26.86%	6,129,062	\$2.1838 /lb.	13,384,645.61
Total Class II Milk	13.98%	90,522,210		\$ 19,216,212.15
Class III Skim Milk	13.81%	86,356,419	\$10.43 /cwt.	\$ 9,006,974.49
Class III Butterfat	17.35%	3,960,298	\$2.1768 /lb.	8,620,776.68
Total Class III Milk	13.95%	90,316,717		\$ 17,627,751.17
Class IV Skim Milk	18.38%	114,821,697	\$6.32 /cwt.	\$ 7,256,731.26
Class IV Butterfat	21.91%	4,999,363	\$2.1768 /lb.	10,882,613.40
Total Class IV Milk	18.51%	119,821,060		\$ 18,139,344.66
Producer Milk	100.00%	647,473,416		\$ 128,326,937.08

Adjustments

Overage and Other Source	\$6,853.82
Inventory Adjustments	\$5,698.42
Producer butterfat at uniform butterfat price	(\$52,129,269.68)
Location Adjustments to Producers	\$2,215,662.02
1/2 Unobligated Balance in P.S.F.	\$239,930.44

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 12.59354	\$ 78,665,812.10
	\$ 0.04354	\$270,674.86

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

\$12.55

Uniform Price per cwt. (Fulton County, Georgia)

\$20.11*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	JUNE 2004	JULY 2004	MAY 2004	JUNE 2004	JUNE 2004
Appalachian (Charlotte)	\$ 24.23	\$ 21.05	\$ 20.18	\$ 20.54	60.87%
Arizona-Las Vegas (Phoenix)	\$ 23.48	\$ 20.30	\$ 19.36	\$ 17.97	28.74%
Central (Kansas City)	\$ 23.13	\$ 19.95	\$ 18.40	\$ 18.23	26.00%
Florida (Tampa)	\$ 25.13	\$ 21.95	\$ 22.23	\$ 22.93	78.42%
Midwest (Cleveland)	\$ 23.13	\$ 19.95	\$ 18.99	\$ 18.56	30.50%
Northeast (Boston)	\$ 24.38	\$ 21.20	\$ 19.84	\$ 19.70	45.80%
Pacific Northwest (Seattle)	\$ 23.03	\$ 19.85	\$ 17.40	\$ 17.45	27.70%
Southeast (Atlanta)	\$ 24.23	\$ 21.05	\$ 20.27	\$ 20.11	53.56%
Southwest (Dallas)	\$ 24.13	\$ 20.95	\$ 18.67	\$ 19.40	40.37%
Upper Midwest (Chicago)	\$ 22.93	\$ 19.75	\$ 18.61	\$ 17.98	15.90%

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

Receipts:	June 2004	June 2003
Producer Milk		
Class I	346,813,429	348,792,300
Class II	90,522,210	70,893,536
Class III	90,316,717	122,688,108
Class IV	119,821,060	24,144,896
Total Producer Milk	<u>647,473,416</u>	<u>566,518,840</u>
Average Butterfat Test	3.52%	3.52%
Percent of Producer Milk in Class I	53.56%	61.57%
Daily Average Receipts	21,582,447	18,883,961
Other Source Milk		
Class I	5,312,222	8,548,537
Class II	3,950,523	3,709,576
Class III	2,888,367	3,414,625
Class IV	7,524,906	5,831,757
Total Other Source Milk	<u>19,676,018</u>	<u>21,504,495</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	21,501	39,475
Total Overage	<u>21,501</u>	<u>39,475</u>
Opening Inventory		
Class I	25,591,298	28,137,572
Class II	1,811,785	784,974
Class III	583,568	1,612,790
Class IV	17,189,924	12,807,900
Total Opening Inventory	<u>45,176,575</u>	<u>43,343,236</u>
Total Receipts	712,347,510	631,406,046
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	24,861,383	27,917,002
Route Disposition Class I	343,695,475	352,593,409
Shrinkage	1,513,928	893,428
Transfers and Diversions to Nonpool	7,646,163	4,074,570
Total Class I Utilization	<u>377,716,949</u>	<u>385,478,409</u>
Average Butterfat Test	2.23%	2.22%
Daily Average Utilization	12,590,565	12,849,280
Class II Utilization		
Nonfluid Used To Produce	1,770,417	1,984,126
Shrinkage	5,392	0
Transfers and Diversions to Nonpool	67,497,298	52,691,646
Used To Produce/Other Uses	27,011,411	20,712,314
Total Class II Utilization	<u>96,284,518</u>	<u>75,388,086</u>
Average Butterfat Test	7.09%	7.36%
Class III Utilization		
Shrinkage	0	6,548,891
Transfers and Diversions to Nonpool	93,788,652	116,484,145
Used To Produce/Other Uses	0	4,682,487
Total Class III Utilization	<u>93,788,652</u>	<u>127,715,523</u>
Average Butterfat Test	4.35%	3.99%
Class IV Utilization		
Inventory	23,684,105	20,462,343
Nonfluid Used To Fortify	1,435,517	1,421,438
Shrinkage	5,664,687	0
Transfers and Diversions to Nonpool	94,126,874	16,942,596
Used To Produce/Other Uses	19,646,208	3,997,651
Total Class IV Utilization	<u>144,557,391</u>	<u>42,824,028</u>
Average Butterfat Test	4.26%	6.89%
Total Utilization	712,347,510	631,406,046

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2004 is \$20.11 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.55 per hundredweight plus 3.5 times the uniform butterfat price of \$2.2841 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

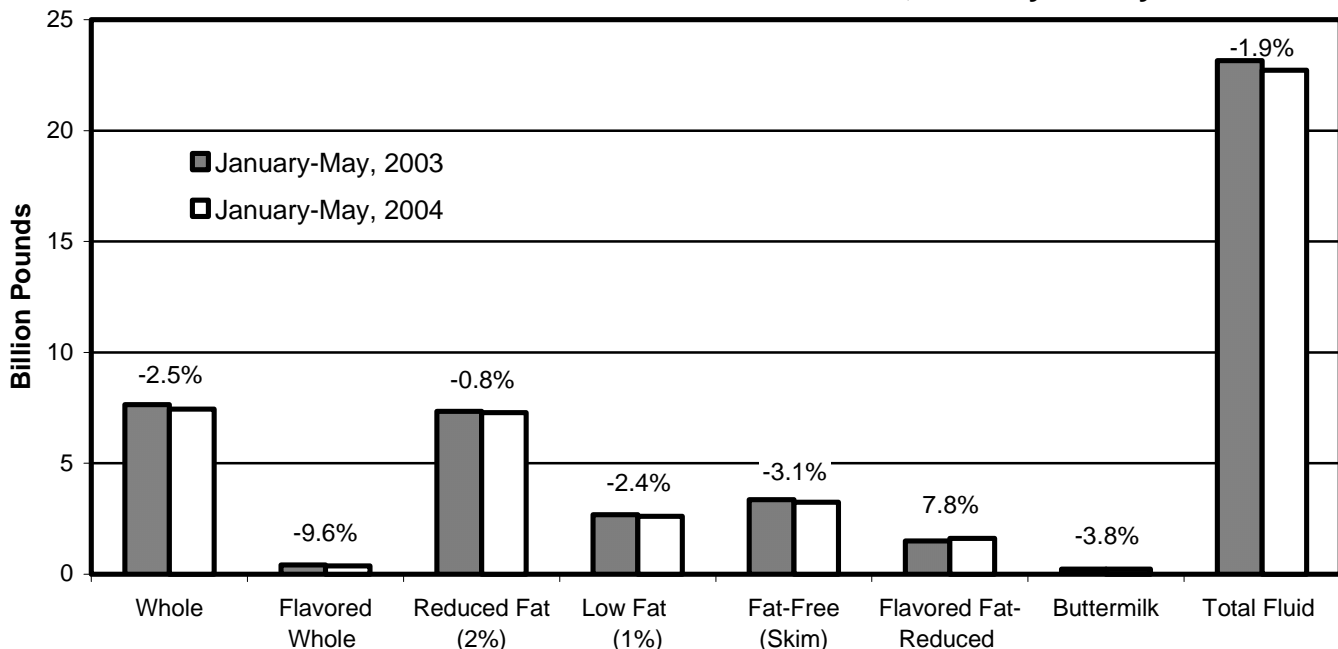
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In June, Class I use, which is primarily bottled or packaged fluid milk, accounted for 54.29% of all producer skim milk (priced to handlers at \$12.98 per hundredweight, plus the Class I differential, see page 2) and 33.88% of producer butterfat (priced to handlers at \$2.4580 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 13.51% of all producer skim milk (\$6.91 per hundredweight) and 26.86% of producer butterfat (\$2.1838 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.82% of all producer skim milk (\$10.43 per hundredweight) and 17.35% of producer butterfat (\$2.1768 per pound). Class IV use, generally milk processed into butter and powder, accounted for 18.38% of all producer skim milk (\$6.32 per hundredweight) and 21.91% of producer butterfat (\$2.1768 per pound).

Receipts of producer milk during June 2004 totaled 647.5 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 June 2004. Class I route disposition in the area totaled 381.2 million pounds in May 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
May 2004		
Whole Milk	148,855,865	39.05%
Fat Free Milk	46,770,036	12.27%
Lowfat Milk (incl. 1%)	26,399,551	6.92%
Reduced Fat Milk (incl. 2%)	116,939,011	30.67%
Cultured Fluid Milk (incl. Buttermilk)	9,125,493	2.39%
Flavored Drinks and Milk	33,149,419	8.70%
Total Disposition in Marketing Area	381,239,375	100.0%
Total Disposition by Pool Plants	311,636,100	81.74%
Total Disposition by Nonpool Plants	69,603,275	18.26%
Total Disposition in Marketing Area	381,239,375	100.0%

Estimated Total Sales of U.S. Fluid Milk Products, January to May 2004



Sales of fluid milk products in May were down 4.3 percent when compared with May 2003, even after adjusting for calendar composition. This suggests demand for dairy products could be more responsive to price changes than what is commonly believed since May is the month when consumers were faced with retail price increases (based on Class I prices above the \$22 mark in much of the Southeast marketing area). As shown in the chart above, total fluid demand is down just under two percent on the year versus the same January to May period of 2003. See www.ams.usda.gov/dyfmoms/mib/fluidsales.htm for more detailed information.

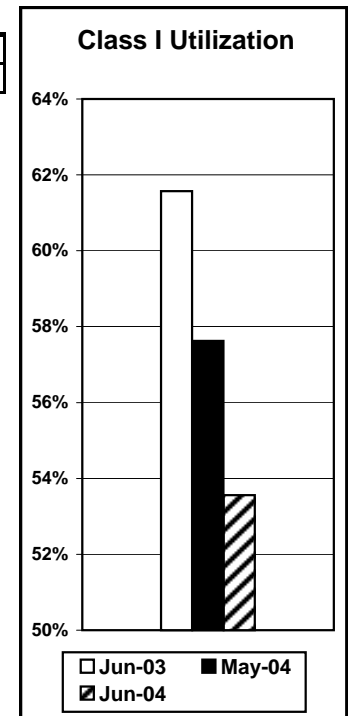
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$ 12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$ 12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,850**	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%

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



Southeast Marketing Area Federal Order 7							
Pool and Payment Dates for the Pooling Periods July through September 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
July 2004	08/11/04	08/12/04	08/13/04	07/26/04	07/26/04	08/13/04	08/16/04
August 2004	09/11/04	09/13/04	09/14/04	08/25/04	08/26/04	09/14/04	09/15/04
September 2004	10/11/04	10/12/04	10/13/04	09/27/04	09/27/04	10/13/04	10/14/04

** The base rate for making partial payments in Fulton County, GA for July will be \$18.10 per hundredweight. This is 90 percent of the preceding month's uniform price of \$20.11 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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**FEDERAL MILK MARKET ADMINISTRATOR
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Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

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Volume 5—No. 8

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

Focus on Blend Prices, pt. II

Last month's Bulletin described the role class prices play in determining uniform blend prices. But that was only part of the story of how uniform blend prices come to be each month. The other part that must be considered is utilization, or how milk is used in the marketing area during the month. In Federal order terminology, milk is used in one of four classes, with each class uniquely valued based upon underlying dairy commodity prices. In general, if milk is used in a beverage, it's Class I; if used to make ice cream or yogurt, it's Class II; if used to make cheese, it's Class III; and finally, if milk is used to make butter or milk powder, it's Class IV. The amount of milk used in each class across the entire marketing area is referred to as its class 'utilization' and is expressed as a percentage or in pounds.

This marketwide utilization of milk is used along with class prices to blend together lower value and higher value uses of milk in the uniform blend price. Blending minimum class prices through marketwide utilization serves the purpose of reducing the impact of competitive forces that might otherwise prove harmful to producers. These forces include producers competing with each other over the high value uses of milk and processors using their market power to bid down prices paid to producers. These competitive forces have been viewed historically as disruptive, if not destructive, to milk markets given the perishable and bulky nature of milk, the intense capital investments required in dairying, and producers' traditional lack of power to set milk prices.

The uniform blend price, therefore, imposes the marketwide utilization on each individual producer or cooperative, ensuring an equitable distribution of milk's regulatory minimum value. (Additional value, in excess of Federal order minimums, may be extracted from the marketplace through negotiated premiums.) The calculation of the uniform blend price is available each month on page 2 of this publication. In addition, the Southeast Market Summary on page 4 provides a descriptive account of current month utilizations and prices for each class of milk.

Blend Price Falls

The uniform blend price in Fulton County, GA, was \$19.10 per hundredweight of milk at 3.5 percent butterfat for July. This represents a decrease of \$1.01 from June but is \$6.63 higher than July 2003. Class I utilization was 68.71 percent, 15.15 percent higher than June and 2.38 percent more than July 2003.

What's behind the decrease in blend price? Not surprisingly, it's the underlying commodity prices. First, the two-week NASS survey of butter and Cheddar cheese used for June's Class I price found both commodities above \$2.15 per pound. But in July, both prices fell about 15 percent, to \$1.87 per pound each. This contributed to the large decline in the Class I price from June to July. Second, the monthly NASS survey used to calculate the remaining classes fell significantly as well. Monthly average butter prices were \$0.10 per pound lower between June and July, while cheese prices fell \$0.27 per pound, which lowered butterfat prices and, specifically, the Class III skim price.

