

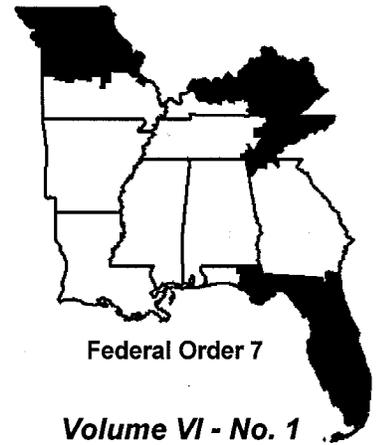
Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

January 2000

Volume VI - No. 1



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

Outlook: Last BFP is the Lowest at \$9.63 But Butter Holds Up the New Class I Prices

The Basic Formula Price (BFP) hit \$9.63 in December, and both powder and cheese traded near their support prices. This was the lowest Class III price since July 1978, and it was down \$7.71 from last December's record high of \$17.34. This was also the last BFP to be calculated under the old Federal order pricing provisions.

In November, U.S. milk production in the entire U.S. was up 4.4% from November 1998, and cheese production was up 8.3%, according to estimates from USDA's National Agricultural Statistics Service. Although demand for dairy products is growing, supplies are growing faster.

December's uniform price was \$13.60 at Atlanta, due to the Class I price of \$14.57 (October's \$11.49 BFP plus \$3.08). January's uniform price will come largely from the new Class I price, and could be near \$13.00 at Atlanta. The first prices under the new orders were announced on December 23.

The January Class I price for 3.5% milk at Atlanta is \$14.00. Under the old system it would have been \$12.87, based on November's \$9.79 BFP. February's Class I price should also be about a dollar higher than the old price.

The block cheese price on the CME fell to the cheese support price of \$1.10 per pound on January 10. Nonfat dry milk powder continued just above support at \$1.03 per pound. Only butter among the dairy products is trading much above its support price; at 95½¢ per pound on January 12, it was 30½¢ above support. The Class I price under the new orders takes the higher of a Class IV butter and powder formula or a Class III cheese formula; so for now the higher butter price is keeping the Class I price at Atlanta above \$12.82. (See the related article nearby.)

In the four weeks ending January 7, CCC bought 38,431,963 pounds of nonfat dry milk (equivalent to over 400 million pounds of skim milk), mostly at the support price of \$1.01. In 1999 CCC purchased no butter, no cheese, and 236,917,513 net pounds of nonfat dry milk, equivalent to about 2.6 billion pounds of skim milk.

Adapted in part from Dairy Market News, December 17, 1999 - January 7, 2000; Vol. 66, No. 50 - Vol. 67, No. 1.

Transportation Credit Update

Claims on the Federal Order 7 transportation credit balancing fund for December were made for \$379,966.30. Since the available balance was \$292,685.47, eligible claims were paid at a rate of about 77¢ to the dollar.

Expanded Southeast Order Now in Effect

The white areas on the map above show the expanded Southeast Federal Milk Marketing Area, which took effect on January 1, 2000. The last uniform price under the old Southeast Order was calculated and announced on January 10 for milk delivered in December 1999; and milk delivered beginning January 1 will be subject to the provisions of the new Southeast order.

Highlights among changes in the new orders include:

- Separate price calculations for skim milk and butterfat, instead of 3.5% adjusted by test.
- Class prices based directly on product prices, instead of a Grade B milk price adjusted by product prices.
- New Class IV price for butter and powder use.
- Class I price announcements on or before the 23rd.
- New Class I differentials (and location adjustments): Atlanta, \$3.10; Springfield, Mo., \$2.20; Nashville, \$2.60; and New Orleans, \$3.60. (See December's *Bulletin*.)
- Parts of three states are added to marketing area

More information on the new order provisions, including the order language itself, is available through the Market Administrator's web site (www.fmmatlanta.com), or call (770) 448-1194.

CCC Announces 2000 Support Prices

On December 15 USDA announced that the Commodity Credit Corporation (CCC) purchase prices for butter, nonfat dry milk, and cheese bought under the Milk Price Support Program will remain unchanged. The 2000 Agriculture Appropriations Act extended the program through 2000 at the 1999 support price of \$9.90 per hundredweight of milk with a 3.67% butterfat content. The government purchase prices for these manufactured dairy products remain as follows: butter, \$0.65 per pound; block Cheddar cheese, \$1.10 per pound; barrel cheese, \$1.07 per pound; and nonfat dry milk, \$1.01 per pound. This sets the support price for milk at 3.5% butterfat at \$9.80.

Using the new Federal order price formulas, the support prices for butter and powder are equal to a support price for Class IV milk of \$9.72. The support prices for cheese are equal to a support price for Class III milk of about \$9.60, at current dry whey prices. This is also equivalent to a minimum Class I price of \$12.82 at Atlanta. The Secretary of Agriculture may periodically review the purchase prices for butter and nonfat dry milk, and adjust them if necessary.

**SOUTHEAST MARKETING AREA - FEDERAL ORDER 7
COMPUTATION OF UNIFORM PRICE FOR DECEMBER 1999**

CLASSIFICATION OF PRODUCER MILK	Percentage Utilization	Product Pounds	Price	Value
Class I	73.19%	417,837,969	\$14.57	\$ 60,878,992.05
Class II	9.87%	56,377,510	\$11.79	6,646,908.41
Class III	16.94%	96,726,066	\$9.63	9,314,720.12
TOTAL PRODUCER RECEIPTS	100.00%	570,941,545		\$ 76,840,620.58
Class I Other Source		0		0.00
TOTAL MILK RECEIPTS		570,941,545		\$ 76,840,620.58

ADJUSTMENTS

Overage and Other Source	§1007.60 (B), (D), and (E)		66,564.26
Inventory Adjustments	§1007.60 (C)		174,617.99
Location Adjustments to Handlers	§1007.52		(386,298.79)
Class III-A Adjustment	§1007.43		445,339.16
TOTAL POOL VALUE			\$ 77,140,843.20
Location Adjustments to Producers	§1007.75		655,906.46
1/2 Unobligated Balance in P.S.F.	§1007.61 (A)(2)		113,627.76
ADJUSTED POOL VALUE		\$ 13.645946	\$ 77,910,377.42
Reserve for Producer Settlement Fund	§1007.61 (A)(5)	\$ 0.045946	(262,327.30)
UNIFORM PRICE FOR 3.5% MILK		\$13.60*	\$ 77,648,050.12
BUTTERFAT DIFFERENTIAL		\$.086	

* Subject to provisions of §1007.75 plant location adjustments for producers

* Location adjustments for locations outside of the marketing area: Chattanooga, Tennessee, -\$0.300; Ft. Smith, Arkansas, -\$0.310; Athens, Tennessee, -\$0.350; Fulton, Kentucky, -\$0.655; Murray, Kentucky, -\$0.705; and Somerset, Kentucky, -\$0.955.

COMPUTATION OF CLASS III-A ADJUSTMENT

Class III-A Pounds			Price	Value
42,013,129	(Priced at Class III)	X	\$9.63	\$4,045,864.32
42,013,129	(Priced at Class III-A)	X	\$10.69	(4,491,203.49)
CLASS III-A ADJUSTMENT				(\$445,339.16)

**PACKAGED CLASS I ROUTE SALES IN SOUTHEAST MARKETING AREA
FOR NOVEMBER 1999 AND 1998**

Disposition by Nonpool Plants	1999	1998	% Change
Whole Milk	19,261,721	21,873,503	-11.94
Fat Free Milk	5,351,935	6,568,997	-18.53
Lowfat Milk	2,980,634	3,758,742	-20.70
Reduced Fat Milk	14,151,334	17,513,582	-19.20
Cultured Fluid Milk Products	1,123,066	1,266,045	-11.29
Flavored Milk and Drinks	3,704,962	2,806,644	+32.01
Total Disposition by Nonpool Plants	46,573,652	53,787,513	-13.41
Total Disposition by Pool Plants	331,168,768	318,808,073	+3.88
Total Disposition by All Plants	377,742,420	372,595,586	+1.38
Number of Nonpool Distributing Plants	37	40	
Number of Pool Distributing Plants	35	36	

SOUTHEAST MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARIES FOR DECEMBER 1999 AND DECEMBER 1998

MARKET RECEIPTS

		<u>1999</u>	<u>1998</u>
PRODUCER MILK	Class I	417,837,969	406,518,291
	Class II	56,377,510	41,398,295
	Class III	96,726,066	54,170,904
TOTAL PRODUCER MILK		570,941,545	502,087,490
	<i>Average Butterfat Test</i>	3.727%	3.698%
	<i>Daily Average Receipts</i>	18,417,469	16,196,371
	<i>Percent of Producer Milk in Class I</i>	73.19 %	80.97 %
OTHER SOURCE MILK	Class I	8,938,101	7,308,183
	Class II	12,205,070	10,856,365
	Class III	6,766,639	7,660,076
TOTAL OTHER SOURCE		27,909,810	25,824,624
OVERAGES	Class I	432,107	0
	Class II	25,655	651,374
	Class III	13,547	8,270
TOTAL OVERAGE		471,309	659,644
OPENING INVENTORY	Class I	36,705,197	32,337,257
	Class II	7,577,984	4,121,445
	Class III	17,807,887	22,840,531
TOTAL OPENING INVENTORY		62,091,068	59,299,233
TOTAL RECEIPTS		661,413,732	587,870,991

MARKET UTILIZATION

CLASS I UTILIZATION			
	Inventory of Packaged FMP	37,875,728	36,097,942
	Route Disposition in Class I:	416,238,891	401,109,383
	Shrinkage	2,017,751	3,143,252
	Transfers and Diversions to Nonpool Plants	7,781,004	5,813,154
TOTAL CLASS I UTILIZATION		463,913,374	446,163,731
	<i>Average Butterfat Test</i>	2.196 %	2.150 %
	<i>Daily Average Utilization</i>	14,964,948	14,392,378
CLASS II UTILIZATION			
	Inventory of Packaged FCP and Bulk Concentrate	2,438,701	949,176
	Nonfluid Used to Produce	2,677,022	7,240,335
	Route Disposition Class II	8,497,480	3,427,234
	Transfers and Diversions to NonPool Plants/Commercial	35,743,389	25,472,162
	Used to Produce/Other Uses	26,829,627	19,938,572
TOTAL CLASS II UTILIZATION		76,186,219	57,027,479
	<i>Average Butterfat Test</i>	8.605 %	7.865 %
CLASS III UTILIZATION			
	Inventory of Bulk FCP and FMP	11,475,017	15,198,834
	Nonfluid Used to Fortify	3,154,089	2,828,351
	Shrinkage	7,453,332	7,785,277
	Transfers and Diversions to Nonpool Plants	78,167,472	43,807,214
	Used to Produce/Other Uses	21,064,229	15,060,105
TOTAL CLASS III UTILIZATION		121,314,139	84,679,781
	<i>Average Butterfat Test</i>	7.023 %	8.795 %
TOTAL UTILIZATION		661,413,732	587,870,991

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 1999 is \$13.60 per hundredweight for milk containing 3.5% butterfat in Zone 7. Payment to producers may be reduced by location differentials, if applicable, and by proper deductions authorized in writing by the producer.

This month's uniform price is the result of marketwide pooling where all producer milk was classified and priced according to the use made of the milk. Class I use, which is primarily bottled or packaged whole milk and skim milk distributed in fluid form, accounted for 73.19 percent of all producer milk and was priced to handlers at \$14.57 per hundredweight for 3.5% milk. Class II use, which is milk used mainly in fluid cream products, accounted for 9.87 percent of producer milk and was priced at \$11.79 per hundredweight for 3.5 % milk. Class III use, generally milk processed into butter, powder, and cheese, accounted for 16.94 percent of producer milk and was priced at \$9.63. Class III-A receipts totaled 42.0 million pounds or 7.36 percent of total producer milk and was priced at \$10.69 per hundredweight. The total values computed are distributed to producers through the uniform prices.

Receipts of producer milk during December 1999 totaled 570.9 million pounds. There were 35 regulated pool distributing plants, 1 pool supply plant, and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 1999.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 3.42 in December 1999, compared to 3.84 in November 1999 and 4.32 in December 1998. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

PACKAGED CLASS I ROUTE SALES IN MARKETING AREA BY STATE October 1999

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

Product Description	Alabama*	Arkansas**	Georgia**	Louisiana	Mississippi	Tennessee**	TOTAL
Whole Milk	32,932,770	11,844,268	28,233,577	26,462,789	16,487,417	18,819,998	134,780,819
Fat Free Milk	12,161,578	2,664,099	10,544,576	7,813,457	4,282,651	5,441,746	42,908,107
Lowfat Milk (incl. 1%)	4,956,751	1,334,676	4,908,390	5,512,470	1,858,872	2,277,669	20,848,828
Reduced Fat Milk (incl. 2%)	21,684,499	8,812,002	19,964,354	14,365,710	12,161,166	14,882,320	91,870,051
Cultured Fluid Milk (incl. Buttermilk)	4,121,746	958,805	2,633,942	949,441	1,602,696	4,028,601	14,295,231
Flavored Drinks and Milk	6,668,589	2,476,530	7,561,023	6,656,180	4,160,986	4,544,352	32,067,660
Total Disposition by Pool Plants	82,525,933	28,090,380	73,845,862	61,760,047	40,553,788	49,994,686	336,770,696
Total Disposition by Nonpool Plants	1,064,371	2,452,660	27,574,817	5,797,480	2,233,211	7,240,316	46,362,855
Total Disposition in Marketing Area	83,590,304	30,543,040	101,420,679	67,557,527	42,786,999	57,235,002	383,133,551

* Includes four Florida counties in Southeast Marketing Area.

** Includes only sales in Southeast Marketing Area.

**SOUTHEAST MARKETING AREA - FEDERAL ORDER 7
PRICE AND RECEIPTS AND UTILIZATION INFORMATION
OTHER FEDERAL ORDER PRICES**

MARKET NAME	1999 CLASS I			1999 UNIFORM	
	NOV	DEC	JAN*	NOV	DEC
Carolina (Charlotte)	\$ 19.34	\$ 14.57	\$14.00	\$ 18.04	\$ 13.76
Louisville-Lexington-Evansville	\$ 18.37	\$ 13.60	n/a	\$ 17.66	\$ 13.21
Southeastern Florida	\$ 20.44	\$ 15.67	n/a	\$ 20.07	\$ 15.35
Southwest Plains	\$ 19.03	\$ 14.26	n/a	\$ 15.12	\$ 12.11
Tampa Bay (Tampa)	\$ 20.14	\$ 15.37	\$14.90	\$ 19.58	\$ 14.84
Texas (Dallas)	\$ 19.42	\$ 14.65	\$13.90	\$ 15.62	\$ 12.69
Upper Florida	\$ 19.84	\$ 15.07	n/a	\$ 19.28	\$ 14.66

* Class I Price under new consolidated orders where base location is the same. February 2000 Class Prices to be announced January 21, 2000.

CLASS AND PRODUCER PRICES

Per Cwt. - 3.5% Butterfat

MONTH AND YEAR	CLASS PRICES				B'FAT DIFF.	UNIFORM* PRICE
	CLASS I*	CLASS II	CLASS III	CLASS III-A		
Aug. 1998	\$16.18	\$13.40	\$14.99	\$16.52	\$0.245	\$15.86
Sept.	\$17.85	\$15.07	\$15.10	\$19.81	\$0.325	\$17.52
Oct.	\$18.07	\$15.29	\$16.04	\$18.13	\$0.273	\$17.82
Nov.	\$18.18	\$15.40	\$16.84	\$14.87	\$0.178	\$17.92
Dec.	\$19.12	\$16.34	\$17.34	\$13.48	\$0.132	\$18.70
Jan. 1999	\$19.92	\$17.14	\$16.27	\$13.12	\$0.137	\$19.07
Feb.	\$20.42	\$17.64	\$10.27	\$12.78	\$0.139	\$18.99
Mar.	\$19.35	\$16.57	\$11.62	\$12.36	\$0.132	\$18.19
Apr.	\$13.35	\$10.57	\$11.81	\$11.06	\$0.095	\$13.00
May	\$14.70	\$11.92	\$11.26	\$11.62	\$0.111	\$14.03
Jun.	\$14.89	\$12.11	\$11.42	\$13.29	\$0.161	\$14.47
July	\$14.34	\$11.56	\$13.59	\$12.37	\$0.134	\$14.10
Aug.	\$14.50	\$11.72	\$15.79	\$12.62	\$0.136	\$14.42
Sept.	\$16.67	\$13.89	\$16.26	\$12.37	\$0.126	\$16.47
Oct.	\$18.87	\$16.09	\$11.49	\$11.78	\$0.110	\$17.96
Nov.	\$19.34	\$16.56	\$9.79	\$11.57	\$0.107	\$18.25
Dec.	\$14.57	\$11.79	\$9.63	\$10.69	\$0.086	\$13.60
Jan 2000	\$14.00**					

* Zone 7 ** Class I Price per cwt. for milk at 3.5% under consolidated Southeast Order

RECEIPTS AND UTILIZATION OF PRODUCER MILK FOR POOL HANDLERS

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF PRODUCERS	CLASS I		CLASS II		CLASS III	
			1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS
Sept. 1998	441,053	4,626	377,477	85.59%	38,150	8.65%	25,425	5.76%
Oct.	477,176	4,523	409,143	85.74%	37,915	7.95%	30,118	6.31%
Nov.	475,405	4,478	387,210	81.45%	36,859	7.75%	51,336	10.80%
Dec.	502,087	4,517	406,518	80.97%	41,398	8.24%	54,171	10.79%
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%
Feb.	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%
Mar.	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%
Apr.	492,000	3,992	397,729	80.84%	32,557	6.62%	62,713	12.54%
May	511,493	4,119	391,744	79.59%	49,314	9.64%	70,435	13.77%
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%
Aug.	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%
Sept.	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%
Oct.	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%
Nov.	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%
Dec.	570,942	4,800*	417,838	73.19%	56,378	9.87%	96,726	16.94%

* Estimated

Release Dates for 2000 Class Prices Under the Consolidated Southeast Order

The new Federal order Class prices are calculated from the results of a National Agricultural Statistics Service (NASS) price survey. These Class prices will be announced on the same day as the last price survey used. The Class I skim and butterfat prices and the Class II skim price (the "advanced prices") for each month will be announced on the last Friday on or before the 23rd of the previous month. Similarly, the Class III and IV skim milk and butterfat prices and the Class II butterfat price (the "current prices") for each month will be announced on the last Friday on or before the 5th of the following month. Release dates for 2000 follow:

Months to Which Prices Apply	Advanced Prices		Current Prices	
	Release Date	NASS data for weeks ending:	Release Date	NASS data for weeks ending:
January	December 23	12/11, 12/18	February 4	1/1, 1/8, 1/15, 1/22, 1/29
February	January 21	1/8, 1/15	March 3	2/5, 2/12, 2/19, 2/26
March	February 18	2/5, 2/12	March 31	3/4, 3/11, 3/18, 3/25
April	March 17	3/4, 3/11	May 5	4/1, 4/8, 4/15, 4/22, 4/29
May	April 21	4/8, 4/15	June 2	5/6, 5/13, 5/20, 5/27
June	May 19	5/6, 5/13	June 30	6/3, 6/10, 6/17, 6/24
July	June 23	6/10, 6/17	August 4	7/1, 7/8, 7/15, 7/22, 7/29
August	July 21	7/8, 7/15	September 1	8/5, 8/12, 8/19, 8/26
September	August 18	8/5, 8/12	September 29	9/2, 9/9, 9/16, 9/23
October	September 22	9/9, 9/16	November 3	9/30, 10/7, 10/14, 10/21, 10/28
November	October 20	10/7, 10/14	December 1	11/4, 11/11, 11/18, 11/25
December	November 17	11/4, 11/11	January 5	12/2, 12/9, 12/16, 12/23, 12/30

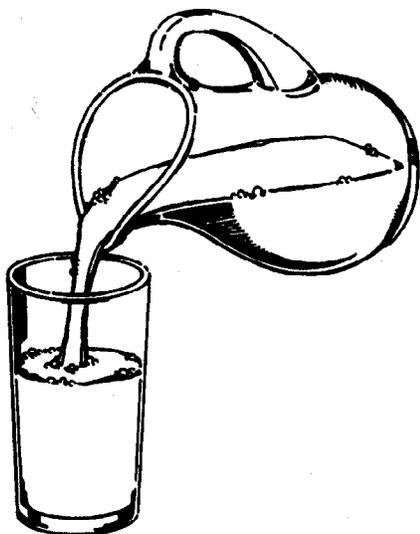
Each release is scheduled for 10:30 a.m., Eastern Time, except December 23, which was released at 3:00 p.m.

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

Market Information BULLETIN
 Federal Milk Market Administrator
 P.O. Box 1208
 Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

February 2000

Volume I - No. 2

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

USDA Requests Input on Class III & IV Prices For Hearing Expected in Late April, Early May

USDA is requesting proposals to reconsider the Class III and Class IV price formulas that went into effect on January 1, 2000. As required by the Consolidated Appropriations Act of 2000, this is an emergency proceeding, which does not require a recommended decision. The Secretary must submit a final decision by December 1, 2000. Any changes to the price formulas would be implemented January 1, 2001.

More on the Class III & IV Hearing, page 5

USDA to Provide \$125 Million to Dairy Farmers

USDA will provide \$125 million in direct cash payments to assist dairy farmers hurt by low prices. Last summer \$200 million was distributed. "This assistance is sorely needed to help keep many small- and medium-size dairy producers in business until prices stabilize," said Secretary Glickman. The Dairy Market Loss Assistance program will again provide payments based on a farm's milk production in 1997 or 1998, up to the first 2,600,000 pounds of production. All dairy farmers who produced milk during the last quarter of calendar year 1998 are eligible for the program. Eligible producers who did not participate in the program last summer must sign up at their local Farm Service Agency offices or USDA Service Centers from January 24 to February 28, 2000. Farmers who participated in last summer's program will automatically receive payments and do not need to reapply. The dollar amount of payments will be calculated after sign-up is complete.

National Dairy Board Vacancy Filled

Agriculture Secretary Glickman has appointed Kent Herman of Taylorsville, N.C., to fill a vacancy on the National Dairy Promotion and Research Board created by the resignation of Charles Deputy of Harrisonburg, Va. Mr. Herman will represent Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia) through Oct. 31, 2001. The 36 dairy farmers on the Board administer a coordinated program of promotion, research and nutrition education, designed to strengthen the U.S. dairy industry. The program is financed by a mandatory 15-cent per hundredweight assessment on commercially marketed milk production in the lower 48 states. USDA's Agricultural Marketing Service oversees the Board and encourages all eligible individuals to participate in its activities.

USDA Seeks Comments on Promotion

USDA's Agricultural Marketing Service (AMS) has written guidelines for national research and promotion programs, including dairy programs. USDA is now seeking comments on these "Guidelines for AMS Oversight of Commodity Research and Promotion Programs." For more information, including the full text of the guidelines, see "www.ams.usda.gov/r&p", or contact Barbara C. Robinson, Deputy Associate Administrator; Room 3069 South Bldg., USDA, AMS, OA; Washington, DC 20250; telephone (202) 720-4276; fax (202) 690-3967. Comments may be submitted by June 30, 2000, to the above address or by e-mail at: "public.comments@usda.gov" Please refer to docket AMS-00-01.

USDA Seeks Nominators to Beef Board

USDA is asking organizations, including dairy organizations, that wish to nominate individuals to the Cattlemen's Beef Promotion and Research Board to apply for certification by March 3. Nominations to the Board will be made later this year. The 110-member Board administers the beef promotion program. Nationally, 20% to 25% of the \$1 per head assessment which funds the program is paid by dairy farmers. Producer representation is based on the cattle in each state. Vacancies will occur this year for 32 states, including Louisiana, Mississippi, Missouri, and Tennessee. Applications and additional information are available from Ralph L. Tapp, Chief, Marketing Programs Branch, Rm. 2627-S; Livestock and Seed Program, AMS, USDA; STOP 0251; 1400 Independence Ave., SW.; Washington, D.C. 20250-0251; telephone 202-720-1115.

Assistant Market Administrator Named

Gayle Ely has been named Assistant Market Administrator for the merged Florida and Southeast Milk Marketing Orders, effective January 30, 2000. Gayle has been with the milk order program for nearly 10 years, including 7 years in the Louisville Market Administrator's office. On March 1, 1998, Gayle joined the Atlanta Market Administrator's office to head the administrative and information systems departments. She has been serving as the acting Assistant Market Administrator since August 1, 1999. Gayle has a B.S. from San Diego State University and an M.B.A. from the University of Louisville.

Outlook: See page 4

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	36.52%	9,173,728	\$0.9854	\$ 9,039,791.57
Class I Differential at Location				270,061.44
Class II Butterfat	16.11%	4,046,902	\$0.9436	3,818,656.73
Class III Butterfat	22.81%	5,730,018	\$0.9366	5,366,734.86
Class IV Butterfat	24.56%	6,169,476	\$0.9366	5,778,331.22
Total Butterfat	100.00%	25,120,124		\$ 24,273,575.82

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$0.9663**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	63.63%	416,869,643	\$7.72 /cwt.	\$ 32,182,336.44
Class I Butterfat	36.52%	9,173,728	\$0.9854 /lb.	9,039,791.57
Class I Differential at Location		426,043,371		12,628,227.49
Total Class I Milk	62.64%	426,043,371		\$ 53,850,355.50
Class II Skim Milk	8.19%	53,647,765	\$8.42 /cwt.	\$ 4,517,141.81
Class II Butterfat	16.11%	4,046,902	\$0.9436 /lb.	3,818,656.73
Total Class II Milk	8.48%	57,694,667		\$ 8,335,798.54
Class III Skim Milk	15.97%	104,605,081	\$7.02 /cwt.	\$ 7,343,276.69
Class III Butterfat	22.81%	5,730,018	\$0.9366 /lb.	5,366,734.86
Total Class III Milk	16.22%	110,335,099		\$ 12,710,011.55
Class IV Skim Milk	12.21%	79,956,054	\$7.72 /cwt.	\$ 6,172,607.37
Class IV Butterfat	24.56%	6,169,476	\$0.9366 /lb.	5,778,331.22
Total Class IV Milk	12.66%	86,125,530		\$ 11,950,938.59
Producer Milk	100.00%	680,198,667		\$ 86,847,104.18

Adjustments

Overage and Other Source	\$ 2,022.12
Inventory Adjustments	3,757.48
Producer butterfat at uniform butterfat price	(24,273,575.82)
Location Adjustments to Producers	1,524,503.22
1/2 Unobligated Balance in P.S.F.	289,808.69

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.82991	\$ 64,393,619.87
	\$ 0.04991	(326,936.60)

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

\$9.78

\$ 64,066,683.27

Uniform Price per cwt. (Fulton County, Georgia)

\$12.82*

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

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

MARKET NAME (Priced at)	CLASS I - 2000		UNIFORM		
	JAN	FEB	NOV 1999*	DEC 1999*	JAN 2000
Appalachian (Charlotte)	\$ 14.00	\$ 13.81	\$ 18.04	\$ 13.76	\$ 13.32
Arizona-Las Vegas (Phoenix)	\$ 13.25	\$ 13.06	\$ 13.85	\$ 11.34	\$ 11.25
Central (Kansas City)	\$ 12.90	\$ 12.71	\$ 17.82	\$ 13.16	\$ 11.23
Florida (Tampa)	\$ 14.90	\$ 14.71	\$ 19.58	\$ 14.84	\$ 14.37
Mid-East (Cleveland)	\$ 12.90	\$ 12.71	\$ 15.24	\$ 11.93	\$ 11.62
Northeast (Boston)	\$ 14.15	\$ 13.96	\$ 16.13	\$ 12.87	\$ 12.35
Pacific Northwest (Seattle)	\$ 12.80	\$ 12.61	\$ 13.62	\$ 11.34	\$ 11.11
Southwest (Dallas)	\$ 13.90	\$ 13.71	\$ 15.62	\$ 12.69	\$ 12.69
Upper Midwest (Chicago)	\$ 12.70	\$ 12.51	\$ 11.61	\$ 10.45	\$ 10.48
Western (Salt Lake City)	\$ 12.80	\$ 12.61	\$ 13.72	\$ 11.34	\$ 11.11

* Price at same location under previous Federal order.

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR JANUARY 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	426,043,371
	Class II	57,694,667
	Class III	110,335,099
	Class IV	86,125,530
	Total	680,198,667
<i>Average Butterfat Test</i>		3.693%
<i>Daily Average Receipts</i>		21,941,892
Percent of Producer Milk in Class I		62.64 %
Other Source Milk:	Class I	10,902,266
	Class II	3,457,922
	Class III	237,451
	Class IV	4,696,230
	Total	19,293,869
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	2,159
	Total	2,159
Opening Inventory	Class I	35,286,181
	Class II	136,641
	Class III	308,640
	Class IV	10,783,745
	Total	46,515,207
TOTAL RECEIPTS		746,009,902
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	32,883,055
	Route Disposition in Class I:	427,426,645
	Shrinkage	4,784,177
	Transfers and Diversions to Nonpool Plants	7,137,941
	Total Class I Utilization	472,231,818
<i>Average Butterfat Test</i>		2.151 %
<i>Daily Average Utilization</i>		15,233,284
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	2,529,952
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	41,766,051
	Used to Produce/Other Uses	16,993,227
	Total Class II Utilization	61,289,230
<i>Average Butterfat Test</i>		7.251 %
CLASS III UTILIZATION:		
	Shrinkage	7,841,796
	Transfers and Diversions to Nonpool Plants	98,460,324
	Used to Produce/Other Uses	4,579,070
	Total Class III Utilization	110,881,190
<i>Average Butterfat Test</i>		5.193 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	20,615,822
	Nonfluid Used to Fortify	1,780,800
	Shrinkage	0
	Transfers and Diversions to Nonpool Plants	59,337,826
	Used to Produce/Other Uses	19,873,216
	Total Class IV Utilization	101,607,664
<i>Average Butterfat Test</i>		7.039 %
TOTAL UTILIZATION		746,009,902

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during January 2000 is \$12.82 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.78 per hundredweight plus 3.5 times the uniform butterfat price of \$0.9663 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 63.63% of all producer skim milk (priced to handlers at \$7.72 per hundredweight, plus the Class I differential, see page 5) and 36.52% of producer butterfat (priced to handlers at \$0.9854 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 8.19% of all producer skim milk (\$8.42 per hundredweight) and 16.11% of producer butterfat (\$0.9436 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.95% of all producer skim milk (\$7.02 per hundredweight) and 22.81% of producer butterfat (\$0.9366 per pound). Class IV use, generally milk processed into butter and powder, accounted for 12.21% of all producer skim milk (\$7.72 per hundredweight) and 24.56% of producer butterfat (\$0.9366 per pound).