National Dairy Situation

USDA estimates that the total U.S. production of milk in June was 14.3 billion pounds, a decrease of 0.4 percent from June 2003 and a decrease of 4.6 percent when compared with May 2004. Milk production in the U.S. during the April-June quarter totaled 43.7 billion pounds, down 0.6 percent from the April-June quarter last year, but up 2.3 percent from the first quarter of 2004. Cow numbers in June were estimated at just over 9.0 million, an increase of 0.3 percent, or 23,000 head, compared to May 2004. This is the first increase in cow numbers in 18 months. Total cheese output was 717 million pounds, 0.6 percent above June 2003 but 4.2 percent below May 2004. Butter production was 97.0 million pounds in June, 15.2 percent above June 2003 but 9.0 percent below May 2004.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for July was \$1,851,024.06. Claims were made for \$940,808.85. Since sufficient funds were available, all eligible claims were paid in full.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - JULY 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	43.09%	8,303,802	\$2.1088	\$ 17,511,057.66
Class I Differential at Location				248,632.15
Class II Butterfat	28.64%	5,517,237	\$2.0613	11,372,680.62
Class III Butterfat	16.79%	3,233,842	\$2.0543	6,643,281.63
Class IV Butterfat	11.48%	2,211,005	\$2.0543	4,542,067.57
Total Butterfat	100.00%	19,265,886		\$ 40,317,719.63

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.0927**

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	69.66%	364,313,321	\$10.95 /cwt.	\$ 39,892,308.66
Class I Butterfat	43.09%	8,303,802	\$2.1088 /lb.	17,511,057.66
Class I Differential at Location		372,617,123		11,095,987.41
Total Class I Milk	68.71%	372,617,123		\$ 68,499,353.73
Class II Skim Milk	10.69%	55,937,923	\$7.03 /cwt.	\$ 3,932,436.00
Class II Butterfat	28.64%	5,517,237	\$2.0613 /lb.	11,372,680.62
Total Class II Milk	11.33%	61,455,160		\$ 15,305,116.62
Class III Skim Milk	13.77%	72,055,033	\$7.94 /cwt.	\$ 5,721,169.61
Class III Butterfat	16.79%	3,233,842	\$2.0543 /lb.	6,643,281.63
Total Class III Milk	13.88%	75,288,875		\$ 12,364,451.24
Class IV Skim Milk	5.88%	30,739,584	\$6.34 /cwt.	\$ 1,948,889.61
Class IV Butterfat	11.48%	2,211,005	\$2.0543 /lb.	4,542,067.57
Total Class IV Milk	6.08%	32,950,589		\$ 6,490,957.18
Producer Milk	100.00%	542,311,747		\$ 102,659,878.77

Adjustments

Overage and Other Source	\$6,516.56
Inventory Adjustments	\$30,689.98
Producer butterfat at uniform butterfat price	(\$40,317,719.63)
Location Adjustments to Producers	\$1,434,571.69
1/2 Unobligated Balance in P.S.F.	\$244,809.41

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 12.24722	\$64,058,746.78
	\$ 0.04722	\$245,199.01

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

\$12.20

Uniform Price per cwt. (Fulton County, Georgia)

\$19.10*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	JULY 2004	AUGUST 2004	JUNE 2004	JULY 2004	JULY 2004
Appalachian (Charlotte)	\$ 21.05	\$ 17.72	\$ 20.54	\$ 18.94	67.28%
Arizona-Las Vegas (Phoenix)	\$ 20.30	\$ 16.97	\$ 17.97	\$ 16.19	32.39%
Central (Kansas City)	\$ 19.95	\$ 16.62	\$ 18.23	\$ 16.03	27.08%
Florida (Tampa)	\$ 21.95	\$ 18.62	\$ 22.93	\$ 21.01	87.81%
Mideast (Cleveland)	\$ 19.95	\$ 16.62	\$ 18.56	\$ 16.55	35.00%
Northeast (Boston)	\$ 21.20	\$ 17.87	\$ 19.70	\$ 17.64	43.40%
Pacific Northwest (Seattle)	\$ 19.85	\$ 16.52	\$ 17.45	\$ 15.74	26.74%
Southeast (Atlanta)	\$ 21.05	\$ 17.72	\$ 20.11	\$ 19.10	68.71%
Southwest (Dallas)	\$ 20.95	\$ 17.62	\$ 19.40	\$ 17.08	37.56%
Upper Midwest (Chicago)	\$ 19.75	\$ 16.42	\$ 17.98	\$ 15.57	16.10%

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

Receipts:	July 2004	July 2003
Producer Milk		
Class I	372,617,123	365,682,360
Class II	61,455,160	71,720,880
Class III	75,288,875	85,826,522
Class IV	32,950,589	28,079,619
Total Producer Milk	<u>542,311,747</u>	<u>551,309,381</u>
Average Butterfat Test	3.55%	3.51%
Percent of Producer Milk in Class I	68.71%	66.33%
Daily Average Receipts	17,493,927	17,784,174
Other Source Milk		
Class I	5,695,106	7,443,331
Class II	5,885,680	4,073,416
Class III	2,383,010	3,487,981
Class IV	8,410,966	4,573,804
Total Other Source Milk	<u>22,374,762</u>	<u>19,578,532</u>
Overage		
Class I	0	0
Class II	0	48,230
Class III	1	0
Class IV	2,131	0
Total Overage	<u>2,132</u>	<u>48,230</u>
Opening Inventory		
Class I	25,057,712	27,916,905
Class II	3,386,022	2,102,616
Class III	406,380	840,019
Class IV	19,695,374	17,728,113
Total Opening Inventory	<u>48,545,488</u>	<u>48,587,653</u>
Total Receipts	613,234,129	619,523,796
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	29,127,345	32,461,983
Route Disposition Class I	365,011,088	362,584,795
Shrinkage	1,971,895	1,620,127
Transfers and Diversions to Nonpool	7,259,613	4,375,691
Total Class I Utilization	<u>403,369,941</u>	<u>401,042,596</u>
Average Butterfat Test	2.22%	2.23%
Daily Average Utilization	13,011,934	12,936,858
Class II Utilization		
Nonfluid Used To Produce	1,947,154	2,148,993
Shrinkage	0	0
Transfers and Diversions to Nonpool	42,941,671	54,300,751
Used To Produce/Other Uses	25,838,037	21,495,398
Total Class II Utilization	<u>70,726,862</u>	<u>77,945,142</u>
Average Butterfat Test	8.62%	7.57%
Class III Utilization		
Shrinkage	0	0
Transfers and Diversions to Nonpool	78,078,266	90,154,522
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>78,078,266</u>	<u>90,154,522</u>
Average Butterfat Test	4.28%	4.20%
Class IV Utilization		
Inventory	15,923,896	18,432,447
Nonfluid Used To Fortify	1,640,402	1,468,718
Shrinkage	6,822,149	7,391,422
Transfers and Diversions to Nonpool	21,209,116	17,703,421
Used To Produce/Other Uses	15,463,497	5,385,528
Total Class IV Utilization	<u>61,059,060</u>	<u>50,381,536</u>
Average Butterfat Test	5.58%	6.19%
Total Utilization	613,234,129	619,523,796

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2004 is \$19.10 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$12.20 per hundredweight plus 3.5 times the uniform butterfat price of \$2.0927 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 69.65% of all producer skim milk (priced to handlers at \$10.95 per hundredweight, plus the Class I differential, see page 2) and 43.09% of producer butterfat (priced to handlers at \$2.1088 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.69% of all producer skim milk (\$7.03 per hundredweight) and 28.64% of producer butterfat (\$2.0613 per pound). Class III use, mostly milk used to produce cheese, accounted for 13.78% of all producer skim milk (\$7.94 per hundredweight) and 16.79% of producer butterfat (\$2.0543 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.88% of all producer skim milk (\$6.34 per hundredweight) and 11.48% of producer butterfat (\$2.0543 per pound).

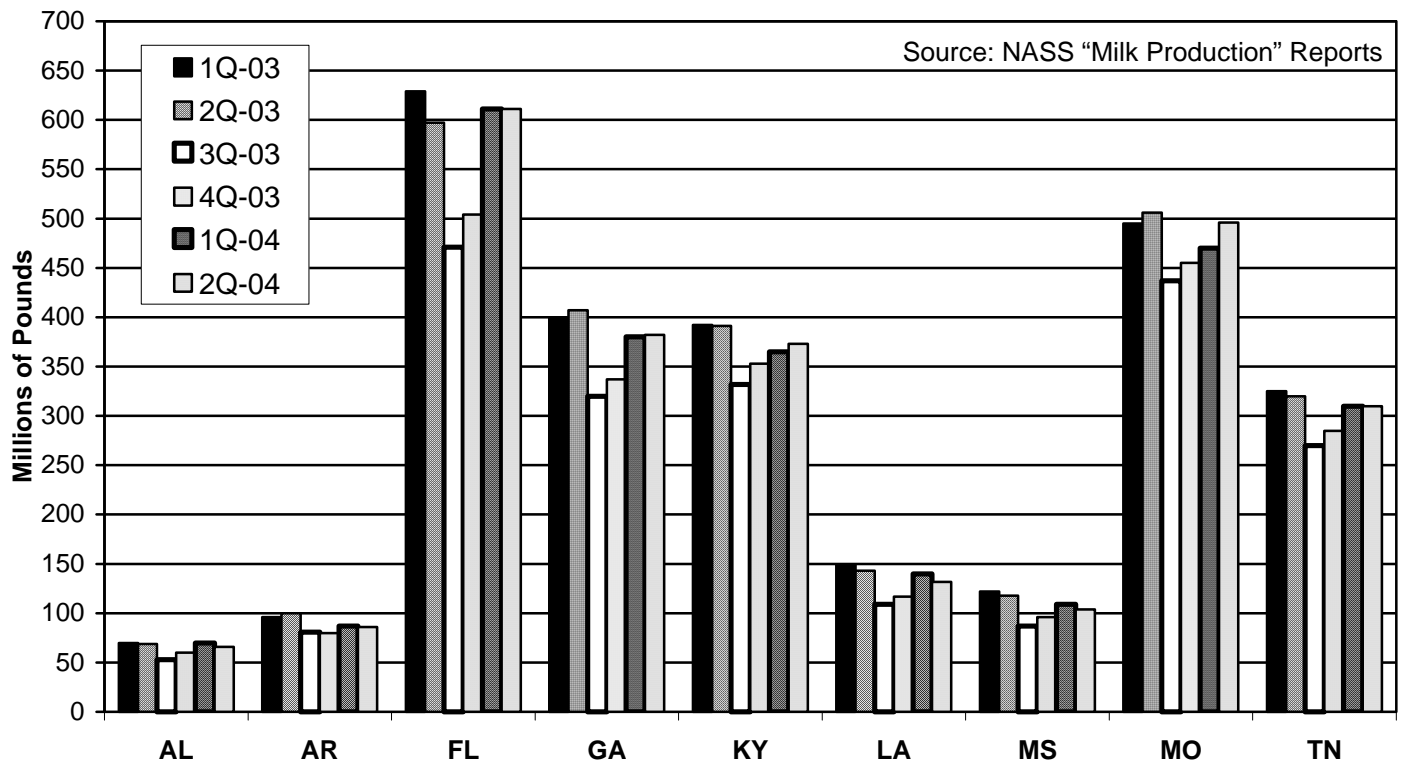
Receipts of producer milk during July 2004 totaled 542.3 million pounds. There were 29 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2004. Class I route disposition in the area totaled 359.9 million pounds in June 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
June 2004		
Whole Milk	147,294,466	40.93%
Fat Free Milk	44,616,406	12.40%
Lowfat Milk (incl. 1%)	24,383,461	6.78%
Reduced Fat Milk (incl. 2%)	115,390,179	32.06%
Cultured Fluid Milk (incl. Buttermilk)	8,782,866	2.44%
Flavored Drinks and Milk	19,395,636	5.39%
Total Disposition in Marketing Area	359,863,014	100.0%
Total Disposition by Pool Plants	292,199,906	81.20%
Total Disposition by Nonpool Plants	67,663,108	18.80%
Total Disposition in Marketing Area	359,863,014	100.0%

NASS Estimates of Quarterly State Production; 1Q-2003 to 2Q-2004

NASS has released April-June 2004 quarterly estimates of state production. The first quarter of 2003 (1Q-03) through the second quarter of 2004 (2Q-04) are shown below for states in the region. Despite the higher prices of 2004, all but Florida posted a decline in second quarter production compared with the second quarter of 2003.

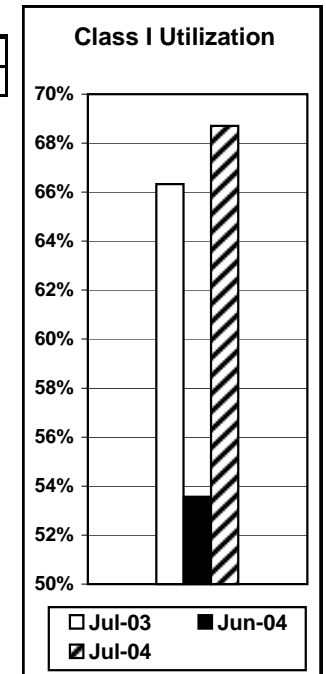


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$1.7137	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$ 12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$ 12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$ 6.34	\$2.0543	\$13.31	\$ 12.20	\$2.0927	\$19.10
Aug	\$10.65	\$2.1262	\$17.72	\$7.07											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,716	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%
Jul	542,312	3,750**	372,617	68.71%	61,455	11.33%	75,289	13.88%	32,951	6.08%



* 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 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
August 2004	09/11/04	09/13/04	09/14/04	08/25/04	08/26/04	09/14/04	09/15/04
September 2004	10/11/04	10/12/04	10/13/04	09/27/04	09/27/04	10/13/04	10/14/04
October 2004	11/11/04	11/12/04	11/15/04	10/25/04	10/26/04	11/15/04	11/16/04

** The base rate for making partial payments in Fulton County, GA for August will be \$17.19 per hundredweight. This is 90 percent of the preceding month's uniform price of \$19.10 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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



www.fmmatlanta.com

Market Information BULLETIN



Sue L. Mosley, Market Administrator

Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

September 2004

Volume 5—No. 9

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

Coale Named Deputy Administrator

The U.S. Department of Agriculture's Agricultural Marketing Service has announced the selection of Dana Hamilton Coale as the new deputy administrator of AMS' Dairy Programs.

"I am pleased to announce the appointment of Ms. Coale to head the AMS Dairy Programs," said AMS Administrator A. J. Yates. "Her varied background and proven abilities in various leadership positions makes her an ideal choice for this important post."

As Dairy Programs deputy administrator, Ms. Coale is responsible for overseeing various programs including the Federal milk marketing order program, the standardization program, the inspection and grading program, the market news program, and the dairy producer and fluid milk processor promotion and research programs. In this capacity, Ms. Coale will promote a competitive and efficient marketplace that benefits U.S. dairy farmers, dairy processors, and consumers. Ms. Coale replaces Richard McKee, who retired as of April 3, 2004. Since December 2001, Ms. Coale has served as the Dairy Programs' associate deputy administrator.

Ms. Coale's previous experience includes serving as an agricultural marketing specialist with the AMS Dairy Programs for 11 years working with the Federal milk marketing order program. Ms. Coale received a bachelor of science in public service and administration and international agriculture from Iowa State University.

Proposed Merger Update

To those who might be interested in the proposed merger of the Appalachian Order and the Southeast Order, post-hearing briefs have been made available on the AMS website (www.ams.usda.gov/dairy/) under "Hearings". Such briefs are included as part of the official record of the hearing and are intended to clarify testimony and to argue in support of or opposition to hearing proposals.

Blend Price Drops

The uniform blend price in Fulton County, GA, was \$16.17 per hundredweight of milk at 3.5 percent butterfat for August. This represents a decrease of \$2.93 from July but is \$2.63 higher than August 2003. Class I utilization was 67.56 percent, 1.15 percent less than July and a 11.61 percent decrease when compared with August 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in July was 14.3 billion pounds, an increase of 0.4 percent from July 2003 and an increase of 0.4 percent when compared with June 2004. Total cheese output (excluding cottage cheese) was 708 million pounds, 1.5 percent below July 2003 and 1.4 percent below June 2004. Butter production was 91.5 million pounds in July, 14.3 percent above July 2003 but 5.6 percent below June 2004.

Review of Fluid Milk Prices

As farm milk prices have recently fluctuated, so to has the average price of a gallon of whole milk fluctuated. But while both farm and retail prices have moved in the same direction, the magnitude of those changes has not always been the same. To illustrate, look at the spread between what cooperatives charge for milk used in Class I and what consumers pay for a gallon of milk. The Bureau of Labor Statistics tracks the average retail price of a gallon of whole milk in major U.S. cities and AMS reports the average cooperative Class I price for major cities. The retail-to-cooperative Class I spread has increased \$0.25 per gallon or \$2.93 per hundredweight between (continued on pg. 4)

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for August were made for \$1,379,752.72. Since the available balance was \$1,179,504.24, eligible claims were paid at the rate of approximately \$0.85 to the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - AUGUST 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.00%	8,508,895	\$2.0952	\$ 17,827,836.79
Class I Differential at Location				254,310.76
Class II Butterfat	28.56%	6,075,059	\$1.8011	10,941,788.76
Class III Butterfat	13.97%	2,970,569	\$1.7941	5,329,497.86
Class IV Butterfat	17.47%	3,716,790	\$1.7941	6,668,292.95
Total Butterfat	100.00%	21,271,313		\$ 41,021,727.12

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.9285**

Calculation of Uniform Skim Milk Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Producer Milk				
Class I Skim Milk	68.58%	392,541,497	\$7.55 /cwt.	\$ 29,636,883.03
Class I Butterfat	40.00%	8,508,895	\$2.0952 /lb.	17,827,836.79
Class I Differential at Location		401,050,392		11,929,664.07
Total Class I Milk	67.56%	401,050,392		\$ 59,394,383.89
Class II Skim Milk	12.12%	69,345,464	\$7.07 /cwt.	\$ 4,902,724.32
Class II Butterfat	28.56%	6,075,059	\$1.8011 /lb.	10,941,788.76
Total Class II Milk	12.71%	75,420,523		\$ 15,844,513.08
Class III Skim Milk	10.92%	62,494,517	\$8.04 /cwt.	\$ 5,024,559.17
Class III Butterfat	13.97%	2,970,569	\$1.7941 /lb.	5,329,497.86
Total Class III Milk	11.03%	65,465,086		\$ 10,354,057.03
Class IV Skim Milk	8.38%	47,940,435	\$6.40 /cwt.	\$ 3,068,187.83
Class IV Butterfat	17.47%	3,716,790	\$1.7941 /lb.	6,668,292.95
Total Class IV Milk	8.70%	51,657,225		\$ 9,736,480.78
Producer Milk	100.00%	593,593,226		\$ 95,329,434.78

Adjustments

Overage and Other Source	\$1,472.40
Inventory Adjustments	(\$6,144.34)
Producer butterfat at uniform butterfat price	(\$41,021,727.12)
Location Adjustments to Producers	\$1,586,702.43
1/2 Unobligated Balance in P.S.F.	\$256,033.30

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.80992	\$56,145,771.45
	\$ 0.04992	\$285,708.48

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

\$9.76

Uniform Price per cwt. (Fulton County, Georgia)

\$16.17*

* 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 2004	SEPT 2004	JULY 2004	AUG 2004	AUG 2004
Appalachian (Charlotte)	\$ 17.72	\$ 17.04	\$ 18.94	\$ 16.16	68.20%
Arizona-Las Vegas (Phoenix)	\$ 16.97	\$ 16.29	\$ 16.19	\$ 14.56	37.06%
Central (Kansas City)	\$ 16.62	\$ 15.94	\$ 16.03	\$ 14.46	29.85%
Florida (Tampa)	\$ 18.62	\$ 17.94	\$ 21.01	\$ 17.49	86.32%
Midwest (Cleveland)	\$ 16.62	\$ 15.94	\$ 16.55	\$ 14.61	34.50%
Northeast (Boston)	\$ 17.87	\$ 17.19	\$ 17.64	\$ 15.57	45.60%
Pacific Northwest (Seattle)	\$ 16.52	\$ 15.84	\$ 15.74	\$ 14.15	28.44%
Southeast (Atlanta)	\$ 17.72	\$ 17.04	\$ 19.10	\$ 16.17	67.56%
Southwest (Dallas)	\$ 17.62	\$ 16.94	\$ 17.08	\$ 15.49	45.62%
Upper Midwest (Chicago)	\$ 16.42	\$ 15.74	\$ 15.57	\$ 14.26	18.00%

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

Receipts:	August 2004	August 2003
Producer Milk		
Class I	401,050,392	382,020,159
Class II	75,420,523	57,875,180
Class III	65,465,086	6,505,619
Class IV	51,657,225	36,090,038
Total Producer Milk	<u>593,593,226</u>	<u>482,490,996</u>
Average Butterfat Test	3.58%	3.53%
Percent of Producer Milk in Class I	67.56%	79.17%
Daily Average Receipts	19,148,169	15,564,226
Other Source Milk		
Class I	6,758,054	9,823,339
Class II	7,158,002	4,127,482
Class III	2,240,383	0
Class IV	4,578,283	4,783,096
Total Other Source Milk	<u>20,734,722</u>	<u>18,733,917</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	0
Total Overage	<u>0</u>	<u>0</u>
Opening Inventory		
Class I	29,127,337	33,030,409
Class II	767,357	679,625
Class III	634,785	0
Class IV	14,567,734	17,184,396
Total Opening Inventory	<u>45,097,213</u>	<u>50,894,430</u>
Total Receipts	659,425,161	552,119,343
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,657,810	32,692,067
Route Disposition Class I	391,863,956	384,793,755
Shrinkage	3,153,435	2,281,560
Transfers and Diversions to Nonpool	7,260,582	5,106,525
Total Class I Utilization	<u>436,935,783</u>	<u>424,873,907</u>
Average Butterfat Test	2.12%	2.16%
Daily Average Utilization	14,094,703	13,705,610
Class II Utilization		
Nonfluid Used To Produce	1,893,991	1,854,677
Shrinkage	0	0
Transfers and Diversions to Nonpool	55,675,084	41,082,118
Used To Produce/Other Uses	25,776,807	19,745,492
Total Class II Utilization	<u>83,345,882</u>	<u>62,682,287</u>
Average Butterfat Test	7.91%	8.34%
Class III Utilization		
Shrinkage	0	0
Transfers and Diversions to Nonpool	68,340,254	6,505,619
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>68,340,254</u>	<u>6,505,619</u>
Average Butterfat Test	4.52%	12.56%
Class IV Utilization		
Inventory	14,226,623	24,535,979
Nonfluid Used To Fortify	1,649,754	1,774,078
Shrinkage	7,785,060	7,920,660
Transfers and Diversions to Nonpool	39,980,484	18,113,010
Used To Produce/Other Uses	7,161,321	5,713,803
Total Class IV Utilization	<u>70,803,242</u>	<u>58,057,530</u>
Average Butterfat Test	6.53%	6.92%
Total Utilization	659,425,161	552,119,343

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2004 is \$16.17 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.76 per hundredweight plus 3.5 times the uniform butterfat price of \$1.9285 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In August, Class I use, which is primarily bottled or packaged fluid milk, accounted for 68.58% of all producer skim milk (priced to handlers at \$7.55 per hundredweight, plus the Class I differential, see page 2) and 40.00% of producer butterfat (priced to handlers at \$2.0952 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.12% of all producer skim milk (\$7.07 per hundredweight) and 28.56% of producer butterfat (\$1.8011 per pound). Class III use, mostly milk used to produce cheese, accounted for 10.92% of all producer skim milk (\$8.04 per hundredweight) and 13.97% of producer butterfat (\$1.7941 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.38% of all producer skim milk (\$6.40 per hundredweight) and 17.47% of producer butterfat (\$1.7941 per pound).

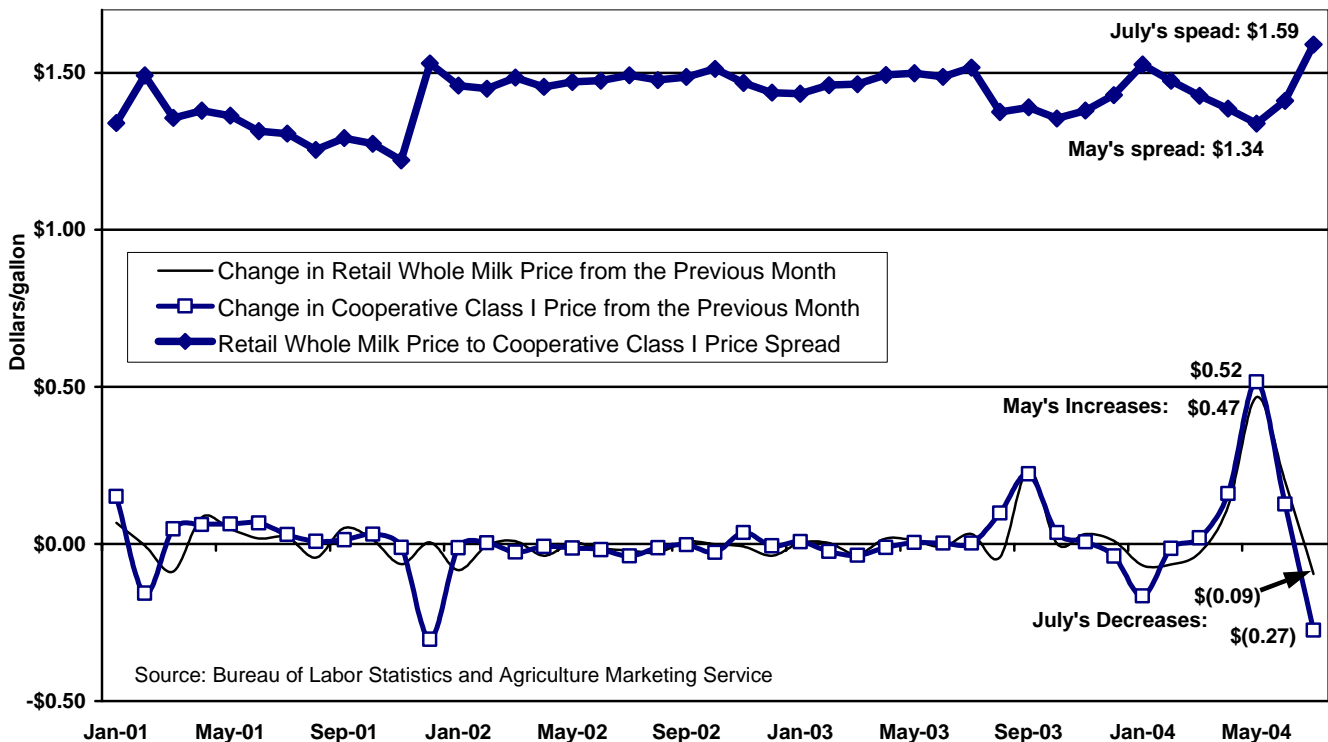
Receipts of producer milk during August 2004 totaled 593.6 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2004. Class I route disposition in the area totaled 379.4 million pounds in July 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
July 2004		
Whole Milk	154,707,982	40.78%
Fat Free Milk	48,172,351	12.70%
Lowfat Milk (incl. 1%)	25,920,794	6.83%
Reduced Fat Milk (incl. 2%)	122,385,812	32.26%
Cultured Fluid Milk (incl. Buttermilk)	9,302,356	2.45%
Flavored Drinks and Milk	18,906,605	4.98%
Total Disposition in Marketing Area	379,395,900	100.0%
Total Disposition by Pool Plants	310,351,294	81.80%
Total Disposition by Nonpool Plants	69,044,606	18.20%
Total Disposition in Marketing Area	379,395,900	100.0%

Change in U.S. Fluid Milk Prices & Retail-to-Coop Class I Price Spread: Jan 2001 to July 2004

(continued from pg.1) May and July of this year. The spread, which has averaged \$1.38 per gallon since 1997, was \$1.59 in July. The chart below shows the spread and the monthly changes in both price series. Notice that on average, the retail (and/or wholesale) level passed along all but five cents (0.52-0.47) of May's increases to consumers, but didn't pass along \$0.18 (0.27-0.09) of the \$0.27 decline in the cooperative Class I price during July.

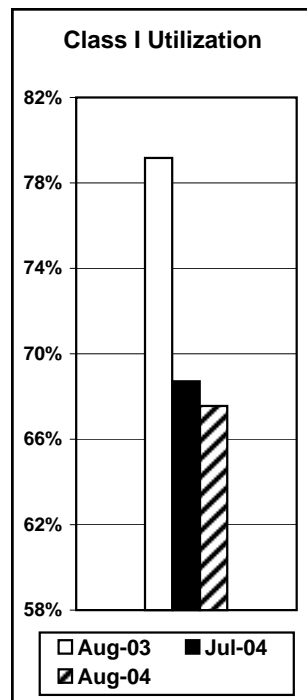


FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$ 5.94	\$1.3688	\$10.52	\$ 11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$ 12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$ 12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$ 6.34	\$2.0543	\$13.31	\$ 12.20	\$2.0927	\$19.10
Aug	\$10.65	\$2.1262	\$17.72	\$7.07	\$1.8011	\$13.13	\$8.04	\$1.7941	\$14.04	\$ 6.40	\$1.7941	\$12.46	\$ 9.76	\$1.9285	\$16.17
Sep	\$11.06	\$1.8200	\$17.04	\$7.11											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,716	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%
Jul	542,312	3,686	372,617	68.71%	61,455	11.33%	75,289	13.88%	32,951	6.08%
Aug	593,593	3,650**	401,050	67.56%	75,421	12.71%	65,465	11.03%	51,657	8.70%



* 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 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
September 2004	10/11/04	10/12/04	10/13/04	09/27/04	09/27/04	10/13/04	10/14/04
October 2004	11/11/04	11/12/04	11/15/04	10/25/04	10/26/04	11/15/04	11/16/04
November 2004	12/11/04	12/13/04	12/14/04	11/26/04	11/26/04	12/14/04	12/15/04

** The base rate for making partial payments in Fulton County, GA for September will be \$14.55 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.17 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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

Address Correction Requested



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Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

October 2004

Volume 5—No. 10

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

Final Decision on Class III / IV Reclassification

Market Administrators' offices have mailed notices to interested parties announcing that the U.S. Department of Agriculture has issued a final decision amending the current classification of milk provisions of all Federal milk marketing orders. The amendments reclassify milk used to produce evaporated milk in consumer-type packages and sweetened condensed milk in consumer-type packages from Class III to Class IV. Details of the final decision were published in the September 24 *Federal Register* (available at www.ams.usda.gov/dairy/hearings.htm). USDA will determine producer approval of the amended orders.