Receipts of producer milk during January 2000 totaled 680.2 million pounds. There were 34 regulated pool distributing plants, 3 pool supply plants, and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for January 2000. Class I route disposition in the Southeast Market totaled 382.1 million pounds in December 1999.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 3.08 in January 2000, compared to 3.25 in December 1999 and 4.09 in January 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast December 1999*
Whole Milk	160,115,822
Fat Free Milk	48,491,276
Lowfat Milk (incl. 1%)	22,523,000
Reduced Fat Milk (incl. 2%)	107,016,617
Cultured Fluid Milk (incl. Buttermilk)	16,910,787
Flavored Drinks and Milk	27,074,062
Total Disposition in Marketing Area	382,131,564
Total Disposition by Pool Plants	336,782,668
Total Disposition by Nonpool Plants	45,348,896
Total Disposition in Marketing Area	382,131,564

*Last month prior to consolidation, effective Jan. 1, 2000.

Outlook: First Consolidated Southeast Uniform Price is \$12.82

January's uniform price, the first calculated for the consolidated Southeast milk marketing order, is \$12.82 per hundredweight, based on a uniform skim milk price and a uniform butterfat price (see page 2 and above).

U.S. milk production continues to climb. In December, estimated production for the entire U.S. was up 3.5%, cheese production was up 4.4%, and nonfat dry milk production was up 16.6% from December 1998, according to USDA's National Agricultural Statistics Service.

The block cheese price on the Chicago Mercantile Exchange (CME) has remained a penny above the support price of \$1.10, but there have been no cheese sales to the government's Commodity Credit Corporation (CCC).

Nonfat dry milk powder has been at \$1.03 per pound, 2¢ above the support price, since late September. In the five weeks ending February 11, CCC bought 49,910,544 pounds of nonfat dry milk (equivalent to about 550 million pounds of skim milk), mostly at the support price of \$1.01.

Butter has been moving up and down around 95¢ per pound, well above the 65¢ support price, and closed at 88¢ on February 11. The Class I price under the new orders takes the higher of a Class IV butter and powder formula or a Class III cheese formula; so for now the higher butter price is keeping the new Class I price at Atlanta above \$12.82 (the price if all commodities were trading at their support prices). The Class I price at Atlanta is \$14.00 for January and \$13.81 for February. Under the old F.O. 7, the Class I price would have been \$12.87 in January and \$12.71 in February.

Prices paid by farmers in January were unchanged from December, but up 2.6% from January 1999. Prices received by farmers for dairy products fell 2.2% from December and 31.6% from last January.

Adapted in part from Dairy Market News, January 14 – February 11, 2000; Vol. 67, No. 2 - No. 6.

Invitation to Submit Proposals - Class III and IV Prices

February 1, 2000

To: Interested Parties

From: Market Administrator, Atlanta, Georgia

The Consolidated Appropriations Act, 2000, requires the Secretary of Agriculture to conduct a formal rulemaking proceeding to reconsider the Class III and Class IV milk pricing formulas included in the final rule for the consolidation and reform of Federal milk orders. The formulas resulting from the required proceeding are to be implemented on January 1, 2001. Consequently, USDA is requesting that interested parties submit proposals to modify the computation of Class III and Class IV prices adopted in the final rule published in the Federal Register on September 1, 1999 (64 Fed. Reg. 47897-48021) by February 29, 2000. It is anticipated that such a hearing would be held in late April or early May 2000.

The legislation requiring the hearing describes the proceeding as an emergency. It should be noted that an emergency rulemaking proceeding omits a recommended decision with the opportunity to file comments thereon. The potential omission of a recommended decision will be an issue that will be considered at the hearing.

In addition to the Class III and Class IV prices adopted in the final rule, the hearing will consider proposals that address changes to any of the factors such as the specification of the products whose prices are identified, the yield factors, and the make allowances included in the computation of the component prices.

Two copies of the proposals should be mailed to: Deputy Administrator, Dairy Programs, Agricultural Marketing Service, United States Department of Agriculture, Room 2968, South Building, P.O. Box 96456, Washington, D.C. 20090-6456, by February 29, 2000.

Each proposal should be accompanied by a brief but comprehensive statement on the justification for the proposed changes. The statement will be used in deciding whether the proposals should be considered at the hearing. Those proposing changes to the Class III and Class IV price calculations contained in the final rule should plan to support their proposals with data, as well as arguments, at the hearing.

A hearing would be limited to the proposals included in a hearing notice. However, appropriate modifications of the proposals included in the notice also may be considered at the hearing if the modifications would not increase the scope of the hearing.

Actions under the Federal milk order program are subject to the "Regulatory Flexibility Act". This Act seeks to ensure that, within the statutory authority of a program, the regulatory and informational requirements are tailored to the size and nature of small businesses. For the purpose of the Act, a dairy farm is a "small business" if it has an annual gross revenue of less than \$500,000, 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 \$500,000 per year criterion was used to establish a production guideline of 326,000 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 the 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.

All known interested persons will be mailed a copy of the hearing notice when one is issued. Anyone who desires to present evidence on proposals set forth in the hearing notice will have an opportunity to do so at the hearing.

Once a hearing notice is issued and until issuance of a final decision, Department employees involved in the decisional process may not discuss the merits of a proceeding on an ex parte basis with any persons having an interest in the proceeding. For this purpose, the market administrator and staff are considered to be involved in the decisional process. Thus, it is suggested that any discussions that you may wish to have with Department personnel regarding hearing proposals be initiated soon. Procedural matters may be discussed at any time.

If you have any questions concerning the filing of the proposals or desire a copy of the final rule for the consolidation and reform of Federal milk orders, please contact this office.

Sue L. Mosley

SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
LIST OF HANDLERS FOR JANUARY 2000

	<u>Class I Differential</u>	<u>Location Adjustment from Fulton County, Georgia</u>
POOL DISTRIBUTING PLANTS		
Barber Pure Milk Company, Birmingham, Alabama	\$3.10	\$0.00
Barber Pure Milk Company, Mobile, Alabama	\$3.50	\$0.40
Barbes Dairy, Inc., Westwego, Louisiana	\$3.60	\$0.50
Borden Milk Products, LLC, Lafayette, Louisiana	\$3.60	\$0.50
Borden Milk Products, LLC, Monroe, Louisiana	\$3.10	\$0.00
Browns Velvet, New Orleans, Louisiana	\$3.60	\$0.50
Centennial Farms Dairy, Atlanta, Georgia	\$3.10	\$0.00
Country Delite Farms, Nashville, Tennessee	\$2.60	(\$0.50)
Dairy Fresh Corporation, Baker, Louisiana	\$3.60	\$0.50
Dairy Fresh Corporation, Cowarts, Alabama	\$3.45	\$0.35
Dairy Fresh Corporation, Hattiesburg, Mississippi	\$3.40	\$0.30
Dairy Fresh Corporation, Prichard, Alabama	\$3.50	\$0.40
Flav-O-Rich, Inc., Canton, Mississippi	\$3.10	\$0.00
Foremost Dairies, Shreveport, Louisiana	\$3.10	\$0.00
Gold Star Dairy, Inc., Little Rock, Arkansas	\$2.80	(\$0.30)
Heritage Farms Dairy, Murfreesboro, Tennessee	\$2.60	(\$0.50)
Hiland Dairy, Fayetteville, Arkansas	\$2.60	(\$0.50)
Hiland Dairy, Fort Smith, Arkansas	\$2.80	(\$0.30)
Hiland Dairy, Springfield, Missouri	\$2.20	(\$0.90)
Kleinpeter Farms Dairy, Inc., Baton Rouge, Louisiana	\$3.60	\$0.50
LuVel Dairy Products, Inc., Kosciusko, Mississippi	\$3.10	\$0.00
Mayfield Dairy Farms, Inc., Braselton, Georgia	\$3.10	\$0.00
Meadow Gold Dairies, Inc., Huntsville, Alabama	\$2.90	(\$0.20)
New Atlanta Dairies, Inc., Atlanta, Georgia	\$3.10	\$0.00
New Atlanta Dairies, Inc., Columbus, Georgia	\$3.30	\$0.20
Publix Supermarkets, Inc., Atlanta, Georgia	\$3.10	\$0.00
Purity Dairies, Inc., Nashville, Tennessee	\$2.60	(\$0.50)
Ryan Foods Company, Murray, Kentucky	\$2.40	(\$0.70)
Superbrand Dairy Products, Inc., Hammond, Louisiana	\$3.60	\$0.50
Superbrand Dairy Products, Inc., Montgomery, Alabama	\$3.30	\$0.20
Turner Holdings, LLC, Covington, Tennessee	\$2.80	(\$0.30)
Turner Holdings, LLC, Fulton, Kentucky	\$2.40	(\$0.70)
Turner Holdings, LLC, Little Rock, Arkansas	\$2.80	(\$0.30)
Turner Holdings, LLC, Memphis, Tennessee	\$2.80	(\$0.30)
Turner Holdings, LLC / Gold Star, Little Rock, Arkansas	\$2.80	(\$0.30)
POOL SUPPLY PLANTS		
Dairy Farmers of America, Inc., Cabool, Missouri	\$2.20	(\$0.90)
Dairy Farmers of America, Inc., Franklinton, Louisiana	\$3.50	\$0.40
Dairy Farmers of America, Inc., Monett, Missouri	\$2.20	(\$0.90)
COOPERATIVE ASSOCIATIONS AS POOL HANDLERS		
Arkansas Dairy Cooperative Assn., Damascus, Arkansas		
Dairy Farmers of America, Inc., Kansas City, Missouri		
Lone Star Milk Producers, L. C., Windthorst, Texas		
Maryland/Virginia Milk Producers, Reston, Virginia		
National Farmers Organization, Minster, Ohio		
Southeast Milk, Inc., Belleview, Florida		

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,001 POUNDS	% IN CLASS

(before order reform)

Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a

(after order reform)

Jan. 2000	680,199	4,950*	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
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* Estimated

New Protein Tests Based on “True Protein”, Not “Total Nitrogen”

Effective January 1, 2000, protein testing by the Federal Order 7 Market Administrator Laboratories will be based on “true protein” instead of “total nitrogen” (crude protein) even though **Federal Order 7 milk will be priced on a skim and butterfat basis only.** The reason that we are changing our electronic milk analyzer calibration to “true protein” is for uniformity and better accuracy. In the past, most electronic milk analyzers were calibrated on a “crude protein” basis. The NPN (non-protein nitrogen) varied widely, yet the electronic analyzer could not measure this NPN variation. The analyzer was calibrated to something that it could not measure, plus NPN is not well correlated with either crude protein or true protein. The change to true protein calibration will decrease the protein test but the value of protein should increase to compensate for the test decrease, resulting in basically a revenue neutral situation. The above change in protein testing will have absolutely **no effect** on butterfat testing.

The Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

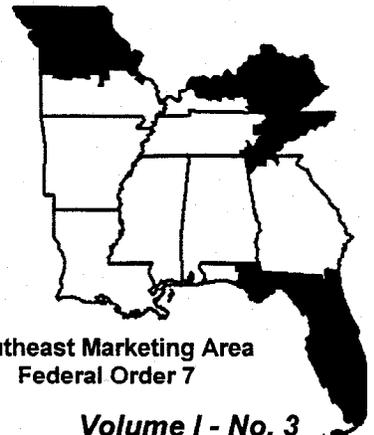
To file a complaint, write USDA, Director, Office of Civil Rights; Room 326W, Jamie L. Whitten Building; 14th and Independence; Washington, D.C. 20250-9410, or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN



Southeast Marketing Area
Federal Order 7

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

March 2000

Volume I - No. 3

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

USDA Proposes Rule on Forward Contracting

As required by last fall's amendment to the Agricultural Marketing Agreement Act of 1937 (AMAA), the USDA has proposed a forward pricing pilot program. The program is intended to allow producers and handlers to try new methods for pricing their milk and managing risk.

The program, as proposed, would allow producers or cooperative associations to sign contracts with handlers to sell some or all of their milk at a predetermined price or according to a predetermined formula. The handlers would then be exempt from paying producers and cooperative associations the Federal order minimum price for that milk. Such contracts could only be signed for up to the amount of the handlers non-Class I (that is, non-fluid) use.

Handlers would still be subject to all other provisions of a Federal milk order and would keep records and submit reports as now required under the order. Handlers also would be required to submit to the market administrator a copy of each forward contract, including a 3-day right to rescind clause, and a disclosure statement signed by the producer or cooperative association. In addition, first-time contracts could not be written for more than six months, and no contract could extend beyond Dec. 31, 2004, the date Congress set for the program to expire.

The proposed rule for the pilot program was published in the *Federal Register* on March 1, 2000. Comments should be submitted, no later than March 16, to Nicholas Memoli; Order Formulation Branch, Dairy Programs, USDA/AMS; Room 2971 South Building, P.O. Box 96456; Washington DC 20090-6456. Comments may also be faxed to (202) 690-0552 or e-mailed to nicholas.memoli@usda.gov. For more information, see the Dairy Programs web site at:

<http://www.ams.usda.gov/dairy/dockets.htm>

or contact Nicholas Memoli at (202) 690-1932, or call the Market Administrator at (770) 448-1194.

Prices and More on Atlanta M.A. Website

The Atlanta Milk Market Administrator's web site is the fastest way to get Federal Order 7 Class and uniform price announcements. In addition, the site contains historical data, the latest Market Information Bulletin, program announcements, and the provisions of Order 7 itself. You can find all this at: <http://www.fmmatlanta.com>

USDA, Southern U. to Host Outreach Workshop In Memphis for Limited Resource Farmers

USDA will hold a marketing outreach workshop for limited resource farmers and ranchers in the mid-southern states April 11-13 at Agricenter International in Memphis Tennessee. The workshop is a joint effort of USDA and Southern University and A&M College, Baton Rouge Louisiana. It is intended to help limited resource farmers become more profitable through alternative crop selection more efficient production, and innovative marketing. Product quality demonstrations will be conducted on livestock, beef, goats, hogs, rabbits, and poultry.

For information, see the workshop website at:

<http://marketingoutreach.usda.gov>

1999 Milk Production Numbers

No.	State	1999	Change From:	
			1995	1998
1.	CA	30,475	20.3%	10.2%
2.	WI	23,071	0.6%	1.0%
3.	NY	12,040	3.8%	2.5%
4.	PA	10,931	4.2%	0.8%
5.	MN	9,478	0.7%	2.2%
6.	ID	6,453	53.3%	11.9%
7.	TX	5,620	-8.1%	0.3%
8.	WA	5,535	4.4%	3.9%
9.	MI	5,455	-2.0%	1.7%
10.	NM	4,725	30.4%	8.5%
11.	OH	4,445	-3.4%	0.8%
12.	IA	3,802	-6.1%	-0.2%
13.	AZ	2,931	31.4%	9.4%
14.	VT	2,712	6.6%	2.3%
15.	FL	2,398	0.7%	2.6%
16.	MO	2,220	-17.5%	-6.2%
22.	KY	1,645	-18.6%	-3.8%
25.	GA	1,449	-6.8%	0.8%
26.	TN	1,417	-18.8%	-5.6%
32.	LA	711	-21.4%	-5.3%
35.	MS	552	-22.3%	-4.7%
38.	AR	480	-23.2%	-3.3%
40.	AL	374	-22.4%	-3.1%
	US	162,711	4.8%	3.4%

U.S. milk production was up 3.4% in 1999 according to the preliminary year-end estimates of the National Agricultural Statistics Service. Among Southeastern states, Florida and Georgia had gains in production in 1999 while Missouri, Tennessee, Louisiana, and Mississippi had four of the seven largest production declines in the U.S. As a whole, the states in bold to the left have seen a 14% decline in milk production since 1995, compared to a 4.8% increase for the United States.

Sources: NASS, Market Administrator Data

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.05%	8,584,588	\$0.9302	\$ 7,985,383.76
Class I Differential at Location				253,689.49
Class II Butterfat	20.68%	4,790,836	\$0.9658	4,626,989.41
Class III Butterfat	19.11%	4,428,947	\$0.9588	4,246,474.38
Class IV Butterfat	23.16%	5,365,700	\$0.9588	5,144,633.16
Total Butterfat	100.00%	23,170,071		\$ 22,257,170.20

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$0.9606**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	64.08%	390,477,467	\$7.72 /cwt.	\$ 30,144,860.45
Class I Butterfat	37.05%	8,584,588	\$0.9302 /lb.	7,985,383.76
Class I Differential at Location				11,800,117.50
Total Class I Milk	63.09%	399,062,055		\$ 49,930,361.71
Class II Skim Milk	10.29%	62,708,540	\$8.42 /cwt.	\$ 5,280,059.07
Class II Butterfat	20.68%	4,790,836	\$0.9658 /lb.	4,626,989.41
Total Class II Milk	10.67%	67,499,376		\$ 9,907,048.48
Class III Skim Milk	15.47%	94,271,301	\$6.41 /cwt.	\$ 6,042,790.39
Class III Butterfat	19.11%	4,428,947	\$0.9588 /lb.	4,246,474.38
Total Class III Milk	15.60%	98,700,248		\$ 10,289,264.77
Class IV Skim Milk	10.16%	61,923,046	\$7.71 /cwt.	\$ 4,774,266.85
Class IV Butterfat	23.16%	5,365,700	\$0.9588 /lb.	5,144,633.16
Total Class IV Milk	10.64%	67,288,746		\$ 9,918,900.01
Producer Milk	100.00%	632,550,425		\$ 80,045,574.97

Adjustments

Overage and Other Source	\$ 496.42
Inventory Adjustments	(30,267.36)
Producer butterfat at uniform butterfat price	(22,257,170.20)
Location Adjustments to Producers	1,417,188.72
1/2 Unobligated Balance in P.S.F.	304,766.14

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.76083	\$ 59,480,588.69
	\$ 0.04083	(248,816.09)

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

\$9.72

\$ 59,231,772.60

Uniform Price per cwt. (Fulton County, Georgia)

\$12.74*

* At 3.5% butterfat test; for information purposes.

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

<u>MARKET NAME</u> (Priced at)	<u>CLASS I - 2000</u>		<u>UNIFORM</u>		
	<u>FEB</u>	<u>MAR</u>	<u>DEC 1999*</u>	<u>JAN 2000</u>	<u>FEB 2000</u>
Appalachian (Charlotte)	\$ 13.81	\$ 13.94	\$ 13.76	\$ 13.32	\$ 13.13
Arizona-Las Vegas (Phoenix)	\$ 13.06	\$ 13.19	\$ 11.34	\$ 11.25	\$ 11.09
Central (Kansas City)	\$ 12.71	\$ 12.84	\$ 13.16	\$ 11.23	\$ 11.00
Florida (Tampa)	\$ 14.71	\$ 14.84	\$ 14.84	\$ 14.37	\$ 14.40
Mid-East (Cleveland)	\$ 12.71	\$ 12.84	\$ 11.93	\$ 11.62	\$ 11.52
Northeast (Boston)	\$ 13.96	\$ 14.09	\$ 12.87	\$ 12.35	\$ 12.21
Pacific Northwest (Seattle)	\$ 12.61	\$ 12.74	\$ 11.34	\$ 11.11	\$ 11.06
Southwest (Dallas)	\$ 13.71	\$ 13.84	\$ 12.69	\$ 12.69	\$ 11.82
Upper Midwest (Chicago)	\$ 12.51	\$ 12.64	\$ 10.45	\$ 10.48	\$ 10.10
Western (Salt Lake City)	\$ 12.61	\$ 12.74	\$ 11.34	\$ 11.11	\$ 10.93

* Price at same location under previous Federal order.

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR FEBRUARY 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	399,062,055
	Class II	67,499,376
	Class III	98,700,248
	Class IV	67,288,746
	Total	632,550,425
	<i>Average Butterfat Test</i>	3.663%
	<i>Daily Average Receipts</i>	21,812,084
	Percent of Producer Milk in Class I	63.09 %
Other Source Milk:	Class I	10,216,433
	Class II	3,469,211
	Class III	216,652
	Class IV	5,015,477
	Total	18,917,773
Overages:	Class I	0
	Class II	514
	Class III	0
	Class IV	0
	Total	514
Opening Inventory	Class I	32,883,419
	Class II	542,878
	Class III	2,822,058
	Class IV	17,250,886
	Total	53,499,241
TOTAL RECEIPTS		704,967,953
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	39,340,457
	Route Disposition in Class I:	392,162,336
	Shrinkage	2,628,820
	Transfers and Diversions to Nonpool Plants	8,030,294
	Total Class I Utilization	442,161,907
	<i>Average Butterfat Test</i>	2.145 %
	<i>Daily Average Utilization</i>	15,246,962
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	2,374,597
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	50,217,410
	Used to Produce/Other Uses	18,919,972
	Total Class II Utilization	71,511,979
	<i>Average Butterfat Test</i>	7.689 %
CLASS III UTILIZATION:		
	Shrinkage	7,676,659
	Transfers and Diversions to Nonpool Plants	88,881,954
	Used to Produce/Other Uses	5,180,345
	Total Class III Utilization	101,738,958
	<i>Average Butterfat Test</i>	4.412 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	19,019,745
	Nonfluid Used to Fortify	1,777,723
	Shrinkage	0
	Transfers and Diversions to Nonpool Plants	48,727,549
	Used to Produce/Other Uses	20,030,092
	Total Class IV Utilization	89,555,109
	<i>Average Butterfat Test</i>	7.319 %
TOTAL UTILIZATION		704,967,953

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during December 1999 is \$13.60 per hundredweight for milk containing 3.5% butterfat in Zone 7. Payment to producers may be reduced by location differentials, if applicable, and by proper deductions authorized in writing by the producer.

This month's uniform price is the result of marketwide pooling where all producer milk was classified and priced according to the use made of the milk. Class I use, which is primarily bottled or packaged whole milk and skim milk distributed in fluid form, accounted for 73.19 percent of all producer milk and was priced to handlers at \$14.57 per hundredweight for 3.5% milk. Class II use, which is milk used mainly in fluid cream products, accounted for 9.87 percent of producer milk and was priced at \$11.79 per hundredweight for 3.5 % milk. Class III use, generally milk processed into butter, powder, and cheese, accounted for 16.94 percent of producer milk and was priced at \$9.63. Class III-A receipts totaled 42.0 million pounds or 7.36 percent of total producer milk and was priced at \$10.69 per hundredweight. The total values computed are distributed to producers through the uniform prices.

Receipts of producer milk during December 1999 totaled 570.9 million pounds. There were 35 regulated pool distributing plants, 1 pool supply plant, and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for December 1999.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 3.42 in December 1999, compared to 3.84 in November 1999 and 4.32 in December 1998. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
JANUARY 2000	
Whole Milk	168,706,552
Fat Free Milk	53,597,891
Lowfat Milk (incl. 1%)	28,812,635
Reduced Fat Milk (incl. 2%)	124,531,580
Cultured Fluid Milk (incl. Buttermilk)	13,209,221
Flavored Drinks and Milk	38,950,904
Total Disposition in Marketing Area	427,808,783
Total Disposition by Pool Plants	367,749,469
Total Disposition by Nonpool Plants	60,059,314
Total Disposition in Marketing Area	427,808,783

PACKAGED CLASS I ROUTE SALES IN MARKETING AREA BY STATE

October 1999

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

Product Description	Alabama**	Arkansas	Georgia*	Kentucky*	Louisiana	Mississippi	Missouri*	Tennessee*	TOTAL
Whole Milk	35,249,753	17,173,511	28,048,733	1,431,091	27,118,754	17,314,947	5,865,753	16,984,628	149,187,17
Fat Free Milk	9,330,335	3,938,277	10,308,484	1,286,285	7,755,109	4,532,927	6,561,113	4,505,288	48,217,81
Lowfat Milk (1%)	8,144,585	2,202,111	5,356,469	162,118	5,785,898	2,000,743	1,388,470	3,114,655	28,155,04
Reduced Fat Milk (2%)	21,447,416	13,260,026	20,903,450	464,813	14,503,809	12,784,137	2,194,554	12,897,822	98,456,02
Buttermilk	3,869,987	1,153,771	2,039,139	136,600	878,149	1,685,974	227,450	3,187,993	13,179,06
Flavored Milk & Drinks	6,055,692	3,349,997	5,632,350	262,036	6,050,155	3,966,787	1,750,151	3,487,174	30,554,34
By Pool Plants	84,097,768	41,077,693	72,288,625	3,742,943	62,091,874	42,285,515	17,987,491	44,177,560	367,749,46
By Non Pool Plants	3,053,647	1,408,188	33,593,798	1,283,552	162,788	1,878,769	7,952,629	10,725,943	60,059,31
Total Disposition in Marketing Area	87,151,415	42,485,881	105,882,423	5,026,495	62,254,662	44,164,284	25,940,120	54,903,503	427,808,78

* Includes only sales in Southeast Marketing Area.

** Includes four Florida counties in Southeast Marketing Area.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,001 POUNDS	% IN CLASS
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,550*	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,500*	339,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%

* Estimated

Outlook: Southeast Uniform Price Down 8¢; Butter Prices Rebound; CCC Buys Cheese

February's uniform price is down 8¢ to \$12.74 per hundredweight on lower butter prices in early January. For the first three months of the new Federal Order 7, the Class I skim price is nearly unchanged, based on the nonfat dry milk price's settling at the support price. All movement in the Class I price at least through April will come from movement in the butter price. The March Class I price at Atlanta is up 13¢ to \$13.94, and the April Class I price should be a little over \$14.00, based on slow-rising butter prices. Butter has recently risen over 10¢ on the Chicago Mercantile Exchange (CME), from 88¢ on February 11 to 98¢ on March 13.

U.S. milk production continues to climb. Estimated milk production for the entire U.S. was up 4.7% in January compared with last January, according to USDA's National Agricultural Statistics Service (NASS).

The block cheese price on the CME has stayed within 2¢ of the \$1.10 support price, and nonfat dry milk has now been at \$1.03 per pound, 2¢ above the support price, for almost six months. The USDA's Commodity Credit Corporation (CCC) bought 792,000 pounds of processed cheese in the two weeks ending March 10, the first such purchase in three and a half years. In the four weeks ending March 10, CCC bought 46,476,947 pounds of nonfat dry milk (equivalent to over 500 million pounds of skim milk), mostly at the support price of \$1.01.

Prices paid by farmers in February was up about 1% from January, and up 3.5% from February 1999. Prices received by farmers for dairy products fell another 2.2% from January and 24.4% from last February.

Adapted in part from Dairy Market News, February 18 - March 10, 2000; Vol. 67, No. 7 - No. 10.

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Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

April 2000

Volume I - No. 4

Southeast Marketing Area
Federal Order 7



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

Missouri Dairy Options Training on April 19 Other Southeastern Dates To Be Announced

On April 19, USDA's Risk Management Agency (RMA) will offer Missouri dairy farmers training on the use of milk futures and options. The training will be at the Lions Club Building, 100 East Newton, Mansfield, Missouri, from 10 a.m. to 3 p.m. Only Webster and Wright County producers will be eligible to receive financial assistance; other producers are welcome to attend the training on a first come, first served basis, but they must pre-register by calling Ted Probert of Wright County Extension at (417) 741-6134.

The Dairy Options Pilot Program, or DOPP, provides producers in selected counties with financial assistance to purchase Class III futures options contracts. Other selected counties include Gilchrist and Okeechobee, Florida; Morgan and Putnam, Georgia; Barren and Adair, Kentucky; and McMinn, Tennessee. Training dates for these counties have not yet been announced, but will be later this year. For more information go to "<http://www.usda.gov/rma/rme>" or call an RMA Regional Service Office and ask for the DOPP coordinator: Valdosta, Georgia, serves Alabama, Florida, Georgia, and South Carolina at (912) 242-2200; Jackson, Mississippi, serves Arkansas, Kentucky, Louisiana, Mississippi, and Tennessee at (601) 965-4771; and Topeka, Kansas, serves Missouri at (785) 266-0248

Hearing on Class III & IV Prices Set for May 8

USDA has issued notice that it will hold a hearing on proposals to change the Class III and Class IV price formulas.

Several proposals address the product prices used in the calculation of Class prices including proposals to use butter, cheese, nonfat dry milk prices from the Chicago Mercantile Exchange instead of survey prices collected by the National Agricultural Statistics Service; to adjust the survey butter price down by some fixed amount; to adjust block cheese prices for moisture. Others propose changes in the fixed make allowances and yield factors in the Class price formulas, suggesting different fixed amounts or the use of survey data to adjust them on a regular basis.

As provided for by Federal law, this particular hearing is being conducted on an emergency basis, so USDA is not required to issue a recommended decision before its final decision. This will be considered at the hearing.

The hearing will be held on May 8, beginning at 8:00 a.m. at the Embassy Suites Hotel; 1900 Diagonal Road; Alexandria, Virginia 22314; telephone (703) 684-5900. For more information see the Dairy Programs website at: "http://www.ams.usda.gov/dairy/hearing-III_IV.htm" or call the Market Administrator at (770) 448-1194.

Outlook: Southeast Uniform Price Up 9¢; Butter Price Up; CCC Buying Cheese and Powder

The March uniform price on Federal Order 7 is up 9¢ to \$12.83 per hundredweight on higher butter prices in early February. The Class I price continues to move on the butter price, with both powder and cheese near the government support price. The April Class I price at Atlanta is up 9¢ to \$14.03, and the May Class I price should be up to about \$14.75, based on higher butter prices. On the Chicago Mercantile Exchange (CME), butter held at or near \$1.11 from March 24 until April 10 (the weeks that should influence the May Class I butterfat price), but was down to \$1.05 on April 12.

U.S. milk production continues to climb. Estimated average daily milk production for the entire U.S. was up 4.5% in February compared with last February, according to USDA's National Agricultural Statistics Service (NASS). It was up 8.2%, if no allowance is made for the extra leap day.