Time Extended for Submission of Proposals

The U.S. Department of Agriculture is extending the time period for interested parties to submit additional proposals for consideration with a public hearing request currently under review that would amend the fluid milk product definition in all Federal milk marketing orders. The public hearing request was submitted by Dairy Farmers of America. The deadline for submitting proposals is extended from September 30, 2004, to January 31, 2005. For more information on submitting proposals, visit www.ams.usda.gov/dairy/ under "Request for Class I Proposals—Northeast, et. al."

Emergency Hearing Held in Atlanta

The U.S. Department of Agriculture held a hearing on October 7 in Atlanta, GA to consider proposed amendments to three Federal milk marketing orders: the Appalachian, Florida and Southeast Orders. The proposals would increase Class I prices by up to four cents per hundredweight in the Appalachian and Southeast Orders (nine cents in Florida) for January through March of 2005, with the funds generated to reimburse handlers for hurricane related transportation costs. A decision has not been issued and the Market Administrator can not discuss the merits of these proposals. Visit www.ams.usda.gov/dairy/hearings.htm for details.

Blend Improves Slightly

The uniform blend price in Fulton County, GA, was \$16.43 per hundredweight of milk at 3.5 percent butterfat for September. This is an increase of \$0.26 from August and is \$0.78 higher than September 2003. Class I utilization was 70.36 percent, 2.80 percent more than August but 1.72 percent lower when compared with September 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in August was 14.2 billion pounds, an increase of 1.2 percent from August 2003 and a decrease of 1.3 percent when compared with July 2004. Total cheese output was 712 million pounds, 1.7 percent above August 2003 and 0.6 percent above July 2004. Butter production was 88.9 million pounds in August, 25.4 percent above August 2003 but 2.5 percent below July 2004. Nonfat dry milk production was 114 million pounds in August, 6.8 percent higher than August 2003 but 17.5 percent lower than July 2004.

Increases in milk production, and the continued decline in fluid milk sales (through August, total sales of fluid milk product are 1.8 percent lower than last year) are the reasons for the rise in surplus product production and likely contributors to the recent declines in cheese and butter prices. On the Chicago Mercantile Exchange, Cheddar block and barrels were above \$1.50 per pound at the end of September, while butter was above \$1.80 per pound. As of October 12, blocks have fallen ten cents, barrels \$0.27, and butter prices have drifted \$0.17 lower. This will push October's Class III and IV prices lower, mitigating some of the \$0.84 increase in October's Class I price.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for September were made for \$1,285,552.97. Since the available balance was \$274,963.30, eligible claims were paid at the rate of approximately \$0.21 on the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - SEPTEMBER 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	40.74%	8,308,931	\$1.7890	\$ 14,864,677.57
Class I Differential at Location				249,098.50
Class II Butterfat	27.38%	5,586,317	\$1.9424	10,850,862.13
Class III Butterfat	13.32%	2,718,364	\$1.9354	5,261,121.70
Class IV Butterfat	18.56%	3,786,933	\$1.9354	7,329,230.10
Total Butterfat	100.00%	20,400,545		\$ 38,554,990.00

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.8899**

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	71.48%	385,480,705	\$7.96 /cwt.	\$ 30,684,264.13
Class I Butterfat	40.74%	8,308,931	\$1.7890 /lb.	14,864,677.57
Class I Differential at Location		393,789,636		11,736,082.10
Total Class I Milk	70.36%	393,789,636		\$ 57,285,023.80
Class II Skim Milk	10.79%	58,198,083	\$7.11 /cwt.	\$ 4,137,883.71
Class II Butterfat	27.38%	5,586,317	\$1.9424 /lb.	10,850,862.13
Total Class II Milk	11.40%	63,784,400		\$ 14,988,745.84
Class III Skim Milk	10.38%	56,000,737	\$8.23 /cwt.	\$ 4,608,860.67
Class III Butterfat	13.32%	2,718,364	\$1.9354 /lb.	5,261,121.70
Total Class III Milk	10.49%	58,719,101		\$ 9,869,982.37
Class IV Skim Milk	7.35%	39,612,654	\$6.45 /cwt.	\$ 2,555,016.20
Class IV Butterfat	18.56%	3,786,933	\$1.9354 /lb.	7,329,230.10
Total Class IV Milk	7.75%	43,399,587		\$ 9,884,246.30
Producer Milk	100.00%	559,692,724		\$ 92,027,998.31

Adjustments

Overage and Other Source	\$1,648.43
Inventory Adjustments	\$42,826.35
Producer butterfat at uniform butterfat price	(\$38,554,990.00)
Location Adjustments to Producers	\$1,346,734.19
1/2 Unobligated Balance in P.S.F.	\$242,563.09

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10.21810	\$55,106,780.37
	\$ 0.04810	\$260,765.78

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

\$10.17

Uniform Price per cwt. (Fulton County, Georgia)

\$16.43*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I		UNIFORM		CLASS I %
	SEP 2004	OCT 2004	AUG 2004	SEP 2004	SEP 2004
Appalachian (Charlotte)	\$ 17.04	\$ 17.88	\$ 16.16	\$ 16.52	73.81%
Arizona-Las Vegas (Phoenix)	\$ 16.29	\$ 17.13	\$ 14.56	\$ 15.18	37.82%
Central (Kansas City)	\$ 15.94	\$ 16.78	\$ 14.46	\$ 14.93	48.63%
Florida (Tampa)	\$ 17.94	\$ 18.78	\$ 17.49	\$ 17.69	88.86%
Midwest (Cleveland)	\$ 15.94	\$ 16.78	\$ 14.61	\$ 15.06	41.60%
Northeast (Boston)	\$ 17.19	\$ 18.03	\$ 15.57	\$ 16.06	51.10%
Pacific Northwest (Seattle)	\$ 15.84	\$ 16.68	\$ 14.15	\$ 14.44	37.89%
Southeast (Atlanta)	\$ 17.04	\$ 17.88	\$ 16.17	\$ 16.43	70.36%
Southwest (Dallas)	\$ 16.94	\$ 17.78	\$ 15.49	\$ 15.75	47.88%
Upper Midwest (Chicago)	\$ 15.74	\$ 16.58	\$ 14.26	\$ 14.85	29.10%

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

Receipts:	September 2004	September 2003
Producer Milk		
Class I	393,789,636	387,525,300
Class II	63,784,400	55,496,677
Class III	58,719,101	69,183,133
Class IV	43,399,587	25,442,832
Total Producer Milk	<u>559,692,724</u>	<u>537,647,942</u>
Average Butterfat Test	3.64%	3.60%
Percent of Producer Milk in Class I	70.36%	72.08%
Daily Average Receipts	18,656,424	17,921,598
Other Source Milk		
Class I	10,990,030	8,607,916
Class II	6,388,113	4,159,003
Class III	2,462,981	2,384,775
Class IV	5,471,770	3,645,676
Total Other Source Milk	<u>25,312,894</u>	<u>18,797,370</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	25,557	125,461
Total Overage	<u>25,557</u>	<u>125,461</u>
Opening Inventory		
Class I	34,727,784	33,036,237
Class II	2,550,388	384,788
Class III	188,995	349,777
Class IV	11,417,266	23,457,244
Total Opening Inventory	<u>48,884,433</u>	<u>57,228,046</u>
Total Receipts	633,915,608	613,798,819
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	33,699,558	34,438,540
Route Disposition Class I	394,224,870	386,024,697
Shrinkage	2,653,408	3,265,949
Transfers and Diversions to Nonpool	8,929,614	5,440,267
Total Class I Utilization	<u>439,507,450</u>	<u>429,169,453</u>
Average Butterfat Test	2.11%	2.14%
Daily Average Utilization	14,650,248	14,305,648
Class II Utilization		
Nonfluid Used To Produce	1,609,729	1,896,884
Shrinkage	0	0
Transfers and Diversions to Nonpool	48,097,267	39,026,301
Used To Produce/Other Uses	23,015,905	19,117,283
Total Class II Utilization	<u>72,722,901</u>	<u>60,040,468</u>
Average Butterfat Test	8.26%	8.81%
Class III Utilization		
Shrinkage	0	0
Transfers and Diversions to Nonpool	61,371,077	71,917,685
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>61,371,077</u>	<u>71,917,685</u>
Average Butterfat Test	4.72%	4.66%
Class IV Utilization		
Inventory	18,809,361	18,100,828
Nonfluid Used To Fortify	1,729,312	1,717,168
Shrinkage	7,180,639	7,545,224
Transfers and Diversions to Nonpool	26,377,070	20,057,727
Used To Produce/Other Uses	6,217,798	5,250,266
Total Class IV Utilization	<u>60,314,180</u>	<u>52,671,213</u>
Average Butterfat Test	7.96%	7.74%
Total Utilization	633,915,608	613,798,819

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2004 is \$16.43 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.17 per hundredweight plus 3.5 times the uniform butterfat price of \$1.8899 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 71.48% of all producer skim milk (priced to handlers at \$7.96 per hundredweight, plus the Class I differential, see page 2) and 40.74% of producer butterfat (priced to handlers at \$1.7890 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.79% of all producer skim milk (\$7.11 per hundredweight) and 27.38% of producer butterfat (\$1.9424 per pound). Class III use, mostly milk used to produce cheese, accounted for 10.38% of all producer skim milk (\$8.23 per hundredweight) and 13.32% of producer butterfat (\$1.9354 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.35% of all producer skim milk (\$6.45 per hundredweight) and 18.56% of producer butterfat (\$1.9354 per pound).

Receipts of producer milk during September 2004 totaled 559.7 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 2004. Class I route disposition in the area totaled 405.8 million pounds in August 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
August 2004		
Whole Milk	153,390,580	37.80%
Fat Free Milk	48,614,988	11.98%
Lowfat Milk (incl. 1%)	27,864,038	6.86%
Reduced Fat Milk (incl. 2%)	126,094,869	31.07%
Cultured Fluid Milk (incl. Buttermilk)	9,238,170	2.28%
Flavored Drinks and Milk	40,617,238	10.01%
Total Disposition in Marketing Area	405,819,883	100.0%
Total Disposition by Pool Plants	334,959,886	82.54%
Total Disposition by Nonpool Plants	70,859,997	17.46%
Total Disposition in Marketing Area	405,819,883	100.0%

2004 Mailbox Milk Prices for Selected Reporting Areas 2/

Reporting Area 1/	January	February	March	April	May	June	Average
Northeast Federal Order	\$13.50	\$13.98	\$15.57	\$17.12	\$19.28	\$19.08	\$16.42
Appalachian States 3/	\$13.74	\$14.05	\$15.06	\$15.95	\$19.02	\$19.31	\$16.19
Southeast States 4/	\$14.30	\$14.61	\$15.28	\$16.52	\$19.79	\$19.91	\$16.74
Southern Missouri 5/	\$12.97	\$13.37	\$14.55	\$15.16	\$18.45	\$18.61	\$15.52
Florida	\$15.97	\$16.00	\$16.82	\$18.07	\$20.98	\$21.69	\$18.26
Indiana	\$13.30	\$13.54	\$15.28	\$16.36	\$19.14	\$18.68	\$16.05
Michigan	\$13.04	\$13.34	\$14.85	\$16.34	\$18.28	\$17.85	\$15.62
Wisconsin	\$13.34	\$13.80	\$16.13	\$19.89	\$20.39	\$18.04	\$16.93
Iowa	\$13.17	\$13.51	\$15.55	\$18.55	\$19.29	\$17.56	\$16.27
Corn Belt States 6/	\$12.46	\$12.77	\$14.31	\$16.07	\$17.40	\$16.81	\$14.97
Western Texas 7/	\$12.72	\$13.17	\$14.51	\$16.35	\$18.16	\$17.69	\$15.43
New Mexico	\$11.74	\$12.09	\$13.46	\$15.27	\$16.85	\$16.47	\$14.31
Northwest States 8/	\$12.39	\$12.76	\$14.34	\$15.00	\$16.59	\$17.75	\$14.81
All Federal Order Areas 9/	\$13.12	\$13.54	\$15.27	\$17.40	\$19.01	\$18.25	\$16.10
California 10/	\$12.11	\$12.69	\$14.65	\$17.21	\$17.57	NA	\$14.85

Source: Dairy Market News; 1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average. 10/ From California Department of Food and Agriculture.

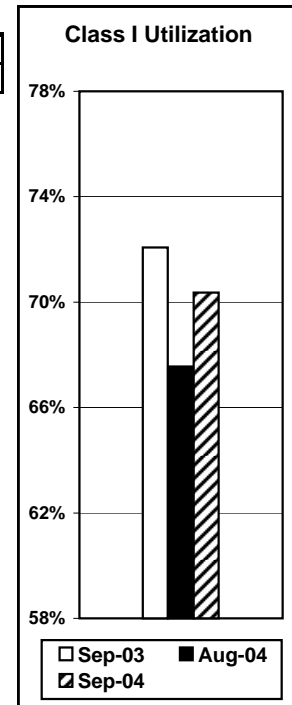
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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 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	\$1.3758	\$11.30	\$7.34	\$1.3688	\$11.87	\$5.94	\$1.3688	\$10.52	\$11.00	\$1.3474	\$15.33
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$5.94	\$1.4978	\$10.97	\$9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$5.94	\$1.8518	\$12.21	\$8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$5.97	\$2.3813	\$14.10	\$8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$6.03	\$2.5013	\$14.57	\$8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$6.22	\$2.4282	\$14.50	\$12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$6.32	\$2.1768	\$13.72	\$12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$6.34	\$2.0543	\$13.31	\$12.20	\$2.0927	\$19.10
Aug	\$10.65	\$2.1262	\$17.72	\$7.07	\$1.8011	\$13.13	\$8.04	\$1.7941	\$14.04	\$6.40	\$1.7941	\$12.46	\$9.76	\$1.9285	\$16.17
Sep	\$11.06	\$1.8200	\$17.04	\$7.11	\$1.9424	\$13.66	\$8.23	\$1.9354	\$14.72	\$6.45	\$1.9354	\$13.00	\$10.17	\$1.8899	\$16.43
Oct	\$11.63	\$1.9025	\$17.88	\$7.14											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
Jan 2003	663,968	4,387	426,901	64.29%	51,389	7.74%	134,244	20.22%	51,433	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	3,983	377,489	63.57%	64,380	10.84%	95,153	16.02%	56,815	9.57%
Dec	620,265	3,975	401,066	64.66%	55,013	8.87%	103,592	16.70%	60,594	9.77%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,716	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%
Jul	542,312	3,686	372,617	68.71%	61,455	11.33%	75,289	13.88%	32,951	6.08%
Aug	593,593	3,597	401,050	67.56%	75,421	12.71%	65,465	11.03%	51,657	8.70%
Sep	559,693	3,600**	393,790	70.36%	63,784	11.40%	58,719	10.49%	43,400	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 October through December 2004							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
October 2004	11/11/04	11/12/04	11/15/04	10/25/04	10/26/04	11/15/04	11/16/04
November 2004	12/11/04	12/13/04	12/14/04	11/26/04	11/26/04	12/14/04	12/15/04
December 2004	01/11/05	01/12/05	01/13/05	12/27/04	12/27/04	01/13/05	01/14/05

** The base rate for making partial payments in Fulton County, GA for October will be \$14.79 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.43 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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

Address Correction Requested



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Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

November 2004

Volume 5—No. 11

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

Update on Retail-Coop Class I Price Spread

September's Market Information Bulletin compared average U.S. retail milk prices to the prevailing prices charged to processors for milk used in fluid form, the national average cooperative Class I price. The difference, or 'spread' between these two prices, which has averaged \$1.38 per gallon since 1997, had reached a peak of \$1.59 in July. (Page 4 contains a chart of this data) As farm prices have fallen from their peak in May, retailers have more gradually lowered milk prices. The result has been the largest spreads between retail and producer prices ever measured in August (\$1.70) and September (\$1.60). Corroborating these findings is the farm-to-retail price spread reported by USDA's Economic Research Service (ERS) in their latest Agriculture Outlook Statistical Indicators publication (www.ers.usda.gov/publications/Agoutlook/AOTables/). It shows August 2004 with the highest 'farm-retail spread' since ERS began reporting this series. Retailers appear to have been making up for not fully passing along to consumers the increases in producer milk prices during April and May.