In the four weeks ending April 8, the USDA's Commodity Credit Corporation (CCC) bought 1,069,200 pounds of process cheese and, for the first time in over two and a half years, 40,022 pounds of cheddar cheese. CCC also bought 59,540,169 pounds of nonfat dry milk (equivalent to over 650 million pounds of skim milk) at the support price of \$1.01. This powder support price continues to hold up the Class IV, II, and I skim milk prices; together with the butter price, which is now about 45¢ above the 65¢ support price, this drives the price for over 80% of the milk on the Southeast market.

Prices paid by farmers in March were up about 1% from February, and up 4.3% from March 1999. Prices received by farmers for dairy products were unchanged from February, but down 22% from last March.

Adapted in part from Dairy Market News, March 17 - April 7, 2000; Vol. 67, No. 7 - No. 10.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	37.71%	9,205,111	\$0.9713	\$ 8,940,924.31
Class I Differential at Location				272,604.05
Class II Butterfat	22.25%	5,431,972	\$1.0261	5,573,746.47
Class III Butterfat	21.13%	5,156,793	\$1.0191	5,255,287.75
Class IV Butterfat	18.91%	4,616,775	\$1.0191	4,704,955.40
Total Butterfat	100.00%	24,410,651		\$ 24,747,517.98

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.0138**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	63.36%	416,250,195	\$7.71 /cwt.	\$ 32,092,890.03
Class I Butterfat	37.71%	9,205,111	\$0.9713 /lb.	8,940,924.32
Class I Differential at Location		425,455,306		12,602,511.02
Total Class I Milk	62.44%	425,455,306		\$ 53,636,325.37
Class II Skim Milk	9.79%	64,313,543	\$8.41 /cwt.	\$ 5,408,768.97
Class II Butterfat	22.25%	5,431,972	\$1.0261 /lb.	5,573,746.47
Total Class II Milk	10.24%	69,745,515		\$ 10,982,515.44
Class III Skim Milk	17.05%	112,037,027	\$6.19 /cwt.	\$ 6,935,091.98
Class III Butterfat	21.13%	5,156,793	\$1.0191 /lb.	5,255,287.72
Total Class III Milk	17.20%	117,193,820		\$ 12,190,379.70
Class IV Skim Milk	9.80%	64,367,348	\$7.70 /cwt.	\$ 4,956,285.82
Class IV Butterfat	18.91%	4,616,775	\$1.0191 /lb.	4,704,955.41
Total Class IV Milk	10.12%	68,984,123		\$ 9,661,241.23
Producer Milk	100.00%	681,378,764		\$ 86,470,461.74

Adjustments

Overage and Other Source	\$ 15,714.52
Inventory Adjustments	(25,557.11)
Producer butterfat at uniform butterfat price	(24,747,517.98)
Location Adjustments to Producers	1,522,600.09
1/2 Unobligated Balance in P.S.F.	238,692.50

Adjusted Pool Value	\$ 9.66172	\$ 63,474,393.76
Reserve for Producer Settlement Fund	\$ 0.04172	274,060.82

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$9.62** **\$ 63,748,454.58**

Uniform Price per cwt. (Fulton County, Georgia) **\$12.83***

* 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 - 2000		UNIFORM		
	MAR	APR	JAN 2000	FEB 2000	MAR 2000
Appalachian (Charlotte)	\$ 13.94	\$ 14.03	\$ 13.32	\$ 13.13	\$ 13.15
Arizona-Las Vegas (Phoenix)	\$ 13.19	\$ 13.28	\$ 11.25	\$ 11.09	\$ 11.28
Central (Kansas City)	\$ 12.84	\$ 12.93	\$ 11.23	\$ 11.00	\$ 10.91
Florida (Tampa)	\$ 14.84	\$ 14.93	\$ 14.37	\$ 14.40	\$ 14.47
Mid-East (Cleveland)	\$ 12.84	\$ 12.93	\$ 11.62	\$ 11.52	\$ 11.68
Northeast (Boston)	\$ 14.09	\$ 14.18	\$ 12.35	\$ 12.21	\$ 12.39
Pacific Northwest (Seattle)	\$ 12.74	\$ 12.83	\$ 11.11	\$ 11.06	\$ 11.17
Southeast (Atlanta)	\$ 13.94	\$ 14.03	\$ 12.82	\$ 12.74	\$ 12.83
Southwest (Dallas)	\$ 13.84	\$ 13.93	\$ 12.69	\$ 11.82	\$ 11.90
Upper Midwest (Chicago)	\$ 12.64	\$ 12.73	\$ 10.48	\$ 10.10	\$ 10.18
Western (Salt Lake City)	\$ 12.74	\$ 12.83	\$ 11.11	\$ 10.93	\$ 11.02

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR MARCH 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	425,455,306
	Class II	69,745,515
	Class III	117,193,820
	Class IV	68,984,123
	Total	681,378,764
<i>Average Butterfat Test</i>		3.583%
<i>Daily Average Receipts</i>		21,979,960
Percent of Producer Milk in Class I		62.44 %
Other Source Milk:	Class I	10,300,133
	Class II	4,258,190
	Class III	2,118,127
	Class IV	6,888,942
	Total	23,565,392
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	15,420
	Total	15,420
Opening Inventory	Class I	39,889,958
	Class II	1,714,766
	Class III	4,190,853
	Class IV	12,564,625
	Total	58,360,202
TOTAL RECEIPTS		763,319,778
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	40,435,046
	Route Disposition in Class I:	424,838,016
	Shrinkage	2,646,121
	Transfers and Diversions to Nonpool Plants	7,726,214
	Total Class I Utilization	475,645,397
<i>Average Butterfat Test</i>		2.156 %
<i>Daily Average Utilization</i>		15,343,400
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	2,635,325
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	50,446,309
	Used to Produce/Other Uses	22,636,837
	Total Class II Utilization	75,718,471
<i>Average Butterfat Test</i>		8.284 %
CLASS III UTILIZATION:		
	Shrinkage	7,860,884
	Transfers and Diversions to Nonpool Plants	110,500,339
	Used to Produce/Other Uses	5,141,577
	Total Class III Utilization	123,502,800
<i>Average Butterfat Test</i>		4.260 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	12,757,164
	Nonfluid Used to Fortify	1,943,414
	Shrinkage	0
	Transfers and Diversions to Nonpool Plants	49,523,254
	Used to Produce/Other Uses	24,229,278
	Total Class IV Utilization	88,453,110
<i>Average Butterfat Test</i>		6.507 %
TOTAL UTILIZATION		763,319,778

Southeast Market Summary, March 2000

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during March 2000 is \$12.83 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.62 per hundredweight plus 3.5 times the uniform butterfat price of \$1.0138 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In March, Class I use, which is primarily bottled or packaged fluid milk, accounted for 63.36% of all producer skim milk (priced to handlers at \$7.71 per hundredweight, plus the Class I differential, see page 2) and 37.71% of producer butterfat (priced to handlers at \$0.9713 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.79% of all producer skim milk (\$8.41 per hundredweight) and 22.25% of producer butterfat (\$1.0261 per pound). Class III use, mostly milk used to produce cheese, accounted for 17.05% of all producer skim milk (\$6.19 per hundredweight) and 21.13% of producer butterfat (\$1.0191 per pound). Class IV use, generally milk processed into butter and powder, accounted for 9.80% of all producer skim milk (\$7.70 per hundredweight) and 18.91% of producer butterfat (\$1.0191 per pound).

Receipts of producer milk during March 2000 totaled 681.4 million pounds. There were 33 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 March 2000. Class I route disposition in the Southeast Market totaled 392.8 million pounds in February 2000.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 2.88 in March 2000, compared to 2.93 in February 2000 and 3.57 in March 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	FEBRUARY 2000
Whole Milk	156,486,207
Fat Free Milk	46,034,547
Lowfat Milk (incl. 1%)	27,104,881
Reduced Fat Milk (incl. 2%)	113,668,289
Cultured Fluid Milk (incl. Buttermilk)	12,767,153
Flavored Drinks and Milk	36,784,452
Total Disposition in Marketing Area	392,845,529
Total Disposition by Pool Plants	336,765,561
Total Disposition by Nonpool Plants	56,079,968
Total Disposition in Marketing Area	392,845,529

Correction - Southeast Market Summary, February 2000

The Market Information Bulletin for March 2000 carried the Southeast Market Summary for December 1999. Below is the market summary for February 2000, which should have appeared in that place. We apologize for any inconvenience caused by the error:

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during February 2000 is \$12.74 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.72 per hundredweight plus 3.5 times the uniform butterfat price of \$0.9606 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 64.08% of all producer skim milk (priced to handlers at \$7.72 per hundredweight, plus the Class I differential, see page 2) and 37.05% of producer butterfat (priced to handlers at \$0.9302 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.29% of all producer skim milk (\$8.42 per hundredweight) and 20.68% of producer butterfat (\$0.9658 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.47% of all producer skim milk (\$6.41 per hundredweight) and 19.11% of producer butterfat (\$0.9588 per pound). Class IV use, generally milk processed into butter and powder, accounted for 10.16% of all producer skim milk (\$7.71 per hundredweight) and 23.16% of producer butterfat (\$0.9588 per pound).

Receipts of producer milk during February 2000 totaled 632.6 million pounds. There were 33 regulated pool distributing plants, 3 pool supply plants, and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for February 2000. Class I route disposition in the Southeast Market totaled 427.8 million pounds in January 2000.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 2.95 in February 2000, compared to 3.10 in January 2000 and 3.67 in February 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,000 POUNDS	% IN CLASS	1,001 POUNDS	% IN CLASS
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	5,300*	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%

* Estimated

PACKAGED CLASS I ROUTE SALES IN MARKETING AREA BY STATE

January 2000

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

Product Description	Alabama**	Arkansas	Georgia*	Kentucky*	Louisiana	Mississippi	Missouri*	Tennessee*	TOTAL
Whole Milk	35,249,753	17,173,511	28,048,733	1,431,091	27,118,754	17,314,947	5,865,753	16,984,628	149,187,17
Fat Free Milk	9,330,335	3,938,277	10,308,484	1,286,285	7,755,109	4,532,927	6,561,113	4,505,288	48,217,81
Lowfat Milk (1%)	8,144,585	2,202,111	5,356,469	162,118	5,785,898	2,000,743	1,388,470	3,114,655	28,155,04
Reduced Fat Milk (2%)	21,447,416	13,260,026	20,903,450	464,813	14,503,809	12,784,137	2,194,554	12,897,822	98,456,02
Buttermilk	3,869,987	1,153,771	2,039,139	136,600	878,149	1,685,974	227,450	3,187,993	13,179,06
Flavored Milk & Drinks	6,055,692	3,349,997	5,632,350	262,036	6,050,155	3,966,787	1,750,151	3,487,174	30,554,34
By Pool Plants	84,097,768	41,077,693	72,288,625	3,742,943	62,091,874	42,285,515	17,987,491	44,177,560	367,749,46
By Non Pool Plants	3,053,647	1,408,188	33,593,798	1,283,552	162,788	1,878,769	7,952,629	10,725,943	60,059,31
Total Disposition									
in Marketing Area	87,151,415	42,485,881	105,882,423	5,026,495	62,254,662	44,164,284	25,940,120	54,903,503	427,808,78

* Includes only sales in Southeast Marketing Area.

** Includes four Florida counties in Southeast Marketing Area.

Note: This table was published on page 4 of the March *Market Information Bulletin*. It was incorrectly identified as Route Sales for October 1999.

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

Market Information BULLETIN
 Federal Milk Market Administrator
 P.O. Box 1208
 Norcross, Georgia 30091-1208

Address Correction Requested



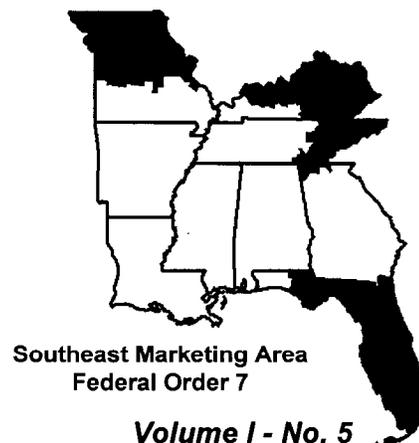
Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

May 2000

Volume I - No. 5



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

National Dairy Board Spot Filled; Nominations Sought

Agriculture Secretary Dan Glickman has appointed Neil Hoff of Windhorst, Texas, to represent Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas) on the National Dairy Promotion and Research Board. Mr. Hoff fills a vacancy created by the resignation of John B. Stacks of Damascus, Ark., and will serve until October 31, 2002.

The Department is also asking dairy producer and farm organizations to nominate candidates to serve on the Board. Nominations must be submitted by May 31. The Secretary will appoint 12 of these nominees to serve 3-year terms beginning Nov. 1, 2000. These will include appointments for Region 4, Region 7 (Illinois, Iowa, Missouri, Nebraska), and Region 10 (Florida, Georgia, North Carolina, South Carolina, Virginia). The 36 dairy farmers on the Board administer a coordinated program of promotion, research, and nutrition education, designed to strengthen the U.S. dairy industry. The national program is financed by a mandatory 15-cent per hundredweight assessment on commercially marketed milk production in the lower 48 states. USDA's Agricultural Marketing Service oversees the Board and encourages all eligible individuals to participate in its activities. For nominating forms and procedures, contact USDA, AMS, Dairy Programs, Promotion and Research Branch; Rm. 2958-S, Stop 0223; 1400 Independence Ave., S.W.; Washington, D.C. 20250-0233. For more information, telephone (202) 720-6909.

Outlook: Southeast Uniform Price Up 5¢ to \$12.88 Butter Up Again; Cheese and Powder Still at Support

The April uniform price is up 5¢ to \$12.88 per hundredweight, again on higher butter prices and despite Class I utilization of only 57.09%. The May Class I price at Atlanta is up 55¢ to \$14.58, and the June Class I price could exceed \$14.80, again based on higher butter prices. On the Chicago Mercantile Exchange (CME), butter reached \$1.2375 on May 5, but dropped 4.25¢ on May 8.

Estimated production for the entire U.S. was up 3.4% in March compared with last March, according to USDA's National Agricultural Statistics Service (NASS).

From April 10 through May 10, the USDA's Commodity Credit Corporation (CCC) bought 74,859,000 pounds of nonfat dry milk (equivalent to nearly 825 million pounds of skim milk) at the support price of \$1.01. CCC also bought 3,366,000 pounds of process cheese and 374,653 pounds of cheddar cheese. CCC purchases hold nonfat dry milk and cheddar cheese up at the support prices, but at this writing butter remains 54¢ above support. This would keep the prices for Class I, II, and IV milk about \$2.30 above their support levels; and these Classes account for over 80% of the milk on the Southeast market.

Prices paid by farmers in April were unchanged from March, but up 3.5% from April 1999. Prices received by dairy farmers were unchanged from March, but down 5.2% from last April.