USDA Seeks Nominations

The U.S. Department of Agriculture is asking the dairy industry to nominate candidates for the National Fluid Milk Processors Promotion Board. The Board has been charged, since 1990, with the responsibility of coordinating advertising and education programs to promote fluid milk products. These promotion programs are funded via the twenty cents per hundred-weight assessment on fluid milk processors who market more than three million pounds of fluid milk products per month. Six of the twenty board seats are currently open for nominations of individuals who own or are employed by a fluid milk processor. Two of the vacancies are of specific interest to the southern dairy industry; one would represent Region 5 (the state of Florida) and another would represent Region 11 (the states of Arkansas and Missouri among others). For additional information visit the Dairy Promotion and Research website at www.ams.usda.gov/dairy/dairyprp.htm.

Price Rises

The uniform blend price in Fulton County, GA, was \$16.78 per hundredweight of milk at 3.5 percent butterfat for October. This is an increase of \$0.35 from September and is \$0.71 higher than October 2003. Class I utilization was 68.94 percent, 1.42 percent lower than September but 1.59 percent higher than October 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in September was 13.6 billion pounds, an increase of 1.1 percent from September 2003 and a decrease of 4.0 percent when compared with August 2004. Total cheese output (excluding cottage cheese) was 718 million pounds, 1.3 percent above September 2003 and 0.5 percent above August 2004. Butter production was 92.2 million pounds in September, 25.8 percent above September 2003 and 4.0 percent above August 2004. Nonfat dry milk production was 94.6 million pounds in September, 2.3 percent lower than September 2003 and 17.0 percent below August 2004.

USDA Announcements

The release dates for 2005 Federal milk order prices are currently available at the Market Administrator website (www.fmmatlanta.com) under 'What's New'. Both advance price and class price release dates are shown.

Also available on the 'What's New' webpage are recently published pool and payment dates for the Federal Order 7. Partial and final payment due dates for nonmember producers can be found there for all of 2005, whereas only three months of dates are listed on the last page of this publication.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for October were made for \$1,050,753.13. Since the available balance was \$276,646.83, eligible claims were paid at the rate of approximately \$0.26 on the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - OCTOBER 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	39.37%	8,441,868	\$1.8715	\$ 15,798,955.96
Class I Differential at Location				252,402.64
Class II Butterfat	25.02%	5,364,369	\$1.9090	10,240,580.41
Class III Butterfat	15.33%	3,286,864	\$1.9020	6,251,615.33
Class IV Butterfat	20.28%	4,347,047	\$1.9020	8,268,083.36
Total Butterfat	100.00%	21,440,148		\$ 40,811,637.70

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.9035**

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	70.10%	386,754,931	\$8.53 /cwt.	\$ 32,990,195.62
Class I Butterfat	39.37%	8,441,868	\$1.8715 /lb.	15,798,955.96
Class I Differential at Location		395,196,799		11,773,281.11
Total Class I Milk	68.94%	395,196,799		\$ 60,562,432.69
Class II Skim Milk	11.14%	61,462,648	\$7.14 /cwt.	\$ 4,388,433.10
Class II Butterfat	25.02%	5,364,369	\$1.9090 /lb.	10,240,580.41
Total Class II Milk	11.66%	66,827,017		\$ 14,629,013.51
Class III Skim Milk	11.21%	61,854,336	\$7.78 /cwt.	\$ 4,812,267.34
Class III Butterfat	15.33%	3,286,864	\$1.9020 /lb.	6,251,615.33
Total Class III Milk	11.37%	65,141,200		\$ 11,063,882.67
Class IV Skim Milk	7.55%	41,650,728	\$6.38 /cwt.	\$ 2,657,316.45
Class IV Butterfat	20.28%	4,347,047	\$1.9020 /lb.	8,268,083.36
Total Class IV Milk	8.03%	45,997,775		\$ 10,925,399.81
Producer Milk	100.00%	573,162,791		\$ 97,180,728.68

Adjustments

Overage and Other Source	\$1,029.90
Inventory Adjustments	(\$1,291.82)
Producer butterfat at uniform butterfat price	(\$40,811,637.70)
Location Adjustments to Producers	\$1,423,006.47
1/2 Unobligated Balance in P.S.F.	\$281,237.11

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10,52552	\$58,073,072.64
	\$ 0.04552	\$251,896.19

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

\$10.48

Uniform Price per cwt. (Fulton County, Georgia)

\$16.78*

* 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 2004	NOV 2004	SEP 2004	OCT 2004	OCT 2004
Appalachian (Charlotte)	\$ 17.88	\$ 17.39	\$ 16.52	\$ 16.69	67.69%
Arizona-Las Vegas (Phoenix)	\$ 17.13	\$ 16.64	\$ 15.18	\$ 15.01	35.03%
Central (Kansas City)	\$ 16.78	\$ 16.29	\$ 14.93	\$ 14.70	30.69%
Florida (Tampa)	\$ 18.78	\$ 18.29	\$ 17.69	\$ 18.19	87.52%
Mideast (Cleveland)	\$ 16.78	\$ 16.29	\$ 15.06	\$ 14.89	35.80%
Northeast (Boston)	\$ 18.03	\$ 17.54	\$ 16.06	\$ 16.07	50.80%
Pacific Northwest (Seattle)	\$ 16.68	\$ 16.19	\$ 14.44	\$ 14.40	29.95%
Southeast (Atlanta)	\$ 17.88	\$ 17.39	\$ 16.43	\$ 16.78	68.94%
Southwest (Dallas)	\$ 17.78	\$ 17.29	\$ 15.75	\$ 15.68	45.32%
Upper Midwest (Chicago)	\$ 16.58	\$ 16.09	\$ 14.85	\$ 14.47	18.90%

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

Receipts:	October 2004	October 2003
Producer Milk		
Class I	395,196,799	400,441,750
Class II	66,827,017	51,694,617
Class III	65,141,200	95,828,847
Class IV	45,997,775	46,557,223
Total Producer Milk	<u>573,162,791</u>	<u>594,522,437</u>
Average Butterfat Test	3.74%	3.71%
Percent of Producer Milk in Class I	68.94%	67.35%
Daily Average Receipts	18,489,122	19,178,143
Other Source Milk		
Class I	11,720,157	10,065,533
Class II	5,136,174	4,504,229
Class III	2,327,034	2,120,736
Class IV	5,282,283	3,888,538
Total Other Source Milk	<u>24,465,648</u>	<u>20,579,036</u>
Overage		
Class I	0	0
Class II	0	72,878
Class III	0	8
Class IV	0	4,612
Total Overage	<u>0</u>	<u>77,498</u>
Opening Inventory		
Class I	33,699,558	34,540,484
Class II	175,422	1,532,858
Class III	0	161,998
Class IV	18,633,939	16,137,243
Total Opening Inventory	<u>52,508,919</u>	<u>52,372,583</u>
Total Receipts	650,137,358	667,551,554
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	31,704,002	35,150,647
Route Disposition Class I	398,811,828	400,137,833
Shrinkage	2,717,551	3,858,552
Transfers and Diversions to Nonpool	7,383,133	5,900,735
Total Class I Utilization	<u>440,616,514</u>	<u>445,047,767</u>
Average Butterfat Test	2.13%	2.17%
Daily Average Utilization	14,213,436	14,356,380
Class II Utilization		
Nonfluid Used To Produce	1,493,998	1,489,521
Shrinkage	0	0
Transfers and Diversions to Nonpool	49,004,543	37,094,329
Used To Produce/Other Uses	21,640,072	19,220,732
Total Class II Utilization	<u>72,138,613</u>	<u>57,804,582</u>
Average Butterfat Test	8.07%	9.07%
Class III Utilization		
Shrinkage	0	0
Transfers and Diversions to Nonpool	67,468,234	98,111,589
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>67,468,234</u>	<u>98,111,589</u>
Average Butterfat Test	5.01%	4.62%
Class IV Utilization		
Inventory	26,381,363	13,087,291
Nonfluid Used To Fortify	2,008,778	2,321,408
Shrinkage	7,815,710	7,939,328
Transfers and Diversions to Nonpool	28,865,569	37,113,524
Used To Produce/Other Uses	4,842,577	6,126,065
Total Class IV Utilization	<u>69,913,997</u>	<u>66,587,616</u>
Average Butterfat Test	8.01%	7.93%
Total Utilization	650,137,358	667,551,554

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2004 is \$16.78 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.48 per hundredweight plus 3.5 times the uniform butterfat price of \$1.9035 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In October, Class I use, which is primarily bottled or packaged fluid milk, accounted for 70.10% of all producer skim milk (priced to handlers at \$8.53 per hundredweight, plus the Class I differential, see page 2) and 39.37% of producer butterfat (priced to handlers at \$1.8715 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.14% of all producer skim milk (\$7.14 per hundredweight) and 25.02% of producer butterfat (\$1.9090 per pound). Class III use, mostly milk used to produce cheese, accounted for 11.21% of all producer skim milk (\$7.78 per hundredweight) and 15.33% of producer butterfat (\$1.9020 per pound). Class IV use, generally milk processed into butter and powder, accounted for 7.55% of all producer skim milk (\$6.38 per hundredweight) and 20.28% of producer butterfat (\$1.9020 per pound).

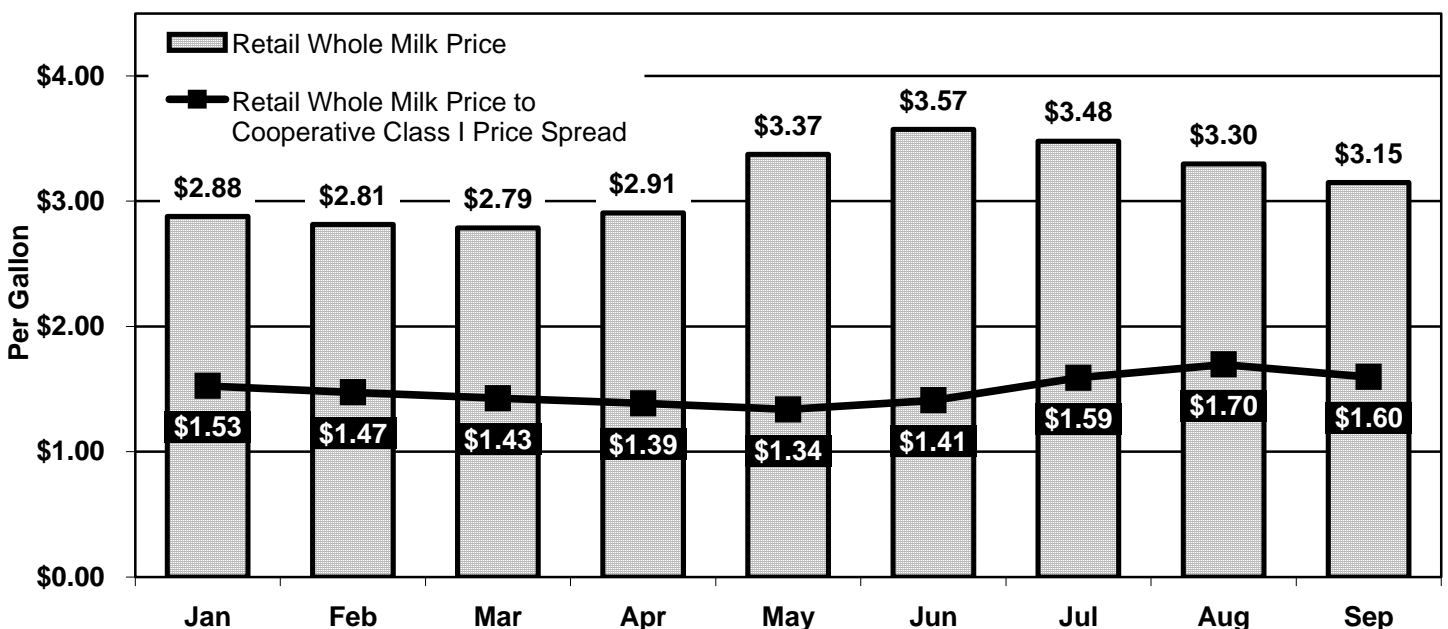
Receipts of producer milk during October 2004 totaled 573.2 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2004. Class I route disposition in the area totaled 407.3 million pounds in September 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
September 2004		
Whole Milk	150,700,556	37.00%
Fat Free Milk	47,320,984	11.62%
Lowfat Milk (incl. 1%)	29,333,402	7.20%
Reduced Fat Milk (incl. 2%)	126,770,434	31.12%
Cultured Fluid Milk (incl. Buttermilk)	9,177,371	2.25%
Flavored Drinks and Milk	44,015,436	10.81%
Total Disposition in Marketing Area	407,318,183	100.0%
Total Disposition by Pool Plants	335,921,923	82.47%
Total Disposition by Nonpool Plants	71,396,260	17.53%
Total Disposition in Marketing Area	407,318,183	100.0%

Update: Retail-to-Cooperative Class I Price Spread

September's Market Information Bulletin compared average U.S. retail milk prices to the prevailing prices charged to processors for milk used in fluid form, the national average cooperative Class I price. The difference, or 'spread' between these two prices, which has averaged \$1.38 per gallon since 1997, had reached a peak of \$1.59 in July. As farm prices have fallen from their peak in May, retailers have more gradually lowered milk prices. The result has been the largest spreads between retail and producer prices ever measured in August (\$1.70) and September (\$1.60). Retailers appear to have been making up for not fully passing along to consumers the increases in producer prices during April and May.