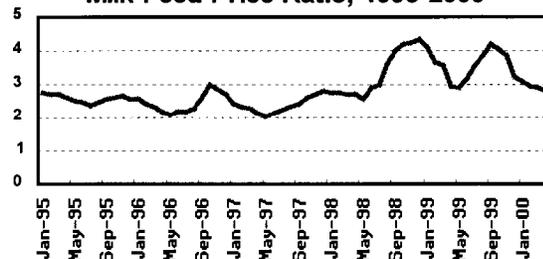
Adapted in part from *Dairy Market News*, April 14 - May 5, 2000; Vol. 67, No. 15

MAILBOX MILK PRICES, SELECTED ORDERS ANNUAL AVERAGES 1997-1999, 1/

Federal Milk Order	1997	1998	1999
(dollars per cwt.)			
New England 2/	13.24	14.89	14.27
New York - New Jersey	12.75	14.70	14.09
Middle Atlantic	12.94	14.90	14.02
Carolina	14.34	16.08	15.82
Southeast	13.56	15.36	14.87
Florida (combined)	15.89	17.43	17.34
Southern Michigan	12.93	14.84	14.35
Eastern Ohio - W. Pa.	12.92	15.01	14.42
Ohio Valley	12.99	14.93	14.52
Indiana	13.08	14.97	14.64
Chicago Regional 3/	13.21	15.36	13.53
S. Illinois - E. Missouri	12.71	14.52	14.49
Louis.-Lex.-Evans.	13.29	15.06	15.07
Upper Midwest 3/	12.92	15.27	13.18
Nebraska - W. Iowa	12.73	14.52	13.35
Iowa	12.95	14.67	13.36
Texas	12.82	14.72	14.02
Southwest Plains	12.28	14.16	13.54
Eastern Colorado	12.23	14.58	13.96
S. W. Idaho-E. Oregon	11.64	13.39	11.82
Great Basin	11.68	13.85	12.85
New Mexico - W. Texas	12.01	13.71	13.18
Pacific Northwest	12.36	14.59	13.32
Weighted Average	12.99	14.99	13.99

1/ Net pay price, at the market average butterfat test, received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes payments for milk minus marketing costs. 2/ Includes Northeast Dairy Compact Price. 3/ Includes milk not pooled due to price relationships.

Milk-Feed Price Ratio, 1995-2000



Source: NASS, Agricultural Prices.

Note: The Milk-Feed Price Ratio is the All-Milk Price per lb. divided by price of 16% mixed dairy feed per lb.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	34.78%	8,241,707	\$0.9989	\$ 8,232,641.11
Class I Differential at Location				243,502.66
Class II Butterfat	21.86%	5,179,368	\$1.1422	5,915,874.15
Class III Butterfat	20.78%	4,924,251	\$1.1352	5,590,009.74
Class IV Butterfat	22.58%	5,350,922	\$1.1352	6,074,366.64
Total Butterfat	100.00%	23,696,248		\$ 26,056,394.30

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.0996**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	57.90%	375,059,691	\$7.70 /cwt.	\$ 28,879,596.22
Class I Butterfat	34.78%	8,241,707	\$0.9989 /lb.	8,232,641.11
Class I Differential at Location		383,301,398		11,346,924.05
Total Class I Milk	57.09%	383,301,398		\$ 48,459,161.38
Class II Skim Milk	10.01%	64,822,745	\$8.40 /cwt.	\$ 5,445,110.58
Class II Butterfat	21.86%	5,179,368	\$1.1422 /lb.	5,915,874.15
Total Class II Milk	10.42%	70,002,113		\$ 11,360,984.73
Class III Skim Milk	18.00%	116,632,016	\$5.63 /cwt.	\$ 6,566,382.50
Class III Butterfat	20.78%	4,924,251	\$1.1352 /lb.	5,590,009.74
Total Class III Milk	18.10%	121,556,267		\$ 12,156,392.24
Class IV Skim Milk	14.09%	91,276,371	\$7.68 /cwt.	\$ 7,010,025.28
Class IV Butterfat	22.58%	5,350,922	\$1.1352 /lb.	6,074,366.64
Total Class IV Milk	14.39%	96,627,293		\$ 13,084,391.92
Producer Milk	100.00%	671,487,071		\$ 85,060,930.27

Adjustments

Overage and Other Source	\$ 20,282.62
Inventory Adjustments	1,031.24
Producer butterfat at uniform butterfat price	(26,056,394.30)
Location Adjustments to Producers	1,648,199.21
1/2 Unobligated Balance in P.S.F.	252,928.00

Adjusted Pool Value	\$ 9.40535	\$ 60,926,977.04
Reserve for Producer Settlement Fund	\$ 0.04535	(293,753.70)

Uniform Skim Milk Price per cwt. (Fulton County, Georgia): **\$9.36** **\$ 60,633,223.34**

Uniform Price per cwt. (Fulton County, Georgia) **\$12.88***

* 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 - 2000		UNIFORM - 2000		CLASS I %
	APRIL	MAY	MARCH	APRIL	APR 2000
Appalachian (Charlotte)	\$ 14.03	\$ 14.58	\$ 13.15	\$ 13.23	60.22%
Arizona-Las Vegas (Phoenix)	\$ 13.28	\$ 13.83	\$ 11.28	\$ 11.44	26.71%
Central (Kansas City)	\$ 12.93	\$ 13.48	\$ 10.91	\$ 10.84	28.44%
Florida (Tampa)	\$ 14.93	\$ 15.48	\$ 14.47	\$ 14.55	81.75%
Mid-East (Cleveland)	\$ 12.93	\$ 13.48	\$ 11.68	\$ 11.77	47.30%
Northeast (Boston)	\$ 14.18	\$ 14.73	\$ 12.39	\$ 12.46	39.00%
Pacific Northwest (Seattle)	\$ 12.83	\$ 13.38	\$ 11.17	\$ 11.31	27.76%
Southeast (Atlanta)	\$ 14.03	\$ 14.58	\$ 12.83	\$ 12.88	57.09%
Southwest (Dallas)	\$ 13.93	\$ 14.48	\$ 11.90	\$ 12.05	42.20%
Upper Midwest (Chicago)	\$ 12.73	\$ 13.28	\$ 10.18	\$ 10.15	15.70%
Western (Salt Lake City)	\$ 12.83	\$ 13.38	\$ 11.02	\$ 10.76	19.38%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR APRIL 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	383,301,398
	Class II	70,002,113
	Class III	121,556,267
	Class IV	96,627,293
	Total	<u>671,487,071</u>
	<i>Average Butterfat Test</i>	3.529%
	<i>Daily Average Receipts</i>	22,382,902
	Percent of Producer Milk in Class I	57.08 %
Other Source Milk:	Class I	10,283,753
	Class II	3,886,226
	Class III	1,672,329
	Class IV	8,610,426
	Total	<u>24,452,734</u>
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	17,867
	Total	<u>17,867</u>
Opening Inventory	Class I	40,435,046
	Class II	794,865
	Class III	377,333
	Class IV	11,584,966
	Total	<u>53,192,210</u>
TOTAL RECEIPTS		<u><u>749,149,882</u></u>
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	35,390,645
	Route Disposition in Class I:	387,807,368
	Shrinkage	1,398,032
	Transfers and Diversions to Nonpool Plants	9,424,152
	Total Class I Utilization	<u>434,020,197</u>
	<i>Average Butterfat Test</i>	2.146 %
	<i>Daily Average Utilization</i>	14,467,340
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	2,740,817
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	52,611,928
	Used to Produce/Other Uses	19,330,459
	Total Class II Utilization	<u>74,683,204</u>
	<i>Average Butterfat Test</i>	7.782 %
CLASS III UTILIZATION:		
	Shrinkage	7,530,304
	Transfers and Diversions to Nonpool Plants	111,163,945
	Used to Produce/Other Uses	4,911,680
	Total Class III Utilization	<u>123,605,929</u>
	<i>Average Butterfat Test</i>	4.008 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	31,244,915
	Nonfluid Used to Fortify	1,775,893
	Shrinkage	19,836
	Transfers and Diversions to Nonpool Plants	62,292,918
	Used to Produce/Other Uses	21,506,990
	Total Class IV Utilization	<u>116,840,552</u>
	<i>Average Butterfat Test</i>	5.429 %
TOTAL UTILIZATION		<u><u>749,149,882</u></u>

Southeast Market Summary, April 2000

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during April 2000 is \$12.88 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.36 per hundredweight plus 3.5 times the uniform butterfat price of \$1.0996 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 57.90% of all producer skim milk (priced to handlers at \$7.70 per hundredweight, plus the Class I differential, see page 2) and 34.78% of producer butterfat (priced to handlers at \$0.9989 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.01% of all producer skim milk (\$8.40 per hundredweight) and 21.86% of producer butterfat (\$1.422 per pound). Class III use, mostly milk used to produce cheese, accounted for 18.00% of all producer skim milk (\$5.63 per hundredweight) and 20.78% of producer butterfat (\$1.1352 per pound). Class IV use, generally milk processed into butter and powder, accounted for 14.09% of all producer skim milk (\$7.68 per hundredweight) and 22.58% of producer butterfat (\$1.1352 per pound).

Receipts of producer milk during April 2000 totaled 671.5 million pounds. There were 33 regulated pool distributing plants, 3 pool supply plants, and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for April 2000. Class I route disposition in the Southeast Market totaled 425.8 million pounds in March 2000.

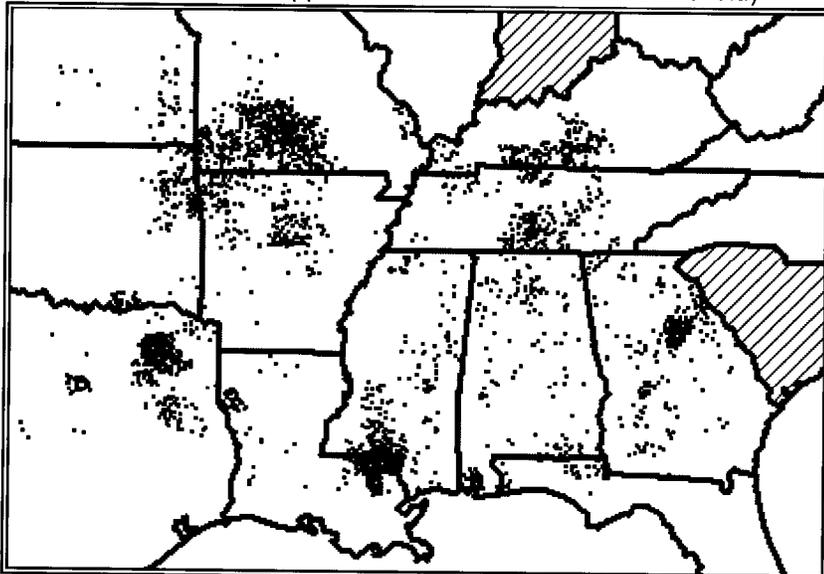
The milk-feed price ratio reported by the National Agricultural Statistics Service was 2.81 in April 2000, compared to 2.90 in March 2000 and 2.97 in April 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
MARCH 2000	
Whole Milk	169,760,250
Fat Free Milk	55,037,013
Lowfat Milk (incl. 1%)	27,736,257
Reduced Fat Milk (incl. 2%)	121,866,251
Cultured Fluid Milk (incl. Buttermilk)	13,477,054
Flavored Drinks and Milk	37,969,821
Total Disposition in Marketing Area	425,846,646
Total Disposition by Pool Plants	363,998,825
Total Disposition by Nonpool Plants	61,847,821
Total Disposition in Marketing Area	425,846,646

Origination of Producer Milk, Southeast Order Each dot is approximately 200,000 Pounds.

The map below shows the supply area for 656,282,914 out of the 681,378,764 pounds of producer milk pooled on the Southeast Order in March 2000. The remaining 25,095,850 pounds of Federal Order 7 milk were produced in Florida, Indiana, Maryland, New York, Pennsylvania, South Carolina, and Tennessee and are not shown on the map to avoid disclosing confidential information. (For the same reason, figures for Arkansas and Mississippi are combined in the table at the left.)



State Production on F.O. 7, March 2000		
State Name	Pooled on F.O. 7	Est. % State Production
Alabama	34,991,247	94%
Ark. & Miss.	105,145,416	100%
Georgia	71,372,414	52%
Kansas	10,556,561	8%
Kentucky	46,168,359	30%
Louisiana	73,622,121	100%
Missouri	130,641,900	62%
Oklahoma	37,260,289	33%
Tennessee	55,545,608	42%
Texas	90,978,999	16%
Other	25,095,850	n/a
Total	681,378,764	5% of U.S.

Each dot on the map represents approximately 200,000 pounds of production pooled on the Southeast Federal Order. The dots are randomly scattered around the region of production, and show graphically the supply areas upon which the Southeast market relies.

The table shows state production pooled on the Southeast Federal Order in pounds and as a percent of each state's total production.

Sources: Atlanta Milk Market Administrator and National Agricultural Statistics Service

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000	% IN	1,000	% IN	1,000	% IN	1,001	% IN
			POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS

(before order reform)

Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	

(after order reform)

Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,900*	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%

* Estimated

1999 Transportation Credit Summary

Transportation credit provisions of the Southeast Order are designed to partially compensate handlers for the costs of shipping milk into the market from outside the region during months of short milk supplies. Processors pay 7¢ per hundredweight of Class I producer milk into a transportation credit balancing fund. During July through December credits may be drawn from this fund for Class I milk from outside the marketing areas of the Southeast, Carolina, Louisville-Lexington-Evansville, and former Tennessee Valley Federal Orders, and not normally associated with those markets. (Beginning with 2000, eligible shipments must be from outside the Southeast and Appalachian Marketing Areas.) If there is not enough money in the fund to pay all eligible credits, the credits are prorated to equal the available funds.

Below is a summary of the assessments collected and transportation credits paid during the 1999 transportation credit period, including the approximate cents paid on the dollar for each month's claims. Both assessments and credits are subject to audit verification by the Market Administrator.

Month	Assessments	Pounds Claimed	Dollars Claimed	Claims Paid	Proration
Jan.-June	\$1,645,191.82	n/a	n/a	n/a	n/a
July	\$274,520.04	54,920,310	\$585,129.81	\$585,129.81	\$1.00
August	\$279,262.57	108,433,632	\$1,183,332.41	\$1,183,332.41	\$1.00
September	\$278,995.48	90,730,788	\$895,328.07	\$792,145.26	88¢
October	\$279,002.90	85,025,224	\$797,214.52	\$281,510.11	35¢
November	\$282,118.64	63,697,864	\$629,399.06	\$291,268.05	46¢
December	\$292,486.58	37,427,794	\$379,966.30	\$281,510.11	77¢
TOTAL	\$3,331,578.03	440,235,612	\$4,887,618.39	\$3,414,895.75	

Source: Atlanta Milk Market Administrator

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

Market Information BULLETIN
 Federal Milk Market Administrator
 P.O. Box 1208
 Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

June 2000

Volume I - No. 6



Southeast Marketing Area
Federal Order 7

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

Class III/IV Price Hearing Record Now Online

On May 8 through 12, 2000, USDA conducted a hearing to consider proposals to change the Class III and Class IV price formulas. The hearing transcript and exhibits presented at that hearing are now available on the Agricultural Marketing Service Dairy Programs website at:

http://www.ams.usda.gov/dairy/hearing-III_IV.htm

Briefs in response to the hearing must be submitted by Friday, June 30, 2000, to: Office of the Hearing Clerk, USDA; Room 1081, South Building; 1400 Independence Ave., S. W.; Washington, D.C., 20250.