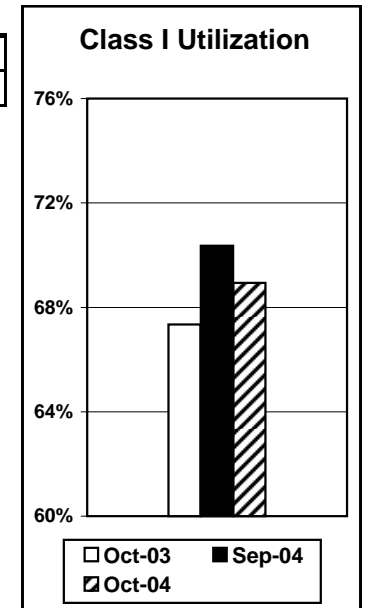
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
2003 Avg	\$10.57	\$1.2247	\$14.48	\$6.74	\$1.2169	\$10.76	\$7.45	\$1.2099	\$11.42	\$ 5.98	\$1.2099	\$10.00	\$ 9.53	\$1.2165	\$13.46
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$ 6.34	\$2.0543	\$13.31	\$12.20	\$2.0927	\$19.10
Aug	\$10.65	\$2.1262	\$17.72	\$7.07	\$1.8011	\$13.13	\$8.04	\$1.7941	\$14.04	\$ 6.40	\$1.7941	\$12.46	\$ 9.76	\$1.9285	\$16.17
Sep	\$11.06	\$1.8200	\$17.04	\$7.11	\$1.9424	\$13.66	\$8.23	\$1.9354	\$14.72	\$ 6.45	\$1.9354	\$13.00	\$10.17	\$1.8899	\$16.43
Oct	\$11.63	\$1.9025	\$17.88	\$7.14	\$1.9090	\$13.57	\$7.78	\$1.9020	\$14.16	\$ 6.38	\$1.9020	\$12.81	\$10.48	\$1.9035	\$16.78
Nov	\$10.91	\$1.9598	\$17.39	\$7.14											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
2003 Avg	589,245	4,200	385,752	65.79%	58,764	10.06%	104,806	17.41%	39,923	6.74%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,716	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%
Jul	542,312	3,686	372,617	68.71%	61,455	11.33%	75,289	13.88%	32,951	6.08%
Aug	593,593	3,597	401,050	67.56%	75,421	12.71%	65,465	11.03%	51,657	8.70%
Sep	559,693	3,787	393,790	70.36%	63,784	11.40%	58,719	10.49%	43,400	7.75%
Oct	573,163	3,800**	395,197	68.94%	66,827	11.66%	65,141	11.37%	45,998	8.03%

* 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 2004 through January 2005							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
November 2004	12/11/04	12/13/04	12/14/04	11/26/04	11/26/04	12/14/04	12/15/04
December 2004	01/11/05	01/12/05	01/13/05	12/27/04	12/27/04	01/13/05	01/14/05
January 2005	02/11/05	02/14/05	02/15/05	01/25/05	01/26/05	02/15/05	02/16/05

** The base rate for making partial payments in Fulton County, GA for November will be \$15.10 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.78 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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

Address Correction Requested



Visit our Web Site at
www.fmmlatlanta.com

Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

December 2004

Volume 5—No. 12

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

Final Rules Issued to Amend Order

USDA has issued a final rule to amend the Southeast order (along with the Appalachian and Florida orders) to address the extraordinary costs imposed by the hurricanes which struck earlier this year. The process was handled on an emergency basis, beginning with a public hearing on October 7 in Atlanta, GA followed by a final decision issued November 19. A polling of cooperatives provided the necessary producer approval, allowing the issuance of a final rule on December 10.

This final rule will implement a temporary supplemental charge on Class I milk that will be disbursed to handlers who incurred extraordinary transportation costs for moving bulk milk to maintain the Class I needs of the Appalachian, Florida, and Southeast orders because of hurricanes in August and September. The supplemental charge will be determined by the Market Administrator but may not exceed four cents per hundredweight in the Appalachian and Southeast marketing areas and may not exceed nine cents per hundredweight in the Florida marketing area. The time period of the supplemental charge is limited to January through March of 2005.

Transportation cost reimbursements may be provided if the milk movements are determined to be related to the hurricanes of August and September 2004. Reimbursements will be based on the lesser of actual costs or \$2.25 per loaded mile of eligible milk movements. A copy of the final rule is attached within, but additional background information can be found at www.fmmatlanta.com (click on the 'Hurricane Relief' link).

In a separate action, USDA issued a final rule to amend all federal milk orders. It permanently alters the classification of evaporated and sweetened condensed milk in consumer-type packages from Class III to Class IV. This final rule makes permanent changes that were first implemented, on an interim basis, in May 2004.

Blend Price Up Slightly

The uniform blend price in Fulton County, GA, was \$16.83 per hundredweight of milk at 3.5 percent butterfat for November. This represents an increase of \$0.05 from October and is \$1.11 higher than November 2003. Class I utilization was 71.59 percent, 2.65 percent higher than October but 8.02 percent higher than November 2003.

National Dairy Situation

USDA estimates that the total U.S. production of milk in October was 14.1 billion pounds, an increase of 1.2 percent from October 2003 and an increase of 3.3 percent when compared with September 2004. Total cheese output was 746 million pounds, 0.8 percent above October 2003 and 4.2 percent above September 2004. Butter production was 103 million pounds in October, 6.4 percent above October 2003 and 11.8 percent above September 2004. Nonfat dry milk production was 94.6 million pounds in October, 11.5 percent below October 2003 and 0.7 percent above September 2004.

Invitation for Proposals on Mideast Pooling

USDA has received a request for a public hearing on the pooling standards of the Mideast order. One proposal seeks a year-round commitment by producers to pool milk while a second would limit the amount of milk a handler could pool to 115% of the previous month's volume. Both proposals are intended to reduce the impact of depooling on producer prices. Before deciding if a hearing will be held, USDA is accepting additional proposals regarding the pooling standards of the Mideast order. Visit www.ams.usda.gov/dairy/hearings.htm, or call this office for more details regarding this invitation.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for November were made for \$1,000,193.84. Since the available balance was \$283,973.06, eligible claims were paid at the rate of approximately \$0.28 on the dollar.

F.O. 7 - SOUTHEAST: CALCULATION OF UNIFORM PRICES - NOVEMBER 2004

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	42.18%	8,960,382	\$1.9288	\$ 17,282,784.80
Class I Differential at Location				267,437.08
Class II Butterfat	23.92%	5,080,970	\$2.0559	10,445,966.26
Class III Butterfat	15.49%	3,289,413	\$2.0489	6,739,678.29
Class IV Butterfat	18.41%	3,909,289	\$2.0489	8,009,742.25
Total Butterfat	100.00%	21,240,054		\$ 42,745,608.68

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$2.0125**

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	72.73%	396,715,689	\$7.81 /cwt.	\$ 30,983,495.32
Class I Butterfat	42.18%	8,960,382	\$1.9288 /lb.	17,282,784.80
Class I Differential at Location		405,676,071		12,058,579.97
Total Class I Milk	71.59%	405,676,071		\$ 60,324,860.09
Class II Skim Milk	9.87%	53,808,384	\$7.14 /cwt.	\$ 3,841,918.63
Class II Butterfat	23.92%	5,080,970	\$2.0559 /lb.	10,445,966.26
Total Class II Milk	10.39%	58,889,354		\$ 14,287,884.89
Class III Skim Milk	12.16%	66,305,395	\$8.00 /cwt.	\$ 5,304,431.60
Class III Butterfat	15.49%	3,289,413	\$2.0489 /lb.	6,739,678.29
Total Class III Milk	12.28%	69,594,808		\$ 12,044,109.89
Class IV Skim Milk	5.24%	28,603,761	\$6.39 /cwt.	\$ 1,827,780.33
Class IV Butterfat	18.41%	3,909,289	\$2.0489 /lb.	8,009,742.25
Total Class IV Milk	5.74%	32,513,050		\$ 9,837,522.58
Producer Milk	100.00%	566,673,283		\$ 96,494,377.45

Adjustments

Overage and Other Source	\$0.00
Inventory Adjustments	\$52,276.99
Producer butterfat at uniform butterfat price	(\$42,745,608.68)
Location Adjustments to Producers	\$1,456,715.47
1/2 Unobligated Balance in P.S.F.	\$268,538.57
Adjusted Pool Value	\$ 10.18022
Reserve for Producer Settlement Fund	\$ 0.04022
	\$55,526,299.81
	\$219,370.41

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

\$10.14

Uniform Price per cwt. (Fulton County, Georgia)

\$16.83*

* 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 2004	DEC 2004	OCT 2004	NOV 2004	NOV 2004
Appalachian (Charlotte)	\$ 17.39	\$ 17.53	\$ 16.69	\$ 16.78	72.53%
Arizona-Las Vegas (Phoenix)	\$ 16.64	\$ 16.78	\$ 15.01	\$ 15.20	36.95%
Central (Kansas City)	\$ 16.29	\$ 16.43	\$ 14.70	\$ 15.10	50.39%
Florida (Tampa)	\$ 18.29	\$ 18.43	\$ 18.19	\$ 17.99	89.05%
Midwest (Cleveland)	\$ 16.29	\$ 16.43	\$ 14.89	\$ 15.21	38.10%
Northeast (Boston)	\$ 17.54	\$ 17.68	\$ 16.07	\$ 16.20	52.00%
Pacific Northwest (Seattle)	\$ 16.19	\$ 16.33	\$ 14.40	\$ 14.75	41.68%
Southeast (Atlanta)	\$ 17.39	\$ 17.53	\$ 16.78	\$ 16.83	71.59%
Southwest (Dallas)	\$ 17.29	\$ 17.43	\$ 15.68	\$ 15.88	47.40%
Upper Midwest (Chicago)	\$ 16.09	\$ 16.23	\$ 14.47	\$ 15.02	40.60%

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

Receipts:	November 2004	November 2003
Producer Milk		
Class I	405,676,071	377,488,914
Class II	58,889,354	64,379,751
Class III	69,594,808	95,153,149
Class IV	32,513,050	56,814,978
Total Producer Milk	<u>566,673,283</u>	<u>593,836,792</u>
Average Butterfat Test	3.75%	3.72%
Percent of Producer Milk in Class I	71.59%	63.57%
Daily Average Receipts	18,889,109	19,794,560
Other Source Milk		
Class I	8,845,888	8,494,395
Class II	3,816,362	2,100,724
Class III	2,207,100	2,226,651
Class IV	6,658,261	5,831,933
Total Other Source Milk	<u>21,527,611</u>	<u>18,653,703</u>
Overage		
Class I	0	0
Class II	0	0
Class III	0	0
Class IV	0	6,220
Total Overage	<u>0</u>	<u>6,220</u>
Opening Inventory		
Class I	31,974,546	34,923,998
Class II	2,124,143	377,047
Class III	537,508	189,391
Class IV	23,449,168	12,393,036
Total Opening Inventory	<u>58,085,365</u>	<u>47,883,472</u>
Total Receipts	646,286,259	660,380,187
Utilization:		
Class I Utilization		
Inventory of Packaged FMP	34,888,549	32,704,368
Route Disposition Class I	399,342,576	379,404,723
Shrinkage	3,711,256	2,454,154
Transfers & Diversions to Nonpool	8,554,124	6,344,062
Total Class I Utilization	<u>446,496,505</u>	<u>420,907,307</u>
Average Butterfat Test	2.21%	2.23%
Daily Average Utilization	14,883,217	14,030,244
Class II Utilization		
Nonfluid Used To Produce	1,219,966	1,177,611
Shrinkage	0	0
Transfers & Diversions to Nonpool	41,412,507	48,629,214
Used To Produce/Other Uses	22,197,386	17,050,697
Total Class II Utilization	<u>64,829,859</u>	<u>66,857,522</u>
Average Butterfat Test	9.12%	8.02%
Class III Utilization		
Shrinkage	0	0
Transfers & Diversions to Nonpool	72,339,416	97,569,191
Used To Produce/Other Uses	0	0
Total Class III Utilization	<u>72,339,416</u>	<u>97,569,191</u>
Average Butterfat Test		5.04%
Class IV Utilization		
Inventory	16,938,967	26,351,356
Nonfluid Used To Fortify	4,264,331	3,483,309
Shrinkage	7,774,203	7,169,886
Transfers & Diversions to Nonpool	28,628,819	32,188,913
Used To Produce/Other Uses	5,014,159	5,852,703
Total Class IV Utilization	<u>62,620,479</u>	<u>75,046,167</u>
Average Butterfat Test	8.38%	6.71%
Total Utilization	646,286,259	660,380,187

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2004 is \$16.83 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.14 per hundredweight plus 3.5 times the uniform butterfat price of \$2.0125 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 72.73% of all producer skim milk (priced to handlers at \$7.81 per hundredweight, plus the Class I differential, see page 2) and 42.18% of producer butterfat (priced to handlers at \$1.9288 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.87% of all producer skim milk (\$7.14 per hundredweight) and 23.92% of producer butterfat (\$2.0559 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.16% of all producer skim milk (\$8.00 per hundredweight) and 15.49% of producer butterfat (\$2.0489 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.24% of all producer skim milk (\$6.39 per hundredweight) and 18.41% of producer butterfat (\$2.0489 per pound).