USDA Amends Fluid Milk Promotion Order

USDA has amended the Fluid Milk Promotion Order, effective June 7, 2000. The amendments allow a single fluid milk processor to have up to three members instead of two on the board. They also allow board members whose company affiliation has changed to serve for six months or until a successor is appointed, whichever is sooner, to ensure board continuity and full board representation. The National Fluid Milk Processor Promotion Board, which administers the program, requested the proposed changes.

The program is financed by a mandatory 20¢ per hundredweight assessment on packaged fluid milk products processed and marketed by processors in the lower 48 states and the District of Columbia. Processors who process and market less than 500,000 pounds of packaged fluid milk products per month are exempt from this assessment.

The amendments were published in the June 6 *Federal Register*. Copies and additional information may be obtained from David R. Jamison, Chief, Promotion and Research Branch; Dairy Programs, AMS, USDA; 1400 Independence Avenue, SW; Stop 0233, Room 2958-S; Washington, D.C. 20250-0233; phone (202) 720-6909.

Correction to New Federal Order Language

A drafting error in 7 of the 11 new Federal orders was corrected in a Correction Docket signed on May 17, 2000, and published in the *Federal Register* on May 22.

In the final rule (DA-97-12) issued August 23, 1999, and published in the *Federal Register* on September 1, 1999 (64 FR 47898), an error was made in Section 73(a) and (b) of Federal Orders 1, 5, 6, and 7, and Section 73(b) of Orders 126, 131, and 135. This is corrected by changing the term "pool plant operator" in these sections

Outlook: Southeast Uniform Price Up 52¢ Butter Again Lifts Class I, II, and IV

The May uniform price is up 52¢ to \$13.40 per hundredweight, based yet again on higher butter prices and slightly higher Class I utilization of 61.33%. The June Class I price at Atlanta is up 22¢ to \$14.80. July's Class I price should be up once again based on higher butter prices, and may reach \$15.60. The Class III price for May was \$9.37, the lowest since July 1978.

On the Chicago Mercantile Exchange (CME), butter reached \$1.37 on May 26 and was \$1.33 on June 9. Block cheese has risen slightly above the \$1.10 support price, to \$1.135 as of June 9.

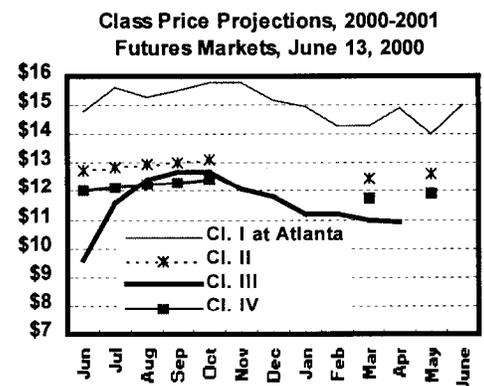
Estimated milk production for the entire U.S. was up 3.7% in April compared with last April, according to USDA's National Agricultural Statistics Service (NASS). Production has been about level in much of the Southeast.

From May 11 through June 9, the USDA's Commodity Credit Corporation (CCC) bought 59,800,578 pounds of nonfat dry milk (equivalent to about 650 million pounds of skim milk) at the support price of \$1.01. CCC also bought 435,600 pounds of process cheese and 792,272 pounds of cheddar cheese; plus 760,000 pounds of barrel cheese for July delivery under a special invitation.

Prices paid by farmers in May were unchanged from April, but up 3.5% from May 1999. Prices received by farmers for dairy products were up 1.1% from April, but down 5.2% from last May. The Consumer Price Index (CPI) for dairy products is 160.6, up 2.9% from April 1999, according to the Bureau of Labor Statistics, including fresh whole milk, up 3.7%; cheese, up 3.7%; and butter, down 10.0%.

Adapted in part from *Dairy Market News*, May 12 - June 9, 2000; Vol. 67, No. 19 - No. 23.

The table at right shows Class price projections based on current dairy futures prices on the CME. The Class III price line shows the Class III futures price; Class IV is calculated from a \$1.01 powder price and the butter futures price minus 2¢; Class II is Class IV plus 70¢; and Class I is the higher of Class III or IV plus \$3.10 lagged one month



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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.20%	8,907,775	\$1.1559	\$ 10,296,497.09
Class I Differential at Location				262,861.32
Class II Butterfat	22.92%	5,342,912	\$1.2924	6,905,179.46
Class III Butterfat	21.73%	5,065,245	\$1.2854	6,510,865.91
Class IV Butterfat	17.15%	3,998,145	\$1.2854	5,139,215.58
Total Butterfat	100.00%	23,314,077		\$ 29,114,619.36

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2488**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	62.17%	397,625,039	\$7.70 /cwt.	\$ 30,617,128.03
Class I Butterfat	38.20%	8,907,775	\$1.1559 /lb.	10,296,497.09
Class I Differential at Location		406,532,814		12,079,011.56
Total Class I Milk	61.33%	406,532,814		\$ 52,992,636.68
Class II Skim Milk	9.63%	61,616,825	\$8.40 /cwt.	\$ 5,175,813.30
Class II Butterfat	22.92%	5,342,912	\$1.2924 /lb.	6,905,179.46
Total Class II Milk	10.10%	66,959,737		\$ 12,080,992.76
Class III Skim Milk	19.49%	124,684,663	\$5.05 /cwt.	\$ 6,296,575.49
Class III Butterfat	21.73%	5,065,245	\$1.2854 /lb.	6,510,865.91
Total Class III Milk	19.57%	129,749,908		\$ 12,807,441.40
Class IV Skim Milk	8.71%	55,694,586	\$7.68 /cwt.	\$ 4,277,344.18
Class IV Butterfat	17.15%	3,998,145	\$1.2854 /lb.	5,139,215.58
Total Class IV Milk	9.00%	59,692,731		\$ 9,416,559.76
Producer Milk	100.00%	662,935,190		\$ 87,297,630.60

Adjustments

Overage and Other Source	\$ 0.00
Inventory Adjustments	(65,549.03)
Producer butterfat at uniform butterfat price	(29,114,619.36)
Location Adjustments to Producers	1,734,917.47
1/2 Unobligated Balance in P.S.F.	281,015.38

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.40141	\$ 60,133,395.06
	\$ 0.04141	(264,860.71)

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

\$9.36

\$ 59,868,534.35

Uniform Price per cwt. (Fulton County, Georgia)

\$13.40*

* 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 - 2000		UNIFORM - 2000		CLASS I %
	MAY	JUNE	APRIL	MAY	MAY
Appalachian (Charlotte)	\$ 14.58	\$ 14.80	\$ 13.23	\$ 13.68	62.27%
Arizona-Las Vegas (Phoenix)	\$ 13.83	\$ 14.05	\$ 11.44	\$ 11.79	28.00%
Central (Kansas City)	\$ 13.48	\$ 13.70	\$ 10.84	\$ 10.96	27.49%
Florida (Tampa)	\$ 15.48	\$ 15.70	\$ 14.55	\$ 15.13	84.34%
Mid-East (Cleveland)	\$ 13.48	\$ 13.70	\$ 11.77	\$ 12.21	49.10%
Northeast (Boston)	\$ 14.73	\$ 14.95	\$ 12.46	\$ 12.90	41.00%
Pacific Northwest (Seattle)	\$ 13.38	\$ 13.60	\$ 11.31	\$ 11.70	36.36%
Southeast (Atlanta)	\$ 14.58	\$ 14.80	\$ 12.88	\$ 13.40	61.33%
Southwest (Dallas)	\$ 14.48	\$ 14.70	\$ 12.05	\$ 12.43	44.41%
Upper Midwest (Chicago)	\$ 13.28	\$ 13.50	\$ 10.15	\$ 10.27	16.80%
Western (Salt Lake City)	\$ 13.38	\$ 13.60	\$ 10.76	\$ 10.84	22.89%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR MAY 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	406,532,814
	Class II	66,959,737
	Class III	129,749,908
	Class IV	59,692,731
	Total	662,935,190
<i>Average Butterfat Test</i>		3.617%
<i>Daily Average Receipts</i>		21,385,006
Percent of Producer Milk in Class I		61.32 %
Other Source Milk:	Class I	9,945,586
	Class II	7,752,524
	Class III	2,460,555
	Class IV	8,835,905
	Total	28,994,570
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	0
	Total	0
Opening Inventory	Class I	36,904,968
	Class II	2,338,010
	Class III	5,953,570
	Class IV	21,438,832
	Total	66,635,380
TOTAL RECEIPTS		758,565,140
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	30,884,778
	Route Disposition in Class I:	408,847,068
	Shrinkage	4,601,276
	Transfers and Diversions to Nonpool Plants	9,050,246
	Total Class I Utilization	453,383,368
<i>Average Butterfat Test</i>		2.177 %
<i>Daily Average Utilization</i>		14,625,270
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	3,002,414
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	51,814,606
	Used to Produce/Other Uses	22,233,251
	Total Class II Utilization	77,050,271
<i>Average Butterfat Test</i>		8.196 %
CLASS III UTILIZATION:		
	Shrinkage	7,933,970
	Transfers and Diversions to Nonpool Plants	125,282,129
	Used to Produce/Other Uses	4,947,934
	Total Class III Utilization	138,164,033
<i>Average Butterfat Test</i>		3.816 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	20,040,034
	Nonfluid Used to Fortify	1,956,900
	Shrinkage	0
	Transfers and Diversions to Nonpool Plants	49,975,872
	Used to Produce/Other Uses	17,994,662
	Total Class IV Utilization	89,967,468
<i>Average Butterfat Test</i>		5.999 %
TOTAL UTILIZATION		758,565,140

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during May 2000 is \$13.40 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.36 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2488 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 62.17% of all producer skim milk (priced to handlers at \$7.70 per hundredweight, plus the Class I differential, see page 2) and 38.20% of producer butterfat (priced to handlers at \$1.1599 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.63% of all producer skim milk (\$8.40 per hundredweight) and 22.92% of producer butterfat (\$1.2924 per pound). Class III use, mostly milk used to produce cheese, accounted for 19.49% of all producer skim milk (\$5.05 per hundredweight) and 21.73% of producer butterfat (\$1.2854 per pound). Class IV use, generally milk processed into butter and powder, accounted for 8.71% of all producer skim milk (\$7.68 per hundredweight) and 17.15% of producer butterfat (\$1.2854 per pound).

Receipts of producer milk during May 2000 totaled 662.9 million pounds. There were 33 regulated pool distributing plants, 3 pool supply plants, and 7 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for May 2000. Class I route disposition in the Southeast Market totaled 394.6 million pounds in April 2000.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 2.67 in May 2000, compared to 2.80 in April 2000 and 2.89 in May 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast	
	APRIL 2000	MARCH 2000*
Whole Milk	157,677,935	171,057,328
Fat Free Milk	50,998,025	55,571,323
Lowfat Milk (incl. 1%)	25,812,887	28,125,618
Reduced Fat Milk (incl. 2%)	113,392,830	122,753,428
Cultured Fluid Milk (incl. Buttermilk)	12,679,262	13,500,066
Flavored Drinks and Milk	34,084,906	38,382,983
Total Disposition in Marketing Area	394,645,845	429,390,746
Total Disposition by Pool Plants	332,205,152	363,998,825
Total Disposition by Nonpool Plants	62,440,693	65,391,921
Total Disposition in Marketing Area	394,645,845	429,390,746

* Revised

PACKAGED CLASS I ROUTE SALES IN MARKETING AREA BY STATE

April 2000

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

Product Description	Alabama**	Arkansas	Georgia*	Kentucky*	Louisiana	Mississippi	Missouri*	Tennessee*	TOTAL
Whole Milk	31,670,987	15,700,527	26,350,181	1,024,030	24,555,798	15,539,405	5,199,573	13,849,530	133,890,03
Fat Free Milk	11,075,811	3,574,800	10,003,497	1,358,961	7,081,520	2,632,268	5,895,426	3,719,349	45,341,63
Lowfat Milk (1%)	4,762,726	2,075,683	4,380,385	157,587	4,887,146	3,254,096	1,275,239	2,509,513	23,302,37
Reduced Fat Milk (2%)	20,490,618	11,880,588	18,377,550	483,241	13,131,598	11,565,196	2,039,892	10,160,295	88,128,97
Buttermilk	3,672,188	1,081,343	2,292,966	179,687	825,441	1,481,468	241,421	2,632,802	12,407,31
Flavored Milk & Drinks	5,848,267	3,461,570	5,881,024	322,018	5,439,537	3,326,309	1,643,127	3,212,968	29,134,82
By Pool Plants	77,520,597	37,774,511	67,285,603	3,525,524	55,921,040	37,798,742	16,294,678	36,084,457	332,205,15
By Non Pool Plants	2,857,174	1,762,201	28,461,552	1,213,834	6,578,292	2,048,761	8,352,581	11,166,298	62,440,69
Total Disposition in Marketing Area	80,377,771	39,536,712	95,747,155	4,739,358	62,499,332	39,847,503	24,647,259	47,250,755	394,645,84

* Includes only sales in Southeast Marketing Area.

** Includes four Florida counties in Southeast Marketing Area.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000	% IN	1,000	% IN	1,000	% IN	1,000	% IN
			POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,900*	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%

* Estimated

Dairy Options Training Dates Announced for Tennessee and Kentucky; Others to Follow

USDA's Risk Management Agency (RMA) will offer Kentucky and Tennessee dairy farmers training on the use of milk futures and options. Only producers from Barren and Adair Counties in Kentucky and McMinn County in Tennessee will be eligible to receive financial assistance to purchase Class III Milk Options. Producers from other counties are encouraged to attend the training on a first come, first served basis; but space may be limited so please call ahead. Three sessions have been scheduled:

June 28, Barren County Extension, 936 Happy Valley Road, Glasgow, KY. Call Gary Tilghman, (270) 651-3818.

June 29, Adair County Extension, 409 Fairground Street, Columbia, KY. Call David Herbst, (270) 384-2317.

August 1, Tennessee Technology Center, 1636 Voc/Tech Drive, Athens, TN. Call Tim Woods, (423) 745-2852.

All sessions will be held from 10 a.m. to 3 p.m.

The Dairy Options Pilot Program (DOPP), provides producers in selected counties with financial assistance to purchase Class III milk futures options contracts. Other selected counties include Gilchrist and Okeechobee, Florida; and Morgan and Putnam, Georgia. Training dates for these counties have not yet been announced, but will be later this year. For more information go to:

<http://www.usda.gov/rma/rme>

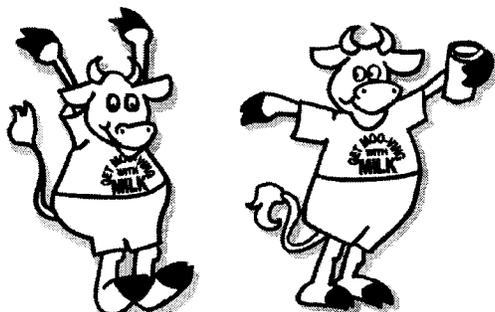
or call an RMA Regional Service Office and ask for the DOPP coordinator: Valdosta, Georgia, serves Alabama, Florida, Georgia, and South Carolina at (912) 242-2200; Jackson, Mississippi, serves Arkansas, Kentucky, Louisiana, Mississippi, and Tennessee at (601) 965-4771; and Topeka, Kansas, serves Missouri at (785) 266-0248.