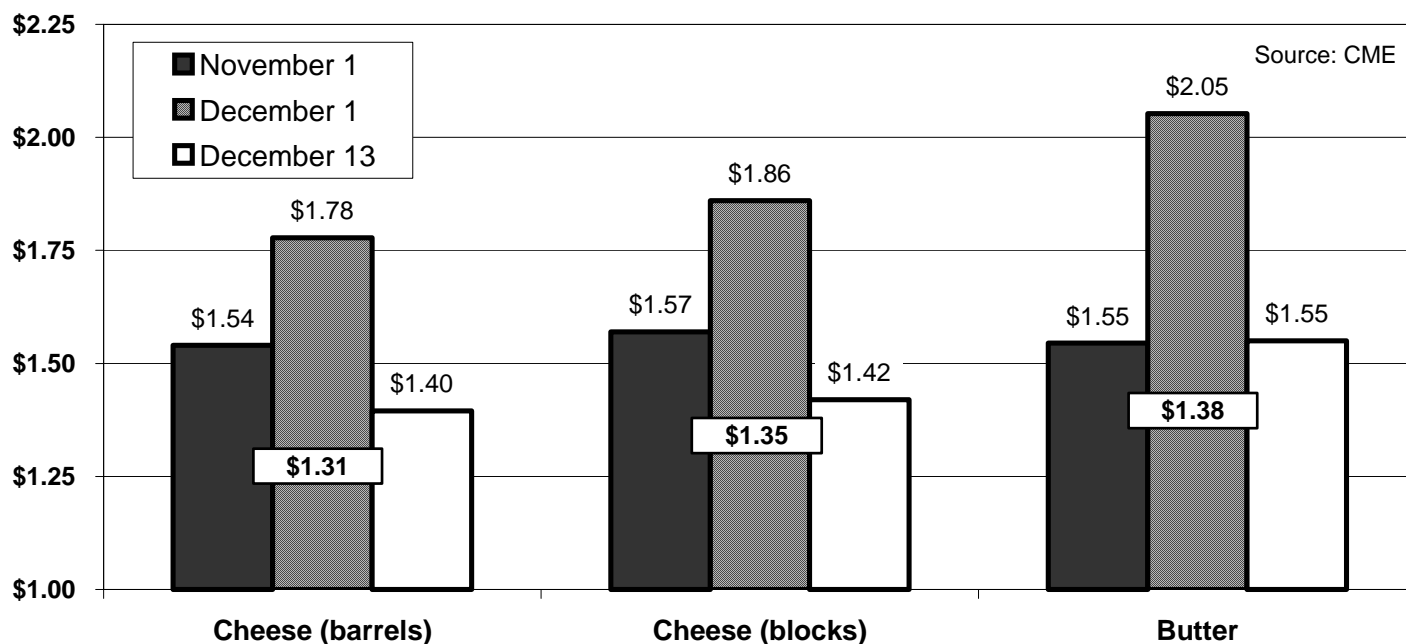
Receipts of producer milk during November 2004 totaled 566.7 million pounds. There were 28 regulated pool distributing plants, 3 pool supply plants and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2004. Class I route disposition in the area totaled 412.5 million pounds in October 2004.

Packaged Class I Route Sales in Marketing Area

Product Description	Pounds	Percent
October 2004		
Whole Milk	151,381,963	36.70%
Fat Free Milk	49,303,011	11.95%
Lowfat Milk (incl. 1%)	28,421,417	6.89%
Reduced Fat Milk (incl. 2%)	129,022,585	31.28%
Cultured Fluid Milk (incl. Buttermilk)	9,494,377	2.30%
Flavored Drinks and Milk	44,874,489	10.88%
Total Disposition in Marketing Area	412,497,842	100.0%
Total Disposition by Pool Plants	341,282,687	82.74%
Total Disposition by Nonpool Plants	71,396,260	17.26%
Total Disposition in Marketing Area	412,497,842	100.0%

Commodities Up, Commodities Down: CME Prices Nov. 1, Dec. 1 and Dec. 13

Cheese and butter prices have displayed a measure of volatility over the past six weeks. Depicted below are Chicago Mercantile Exchange (CME) prices for AA Butter, 500lb. Cheese barrels and 40lb. Cheese blocks on November 1, December 1 and December 13 of this year along with their respective daily average prices since January 2000. Each commodity rose dramatically over the course of November despite already being appreciably higher than their historic average, and then each dramatically fell during the second week of December. Look for January's fluid and December's manufacturing class prices to reflect these lower commodity prices.



**DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
7 CFR Parts 1005, 1006, and 1007
[Docket No. AO-388-A16, AO-356-A38,
and AO-366-A45; DA-04-07]**

**Milk in the Appalachian, Florida,
and Southeast Marketing Areas;
Order Amending the Orders**

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Final Rule.

SUMMARY: This final rule amends the Appalachian, Florida, and Southeast Federal milk marketing orders (Orders 5, 6, and 7). Specifically, the final rule implements a temporary supplemental charge on Class I milk that will be disbursed to handlers who incurred extraordinary transportation costs for bulk milk movements in and to Orders 5, 6, and 7 as a result of hurricanes Charley, Frances, Ivan and Jeanne. The amendments are based on record evidence of a public hearing held on October 7, 2004. More than the required number of dairy farmers approved the issuance of the amended orders.

DATES: *Effective Date:* December 10, 2004.

FOR FURTHER INFORMATION CONTACT:

Antoinette M. Carter, Marketing Specialist, USDA/AMS/Dairy Programs, Order Formulation and Enforcement Branch, STOP 0231—Room 2971, 1400 Independence Avenue, SW., Washington, DC 20250-0231, (202) 690-3465, e-mail address: antoinette.carter@usda.gov.

SUPPLEMENTARY INFORMATION: This administrative action is governed by the provisions of Sections 556 and 557 of Title 5 of the United States Code and, therefore, is excluded from the requirements of Executive Order 12866. This final rule has been reviewed under Executive Order 12988, Civil Justice Reform. This rule is not intended to have a retroactive effect. This rule will not preempt any state or local laws, regulations, or policies, unless they present an irreconcilable conflict with the rule.

The Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), provides that administrative proceedings must be exhausted before parties may file suit in court. Under section 608c(15)(A) of the Act, any handler subject to an order may request modification or exemption from such order by filing with the Department a petition stating that the order, any provision of the order, or any

obligation imposed in connection with the order is not in accordance with the law. A handler is afforded the opportunity for a hearing on the petition. After a hearing, the Department would rule on the petition. The Act provides that the district court of the United States in any district in which the handler is an inhabitant, or has its principal place of business, has jurisdiction in equity to review the Department's ruling on the petition, provided a bill in equity is filed not later than 20 days after the date of the entry of the ruling.

Regulatory Flexibility Act

In accordance with the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), the Agricultural Marketing Service has considered the economic impact of this action on small entities and has certified that this rule will not have a significant economic impact on a substantial number of small entities. For the purpose of the Regulatory Flexibility Act, a dairy farm is considered a "small business" if it has an annual gross revenue of less than \$750,000, and a dairy products manufacturer is a "small business" if it has fewer than 500 employees.

For the purposes of determining which dairy farms are "small businesses," the \$750,000 per year criterion was used to establish a production guideline of 500,000 pounds per month. Although this guideline does not factor in additional monies that may be received by dairy producers, it should be an inclusive standard for most "small" dairy farmers. For purposes of determining a handler's size, if the plant is part of a larger company operating multiple plants that collectively exceed the 500-employee limit, the plant will be considered a large business even if the local plant has fewer than 500 employees.

During August 2004, the most recent representative month, the milk of 7,239 dairy farmers was pooled under the Appalachian (Order 5), Florida (Order 6), and Southeast (Order 7) milk orders (3,400 Order 5 dairy farmers, 267 Order 6 dairy farmers, and 3,572 Order 7 dairy farmers, respectively). Of the 7,239 dairy farmers, 80 percent met the definition of small business. Specifically, the number of dairy farmers considered small businesses for Order 5, Order 6, and Order 7 were 3,230 or 95 percent, 134 or 50 percent, and 3,407 or 95 percent, respectively.

During August 2004, there were 65 fully regulated plants under Orders 5, 6, and 7. Of the 65 plants, 7 were considered small businesses. Specifically, there were 25 Order 5 plants (of which 2 were small businesses), 12 Order 6 plants (of which 3 were small businesses), and 28 Order 7 plants (of which 2 were small businesses).

The amendments in this final rule will provide temporary reimbursement to handlers (cooperative associations and proprietary handlers) who incurred extraordinary transportation expenses for bulk milk movements resulting from the impact of hurricanes Charley, Frances, Ivan, and Jeanne on the Southeastern United States, particularly the State of Florida. The proposed amendments were requested by Dairy Farmers of America, Inc., Lone Star Milk Producers, Inc., Maryland & Virginia Milk Producers Cooperative Association, Inc., and Southeast Milk, Inc. The dairy farmer members of these four cooperatives supply the majority of the milk pooled under the Appalachian, Florida, and Southeast orders. The final rule will implement, for a 3-month period beginning January 1, 2005, a supplemental increase in the Class I milk price at a rate not to exceed \$.04 per hundredweight of milk in the Appalachian and Southeast orders, and a rate not to exceed \$.09 per hundredweight of milk in the Florida order. The amount generated through the Class I milk increase will be disbursed during February 2005 through April 2005 to qualifying handlers who incurred extraordinary transportation costs as a result of the hurricanes. The reimbursement for extraordinary transportation costs will be disbursed to qualifying handlers on an actual transportation costs basis or at a rate of \$2.25 per loaded mile, whichever is less.

The aforementioned hurricanes occurred during a 7-week period of time and disrupted the orderly flow of milk movements in and to the Appalachian, Florida, and Southeast marketing areas. The four hurricanes caused handlers in the southeastern markets, particularly in the Florida marketing area, to experience disruptions in moving bulk milk to supply the Class I (fluid milk) needs of the individual marketing areas. One of the functions of the Federal milk order program is to provide for the orderly exchange of milk between the dairy farmer and the handler (first

buyer) to ensure the Class I needs of the market are met. The record evidence clearly reveals that the movements of bulk milk for Orders 5 and 7, and particularly Order 6 were disrupted due to the hurricanes. Accordingly, the amendments adopted in this final rule will provide temporary transportation cost reimbursement to handlers who incurred additional transportation expenses for bulk milk movements that were disrupted as a result of extraordinary weather conditions in Orders 5, 6, and 7.

The amendments will provide reimbursement to handlers for transportation expenses totaling over \$1.6 million for movements of bulk milk due to the hurricanes. The supplemental increase in the minimum price of Class I milk at a maximum rate of \$.09 per hundredweight for Order 6 is anticipated to increase the price of a gallon of milk by not more than \$.0078 (*i.e.*, less than 1-cent) during each month of the 3-month period. Likewise, a supplemental increase at a maximum rate of \$.04 per hundredweight for Orders 5 and 7 is anticipated to increase the price of a gallon of milk by not more than \$.0034 (*i.e.*, less than 1-cent) during each month of the 3-month period. The estimated impact on the price per gallon of milk was calculated by converting the hundredweight value to gallons using 8.62 pounds of milk per gallon.

Handlers in Orders 5, 6, and 7 should not be placed at a competitive disadvantage because of the temporary and limited supplemental increase in the minimum Class I milk price. The amendments also are not expected to impact the blend price of dairy farmers. Accordingly, the adopted amendments should not significantly impact producers or handlers due to the limited implementation period and the minimum increase in the Class I milk price.

Paperwork Reduction Act

A review of reporting requirements was completed under the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35). As such, the information collection requirements in this final rule do not require clearance by the Office of Management and Budget (OMB) beyond the currently approved information collections. This final rule will impose only minimal reporting requirements on handlers applying for reimbursement of additional transportation expenses

incurred due to the aforementioned hurricanes.

Prior documents in this proceeding: *Notice of Hearing*: Issued September 28, 2004; published September 30, 2004 (69 FR 58368).

Final Decision: Issued November 15, 2004; published November 19, 2004 (69 FR 67670).

Findings and Determinations

The following findings and determinations hereinafter set forth supplement those that were made when the Appalachian, Florida, and Southeast orders were first issued and when they were amended. The previous findings and determinations are hereby ratified and confirmed, except where they may conflict with those set forth herein. The following findings are hereby made with respect to each of the aforesaid orders:

(a) *Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601–674), and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), a public hearing was held upon certain proposed amendments to the tentative marketing agreements and to the orders regulating the handling of milk in the specified marketing areas.

Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

- (1) The said orders as hereby amended, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the Act;
- (2) The parity prices of milk, as determined pursuant to section 2 of the Act, are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the aforesaid marketing areas. The minimum prices specified in the orders as hereby amended are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest; and
- (3) The said orders as hereby amended regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in, marketing agreements upon which a hearing has been held.

(b) *Additional Findings.* It is

necessary and in the public interest to make these amendments to the Appalachian, Florida, and Southeast orders effective December 10, 2004. This effective date will ensure the timely implementation of the amendments. The amendments to these orders are known to handlers. The final decision containing the proposed amendments to these orders was issued on November 15, 2004.

The changes that result from these amendments will not require extensive preparation or substantial alteration in the method of operation for handlers. In view of the foregoing, it is hereby found and determined that good cause exists for making these amendments effective December 10, 2004. It would be contrary to the public interest to delay the effective date of these amendments for 30 days after their publication in the **Federal Register**. (Sec. 553(d), Administrative Procedure Act, 5 U.S.C 551–559.)

(c) *Determinations.* It is hereby determined that:

- (1) The refusal or failure of handlers (excluding cooperative associations specified in Section 8c(9) of the Act) of more than 50 percent of the milk that is marketed within the specified marketing areas to sign a proposed marketing agreement tends to prevent the effectuation of the declared policy of the Act;
- (2) The issuance of this order amending the Appalachian, Florida, and Southeast orders are the only practical means pursuant to the declared policy of the Act of advancing the interests of producers as defined in the orders as hereby amended;
- (3) The issuance of the order amending the Appalachian, Florida, and Southeast orders are favored by at least two-thirds of the producers who were engaged in the production of milk for sale in each of the marketing areas.

List of Subjects in 7 CFR Parts 1005, 1006, and 1007

Milk marketing orders.

Order Relative to Handling

✦ *It is therefore ordered*, that on and after the effective date hereof, the handling of milk in the Appalachian, Florida, and Southeast marketing areas shall be in conformity to and in compliance with the terms and conditions of the orders, as amended, and as hereby further amended, as follows:

PARTS 1005, 1006, and 1007—

[AMENDED]

✦ 1. The authority citation for 7 CFR parts 1005, 1006, and 1007 continues to read as follows:

Authority: 7 U.S.C. 601–674.

PART 1005—MILK IN THE APPALACHIAN MARKETING AREA

✦ 2. Section 1005.60 is amended by revising paragraph (a) and adding a new paragraph (g) to read as follows:

§ 1005.60 Handler's value of milk.

* * * * *

(a) Multiply the pounds of skim milk and butterfat in producer milk that were classified in each class pursuant to § 1000.44(c) by the applicable skim milk and butterfat prices, and add the resulting amounts; except that for the months of January 2005 through March 2005, the Class I skim milk price for this purpose shall be the Class I skim milk price as determined in § 1000.50(b) plus \$0.04 per hundredweight, and the Class I butterfat price for this purpose shall be the Class I butterfat price as determined in § 1000.50(c) plus \$0.0004 per pound. The adjustments to the Class I skim milk and butterfat prices provided herein may be reduced by the market administrator for any month if the market administrator determines that the payments yet unpaid computed pursuant to paragraphs (g)(1) through (5) and paragraph (g)(7) of this section will be less than the amount computed pursuant to paragraph (g)(6) of this section. The adjustments to the Class I skim milk and butterfat prices provided herein during the months of January 2005 through March 2005 shall be announced along with the prices announced in § 1000.53(b);

* * * * *

(g) For the months of January 2005 through March 2005 for handlers who have submitted proof satisfactory to the market administrator to determine eligibility for reimbursement of transportation costs, subtract an amount equal to:

- (1) The cost of transportation on loads of producer milk delivered or rerouted to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
- (2) The cost of transportation on loads of producer milk delivered or rerouted to a pool supply plant that was then transferred to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
- (3) The cost of transportation on loads of bulk milk delivered or rerouted to a

pool distributing plant from a pool supply plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;

- (4) The cost of transportation on loads of bulk milk delivered or rerouted to a pool distributing plant from another order plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne; and
 - (5) The cost of transportation on loads of bulk milk transferred or diverted to a plant regulated under another Federal order or to other nonpool plants which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne.
- (6) The total amount of payment to all handlers under this section shall be limited for each month to an amount determined by multiplying the total Class I producer milk for all handlers pursuant to § 1000.44(c) times \$0.04 per hundredweight.

(7) If the cost of transportation computed pursuant to paragraphs (g)(1) through (5) of this section exceeds the amount computed pursuant to paragraph (g)(6) of this section, the market administrator shall prorate such payments to each handler based on the handler's proportion of transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section. Transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section which are not paid as a result of such a proration shall be included in each subsequent month's transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section until paid, or until the time period for such payments is concluded.

(8) The reimbursement of transportation costs pursuant to this section shall be the actual demonstrated cost of such transportation of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section, or the miles of transportation on loads of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section multiplied by \$2.25 per loaded mile, whichever is less.

(9) For each handler, the reimbursement of transportation costs pursuant to paragraph (g) of this section for bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section shall be reduced by the amount of payments received for such milk movements from the transportation credit balancing fund pursuant to § 1005.82.

PART 1006—MILK IN THE FLORIDA MARKETING AREA

✦ 3. Section 1006.60 is amended by revising paragraph (a) and adding a new paragraph (g) to read as follows:

§ 1006.60 Handler's value of milk.

* * * * *

(a) Multiply the pounds of skim milk and butterfat in producer milk that were classified in each class pursuant to § 1000.44(c) by the applicable skim milk and butterfat prices, and add the resulting amounts; except that for the months of January 2005 through March 2005, the Class I skim milk price for this purpose shall be the Class I skim milk price as determined in § 1000.50(b) plus \$0.09 per hundredweight, and the Class I butterfat price for this purpose shall be the Class I butterfat price as determined in § 1000.50(c) plus \$0.0009 per pound. The adjustments to the Class I skim milk and butterfat prices provided herein may be reduced by the market administrator for any month if the market administrator determines that the payments yet unpaid computed pursuant to paragraphs (g)(1) through (5) and paragraph (g)(7) of this section will be less than the amount computed pursuant to paragraph (g)(6) of this section. The adjustments to the Class I skim milk and butterfat prices provided herein during the months of January 2005 through March 2005 shall be announced along with the prices announced in § 1000.53(b);

* * * * *

(g) For the months of January 2005 through March 2005 for handlers who have submitted proof satisfactory to the market administrator to determine eligibility for reimbursement of transportation costs subtract an amount equal to:

- (1) The cost of transportation on loads of producer milk delivered or rerouted to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
- (2) The cost of transportation on loads of producer milk delivered or rerouted to a pool supply plant that was then transferred to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
- (3) The cost of transportation on loads of bulk milk delivered or rerouted to a pool distributing plant from a pool supply plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;

(4) The cost of transportation on loads of bulk milk delivered or rerouted to a pool distributing plant from another order plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne; and

(5) The cost of transportation on loads of bulk milk transferred or diverted to a plant regulated under another Federal order or to other nonpool plants which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne.

(6) The total amount of payment to all handlers under this section shall be limited for each month to an amount determined by multiplying the total Class I producer milk for all handlers pursuant to § 1000.44(c) times \$0.09 per hundredweight.

(7) If the cost of transportation computed pursuant to paragraphs (g)(1) through (5) of this section exceeds the amount computed pursuant to paragraph (g)(6) of this section, the market administrator shall prorate such payments to each handler based on each handler's proportion of transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section. Transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section which are not paid as a result of such a proration shall be included in each subsequent month's transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section until paid, or until the time period for such payments has concluded.

(8) The reimbursement of transportation costs pursuant to this section shall be the actual demonstrated cost of such transportation of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section, or the miles of transportation on loads of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section multiplied by \$2.25 per loaded mile, whichever is less.

PART 1007—MILK IN THE SOUTHEAST MARKETING AREA

★ 4. Section 1007.60 is amended by revising paragraph (a) and adding a new paragraph (g) to read as follows:

§ 1007.60 Handler's value of milk
* * * * *

(a) Multiply the pounds of skim milk and butterfat in producer milk that were classified in each class pursuant to § 1000.44(c) by the applicable skim milk and butterfat prices, and add the resulting amounts; except that for the

months of January 2005 through March 2005, the Class I skim milk price for this purpose shall be the Class I skim milk price as determined in § 1000.50(b) plus \$0.04 per hundredweight, and the Class I butterfat price for this purpose shall be the Class I butterfat price as determined in § 1000.50(c) plus \$0.0004 per pound. The adjustments to the Class I skim milk and butterfat prices provided herein may be reduced by the market administrator for any month if the market administrator determines that the payments yet unpaid computed pursuant to paragraphs (g)(1) through (5) and paragraph (g)(7) of this section will be less than the amount computed pursuant to paragraph (g)(6) of this section. The adjustments to the Class I skim milk and butterfat prices provided herein during the months of January 2005 through March 2005 shall be announced along with the prices announced in § 1000.53(b);

* * * * *

(g) For the months of January 2005 through March 2005 for handlers who have submitted proof satisfactory to the market administrator to determine eligibility for reimbursement of transportation costs, subtract an amount equal to:

- (1) The cost of transportation on loads of producer milk delivered or rerouted to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
 - (2) The cost of transportation on loads of producer milk delivered or rerouted to a pool supply plant that was then transferred to a pool distributing plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
 - (3) The cost of transportation on loads of bulk milk delivered or rerouted to a pool distributing plant from a pool supply plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne;
 - (4) The cost of transportation on loads of bulk milk delivered or rerouted to a pool distributing plant from another order plant which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne; and
 - (5) The cost of transportation on loads of bulk milk transferred or diverted to a plant regulated under another Federal order or to other nonpool plants which were delivered as a result of hurricanes Charley, Frances, Ivan, and Jeanne.
- (6) The total amount of payment to all handlers under this section shall be

limited for each month to an amount determined by multiplying the total Class I producer milk for all handlers pursuant to § 1000.44(c) times \$0.04 per hundredweight.

(7) If the cost of transportation computed pursuant to paragraphs (g)(1) through (5) of this section exceeds the amount computed pursuant to paragraph (g)(6) of this section, the market administrator shall prorate such payments to each handler based on each handler's proportion of transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section.

Transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section which are not paid as a result of such a proration shall be included in each subsequent month's transportation costs submitted pursuant to paragraphs (g)(1) through (5) of this section until paid, or until the time period for such payments has concluded.

(8) The reimbursement of transportation costs pursuant to this section shall be the actual demonstrated cost of such transportation of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section, or the miles of transportation on loads of bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section multiplied by \$2.25 per loaded mile, whichever is less.

(9) For each handler, the reimbursement of transportation costs pursuant to paragraph (g) of this section for bulk milk delivered or rerouted as described in paragraphs (g)(1) through (5) of this section shall be reduced by the amount of payments received for such milk movements from the transportation credit balancing fund pursuant to § 1007.82.

Dated: December 7, 2004.

A.J. Yates,
Administrator, Agricultural Marketing Service.

[FR Doc. 04-27159 Filed 12-7-04; 2:54 pm]
BILLING CODE 3410-02-U

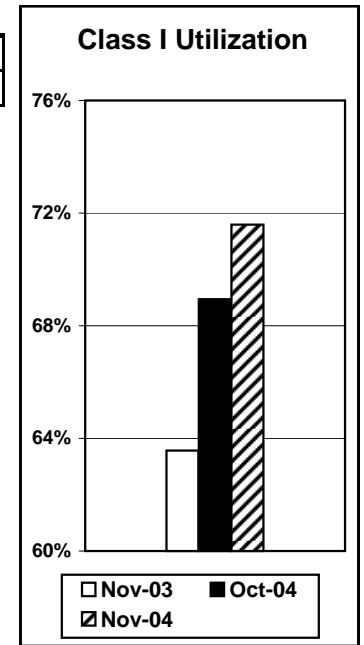
FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

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
2000 Avg	\$10.82	\$1.2040	\$14.65	\$8.42	\$1.2592	\$12.53	\$5.55	\$1.2522	\$9.74	\$ 7.72	\$1.2522	\$11.83	\$ 9.65	\$1.2343	\$13.63
2001 Avg	\$11.03	\$1.9202	\$17.37	\$8.33	\$1.8550	\$14.53	\$6.87	\$1.8480	\$13.10	\$ 7.55	\$1.8480	\$13.76	\$ 9.90	\$1.8783	\$16.13
2002 Avg	\$10.11	\$1.2433	\$14.11	\$7.62	\$1.1998	\$11.55	\$6.47	\$1.1928	\$10.42	\$ 6.88	\$1.1928	\$10.81	\$ 9.10	\$1.2109	\$13.01
2003 Avg	\$10.57	\$1.2247	\$14.48	\$6.74	\$1.2169	\$10.76	\$7.45	\$1.2099	\$11.42	\$ 5.98	\$1.2099	\$10.00	\$ 9.53	\$1.2165	\$13.46
Jan 2004	\$10.56	\$1.3593	\$14.95	\$6.64	\$1.5048	\$11.67	\$6.60	\$1.4978	\$11.61	\$ 5.94	\$1.4978	\$10.97	\$ 9.27	\$1.4492	\$14.02
Feb	\$9.65	\$1.5354	\$14.69	\$6.63	\$1.8588	\$12.90	\$5.61	\$1.8518	\$11.89	\$ 5.94	\$1.8518	\$12.21	\$ 8.41	\$1.7481	\$14.23
Mar	\$9.06	\$1.7985	\$15.04	\$6.66	\$2.3883	\$14.79	\$6.38	\$2.3813	\$14.49	\$ 5.97	\$2.3813	\$14.10	\$ 8.29	\$2.1737	\$15.61
Apr	\$9.06	\$2.2835	\$16.74	\$6.66	\$2.5083	\$15.21	\$11.30	\$2.5013	\$19.66	\$ 6.03	\$2.5013	\$14.57	\$ 8.58	\$2.4128	\$16.72
May	\$14.60	\$2.4747	\$22.75	\$6.74	\$2.4352	\$15.03	\$12.52	\$2.4282	\$20.58	\$ 6.22	\$2.4282	\$14.50	\$12.13	\$2.4460	\$20.27
Jun	\$16.08	\$2.4890	\$24.23	\$6.91	\$2.1838	\$14.31	\$10.43	\$2.1768	\$17.68	\$ 6.32	\$2.1768	\$13.72	\$12.55	\$2.2841	\$20.11
Jul	\$14.05	\$2.1398	\$21.05	\$7.03	\$2.0613	\$14.00	\$7.94	\$2.0543	\$14.85	\$ 6.34	\$2.0543	\$13.31	\$12.20	\$2.0927	\$19.10
Aug	\$10.65	\$2.1262	\$17.72	\$7.07	\$1.8011	\$13.13	\$8.04	\$1.7941	\$14.04	\$ 6.40	\$1.7941	\$12.46	\$ 9.76	\$1.9285	\$16.17
Sep	\$11.06	\$1.8200	\$17.04	\$7.11	\$1.9424	\$13.66	\$8.23	\$1.9354	\$14.72	\$ 6.45	\$1.9354	\$13.00	\$10.17	\$1.8899	\$16.43
Oct	\$11.63	\$1.9025	\$17.88	\$7.14	\$1.9090	\$13.57	\$7.78	\$1.9020	\$14.16	\$ 6.38	\$1.9020	\$12.81	\$10.48	\$1.9035	\$16.78
Nov	\$10.91	\$1.9598	\$17.39	\$7.14	\$2.0559	\$14.09	\$8.00	\$2.0489	\$14.89	\$ 6.39	\$2.0489	\$13.34	\$10.14	\$2.0125	\$16.83
Dec	\$11.22	\$1.9144	\$17.53	\$7.07											

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

Pool Period	Producer Milk 1000 lbs.	Number of Farms	CLASS I		CLASS II		CLASS III		CLASS IV	
			1000 lbs.	%	1000 lbs.	%	1000 lbs.	%	1000 lbs.	%
2000 Avg	623,930	4,974	405,592	65.24%	66,778	10.75%	101,812	16.25%	49,747	7.76%
2001 Avg	647,445	4,826	400,433	62.05%	74,258	11.47%	120,713	18.57%	52,041	7.92%
2002 Avg	660,548	4,603	397,278	60.63%	66,345	10.01%	136,479	20.61%	60,447	8.74%
2003 Avg	589,245	4,200	385,752	65.79%	58,764	10.06%	104,806	17.41%	39,923	6.74%
Jan 2004	655,699	4,040	412,320	62.89%	64,742	9.87%	103,944	15.85%	74,693	11.39%
Feb	626,270	3,918	365,248	58.32%	67,198	10.73%	110,870	17.70%	82,955	13.25%
Mar	656,089	3,848	401,134	61.15%	78,230	11.92%	132,949	20.26%	43,776	6.67%
Apr	562,225	3,444	390,525	69.46%	74,196	13.20%	13,399	2.38%	84,104	14.96%
May	615,936	3,795	354,868	57.62%	85,576	13.89%	71,573	11.62%	103,919	16.87%
Jun	647,473	3,716	346,813	53.56%	90,522	13.98%	90,317	13.95%	119,821	18.51%
Jul	542,312	3,686	372,617	68.71%	61,455	11.33%	75,289	13.88%	32,951	6.08%
Aug	593,593	3,597	401,050	67.56%	75,421	12.71%	65,465	11.03%	51,657	8.70%
Sep	559,693	3,787	393,790	70.36%	63,784	11.40%	58,719	10.49%	43,400	7.75%
Oct	573,163	3,568	395,197	68.94%	66,827	11.66%	65,141	11.37%	45,998	8.03%
Nov	566,673	3,600**	405,676	71.59%	58,889	10.39%	69,595	12.28%	32,513	5.74%

* 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 2004 through February 2005							
Pool Month	Pool & Uniform Price Release Date	MA Payment Dates		Payments for Producer Milk			
		Due to:	Due From:	Partial Payment** Due		Final Payment Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
December 2004	01/11/05	01/12/05	01/13/05	12/27/04	12/27/04	01/13/05	01/14/05
January 2005	02/11/05	02/14/05	02/15/05	01/25/05	01/26/05	02/15/05	02/16/05
February 2005	03/11/05	03/14/05	03/15/05	02/25/05	02/28/05	03/15/05	03/16/05

** The base rate for making partial payments in Fulton County, GA for December will be \$15.15 per hundredweight. This is 90 percent of the preceding month's uniform price of \$16.83 per hundredweight. According to part 1007.73, partial payments shall be made at a rate not less than 90 percent of the preceding month's uniform price for milk received during the first 15 days of the month, adjusted for plant location and authorized deductions. Plant location adjustments can be found on the back of the price announcements published by the Market Administrator office.

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