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

Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



**Get MOO-VING
with MILK**

**June Dairy Month
2000**

Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

July 2000

Volume I - No. 7

Southeast Marketing Area
Federal Order 7



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

Class IV Milk Futures and Options Begin Trading

The Chicago Mercantile Exchange (CME) began trading Class IV milk futures on July 10, and Class IV milk options on July 11. These contracts are similar to the existing Class III futures and options that are already traded. Both Class III and Class IV futures and options are cash-settled against prices announced by USDA near the end of each month.

Cash settlement means, for example, that a farmer who sells a Class IV futures contract for \$11.00 per hundredweight does not receive any money at that time. Instead, there is a settlement when the final price is announced. If the final price is \$10.00, he is paid \$1.00 per hundredweight for the volume of the contract. If the final price is \$12.00, he owes \$1.00 per hundredweight. In either case the final settlement is automatic, and there is never any risk of having to deliver or receive milk under the contract.

This provides the dairy industry with a more complete set of tools for hedging milk priced under Federal orders. In addition to its settlement against the announced Class IV price, the new Class IV futures contract will closely track Class II prices and Class I (when Class IV finishes higher than Class III).

Also, the new Class IV contract, together with the existing nonfat dry milk futures contract, allows hedging of the Federal order butterfat prices. The Federal order Class IV skim milk price is a calculation from the nonfat dry milk price, and the Class IV price is a sum of nonfat solids prices plus butterfat prices. This means that selling Class IV futures and buying nonfat dry milk futures in the right proportion is equivalent to selling butterfat futures.

After the first four days of trading, the Class IV futures price was \$12.50 for October, \$12.52 for November, and \$12.50 for December. This is about equal to a Class I price of \$15.60 in Atlanta. (Class III futures are lower for each of those three months.)

USDA Names Nine To Fluid Milk Processor Board

Agriculture Secretary Glickman has announced the appointment of two incumbents and seven new members to the National Fluid Milk Processor Promotion Board. All will be seated at the next board meeting, July 7, 2000. Among the new appointments is James W. Turner of Memphis, Tenn., to represent Region 9 (which includes Alabama, Kentucky, Louisiana, Mississippi, and Tennessee). His appointment and six others will expire on May 31, 2003. The other two expire on May 31, 2002.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors from 15 geographic regions, and five at-large members, who develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products. The program is financed by a mandatory 20-cent per hundredweight assessment on fluid milk products packaged and marketed in the lower 48 states and the District of Columbia. USDA's Agricultural Marketing Service oversees board operations.

Outlook: Uniform Price Up 38¢ Butter, August Class I Down

The June uniform price is up 38¢ to \$13.78 per hundredweight on higher butter prices and Class I utilization up to 64.26%. The July Class I price at Atlanta is up 76¢ to \$15.56, but the August Class I price could be down as much as 40¢ due to lower butter prices. The Class IV price was \$12.38 for June, but could fall for the first time in July.

On the Chicago Mercantile Exchange (CME), butter was down to \$1.19 per pound on July 13. After spending much of the year near the \$1.10 support price, block cheese rose 12½¢ to \$1.26 the week of June 16, and was \$1.225 on July 13. From June 12 through July 7, the USDA's Commodity Credit Corporation (CCC) bought 37,477,272 pounds of nonfat dry milk (equivalent to over 400 million pounds of skim milk) at the support price of \$1.01. CCC had net cancellations of 44,028 pounds of cheddar cheese.

Estimated May milk production for the entire U.S. was up 2.6% compared with last May, according to USDA's National Agricultural Statistics Service (NASS). Southeastern production continues about even with last year. Prices paid by farmers in June were unchanged from May, but up 4.3% from June 1999. Prices received by farmers for dairy products were up 1.1% from May, but down 7.0% from last June. May's Consumer Price Index (CPI) for dairy products was up 2.2% from May 1999, according to the Bureau of Labor Statistics, including fresh whole milk, up 3.7%; cheese, up 0.9%; and butter, down 4.8%.

U.S. butter production in May was down 3.0% from this April, but up 1.0% from May 1999. All cheese (except cottage cheese) was up 5.1% from April and 8.0% from last year. Nonfat dry milk for human food was down 6.2% from April, but up 0.9% from last year.

The New York Board of Trade (successor to the Coffee, Sugar, and Cocoa Exchange) voted to close its dairy futures and options market, subject to regulatory approval by the Commodity Futures Trading Commission.

Adapted in part from Dairy Market News, June

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.22%	8,802,053	\$1.2195	\$ 10,734,103.64
Class I Differential at Location				259,622.51
Class II Butterfat	24.47%	5,225,537	\$1.4198	7,419,217.44
Class III Butterfat	22.33%	4,769,560	\$1.4128	6,738,434.39
Class IV Butterfat	11.98%	2,559,013	\$1.4128	3,615,373.58
Total Butterfat	100.00%	21,356,163		\$ 28,766,751.56

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.3470**

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	65.11%	379,777,692	\$7.70 /cwt.	\$ 29,242,882.36
Class I Butterfat	41.22%	8,802,053	\$1.2195 /lb.	10,734,103.64
Class I Differential at Location		388,579,745		11,492,959.02
Total Class I Milk	64.26%	388,579,745		\$ 51,469,945.02
Class II Skim Milk	12.81%	74,736,400	\$8.40 /cwt.	\$ 6,277,857.59
Class II Butterfat	24.47%	5,225,537	\$1.4198 /lb.	7,419,217.44
Total Class II Milk	13.22%	79,961,937		\$ 13,697,075.03
Class III Skim Milk	18.62%	108,635,515	\$4.68 /cwt.	\$ 5,084,142.15
Class III Butterfat	22.33%	4,769,560	\$1.4128 /lb.	6,738,434.39
Total Class III Milk	18.76%	113,405,075		\$ 11,822,576.54
Class IV Skim Milk	3.46%	20,159,711	\$7.70 /cwt.	\$ 1,552,297.76
Class IV Butterfat	11.98%	2,559,013	\$1.4128 /lb.	3,615,373.58
Total Class IV Milk	3.76%	22,718,724		\$ 5,167,671.34
Producer Milk	100.00%	604,665,481		\$ 82,157,267.93

Adjustments

Overage and Other Source	\$ 6,009.72
Inventory Adjustments	(81,196.31)
Producer butterfat at uniform butterfat price	(28,766,751.56)
Location Adjustments to Producers	1,543,446.71
1/2 Unobligated Balance in P.S.F.	194,110.50

Adjusted Pool Value

	\$ 9.43803	\$ 55,052,886.99
Reserve for Producer Settlement Fund	\$ 0.04803	(280,140.13)

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

\$9.39 **\$ 54,772,746.86**

Uniform Price per cwt. (Fulton County, Georgia)

\$13.78*

* 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 - 2000		UNIFORM - 2000		CLASS I %
	JUNE	JULY	MAY	JUNE	JUNE
Appalachian (Charlotte)	\$ 14.80	\$ 15.56	\$ 13.68	\$ 14.01	62.29%
Arizona-Las Vegas (Phoenix)	\$ 14.05	\$ 14.81	\$ 11.79	\$ 12.10	29.46%
Central (Kansas City)	\$ 13.70	\$ 14.46	\$ 10.96	\$ 11.16	27.45%
Florida (Tampa)	\$ 15.70	\$ 16.46	\$ 15.13	\$ 15.57	88.74%
Mid-East (Cleveland)	\$ 13.70	\$ 14.46	\$ 12.21	\$ 12.38	46.80%
Northeast (Boston)	\$ 14.95	\$ 15.71	\$ 12.90	\$ 13.25	42.10%
Pacific Northwest (Seattle)	\$ 13.60	\$ 14.36	\$ 11.70	\$ 11.91	34.99%
Southeast (Atlanta)	\$ 14.80	\$ 15.56	\$ 13.40	\$ 13.78	64.26%
Southwest (Dallas)	\$ 14.70	\$ 15.46	\$ 12.43	\$ 12.75	48.81%
Upper Midwest (Chicago)	\$ 13.50	\$ 14.26	\$ 10.27	\$ 10.43	16.90%
Western (Salt Lake City)	\$ 13.60	\$ 14.36	\$ 10.84	\$ 11.01	21.47%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR JUNE 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	388,579,745
	Class II	79,961,937
	Class III	113,405,075
	Class IV	22,718,724
	Total	<u>604,665,481</u>
	<i>Average Butterfat Test</i>	3.532%
	<i>Daily Average Receipts</i>	20,155,516
	Percent of Producer Milk in Class I	64.26 %
Other Source Milk:	Class I	10,015,506
	Class II	10,806,244
	Class III	2,832,863
	Class IV	4,472,089
	Total	<u>28,126,702</u>
Overages:	Class I	7,007
	Class II	0
	Class III	0
	Class IV	3,733
	Total	<u>10,740</u>
Opening Inventory	Class I	32,295,824
	Class II	3,082,218
	Class III	5,321,361
	Class IV	10,225,409
	Total	<u>50,924,812</u>
TOTAL RECEIPTS		<u><u>683,727,735</u></u>
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMP	39,472,333
	Route Disposition in Class I:	379,927,289
	Shrinkage	2,512,974
	Transfers and Diversions to Nonpool Plants	8,985,486
	Total Class I Utilization	<u>430,898,082</u>
	<i>Average Butterfat Test</i>	2.254 %
	<i>Daily Average Utilization</i>	14,363,269
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	2,972,926
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plants	68,334,751
	Used to Produce/Other Uses	22,542,722
	Total Class II Utilization	<u>93,850,399</u>
	<i>Average Butterfat Test</i>	6.626 %
CLASS III UTILIZATION:		
	Shrinkage	7,469,453
	Transfers and Diversions to Nonpool Plants	109,134,111
	Used to Produce/Other Uses	4,955,735
	Total Class III Utilization	<u>121,559,299</u>
	<i>Average Butterfat Test</i>	4.050 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMP	9,832,030
	Nonfluid Used to Fortify	1,987,142
	Shrinkage	0
	Transfers and Diversions to Nonpool Plants	21,344,161
	Used to Produce/Other Uses	4,256,622
	Total Class IV Utilization	<u>37,419,955</u>
	<i>Average Butterfat Test</i>	9.322 %
TOTAL UTILIZATION		<u><u>683,727,735</u></u>

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during June 2000 is \$13.78 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.39 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3470 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 65.11% of all producer skim milk (priced to handlers at \$7.70 per hundredweight, plus the Class I differential, see page 2) and 41.22% of producer butterfat (priced to handlers at \$1.2195 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.81% of all producer skim milk (\$8.40 per hundredweight) and 24.47% of producer butterfat (\$1.4198 per pound). Class III use, mostly milk used to produce cheese, accounted for 18.62% of all producer skim milk (\$4.68 per hundredweight) and 22.33% of producer butterfat (\$1.4128 per pound). Class IV use, generally milk processed into butter and powder, accounted for 3.46% of all producer skim milk (\$7.70 per hundredweight) and 11.98% of producer butterfat (\$1.4128 per pound).

Receipts of producer milk during June 2000 totaled 604.7 million pounds. There were 33 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for June 2000. Class I route disposition in the Southeast Market totaled 416.0 million pounds in May 2000.

The milk-feed price ratio reported by the National Agricultural Statistics Service was 3.01 in June 2000, compared to 2.65 in May 2000 and 3.17 in June 1999. The milk-feed price ratio is the price of one pound of milk divided by the price of one pound of 16% mixed dairy feed.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	May 2000
Whole Milk	167,696,920
Fat Free Milk	52,862,064
Lowfat Milk (incl. 1%)	41,265,658
Reduced Fat Milk (incl. 2%)	105,368,138
Cultured Fluid Milk (incl. Buttermilk)	13,481,304
Flavored Drinks and Milk	35,286,532
Total Disposition in Marketing Area	415,960,616
Total Disposition by Pool Plants	350,791,713
Total Disposition by Nonpool Plants	65,168,903
Total Disposition in Marketing Area	415,960,616

MILK-FEED PRICE RATIOS*

(All Milk Price per lb. divided by Price of 16% Mixed Dairy Feed per lb.)

Month	1995	1996	1997	1998	1999	2000
January	2.77	2.59	2.44	2.77	4.09	3.10
February	2.73	2.42	2.35	2.78	3.60	2.93
March	2.71	2.35	2.27	2.75	3.62	2.90
April	2.60	2.17	2.14	2.70	2.97	2.80
May	2.52	2.10	2.07	2.63	2.89	2.65
June	2.48	2.17	2.12	2.93	3.17	3.01
July	2.40	2.19	2.24	3.04	3.61	
August	2.50	2.28	2.35	3.61	3.92	
September	2.56	2.64	2.44	4.04	4.15	
October	2.62	2.98	2.63	4.23	4.03	
November	2.69	2.85	2.73	4.26	3.86	
December	2.56	2.70	2.80	4.34	3.25	

SOURCE: NASS *Agricultural Prices*

* Numbers in italics are revised.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS						
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%		n/a
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%		n/a
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%		n/a
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%		n/a
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%		n/a
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%		n/a
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%		n/a
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%		n/a
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%		n/a
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%		n/a
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%		n/a
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%		n/a
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,950*	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%

* Estimated

Reminder: Dairy Options Training for Tennessee

The Dairy Options Pilot Program (DOPP), provides producers in selected counties with financial assistance to purchase Class III milk futures options contracts. Selected counties include Gilchrist and Okeechobee, Florida; Morgan and Putnam, Georgia; and McMinn in Tennessee. (Training sessions have already been held in Kentucky and Missouri.)

On August 1, USDA's Risk Management Agency (RMA) will offer Tennessee dairy farmers training on the use of milk futures and options. Only producers from McMinn County in Tennessee will be eligible to receive financial assistance to purchase Class III Milk Options. Producers from other counties are encouraged to attend the training on a first come, first served basis; but space may be limited so please call ahead. The session will be held from 10 a.m. to 3 p.m. on August 1 at the Tennessee Technology Center, 1636 Voc/Tech Drive, Athens, TN. To reserve a space call Tim Woods, (423) 745-2852.

Training dates for the other counties have not yet been announced, but will be later this year. For more information go to:

<http://www.usda.gov/rma/rme>

or call an RMA Regional Service Office and ask for the DOPP coordinator: Valdosta, Georgia, serves Alabama, Florida, Georgia, and South Carolina at (912) 242-2200; Jackson, Mississippi, serves Arkansas, Kentucky, Louisiana, Mississippi, and Tennessee at (601) 965-4771; and Topeka, Kansas, serves Missouri at (785) 266-0248.

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

Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN

Sue L. Mosley, Market Administrator



Southeast Marketing Area
Federal Order 7

www.fmmatlanta.com

August 2000

Volume I - No. 8

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

Forward Pricing Pilot Program Announced: Allows Payment Below Order Minimum

USDA issued final rules for a dairy forward contracting pilot program. The pilot program will be in effect for milk marketed Aug. 1, 2000, through Dec. 31, 2004. Under the program, dairy farmers or cooperative associations may enter into forward contracts to sell milk to pool handlers; and the handler will not be required to pay the minimum Federal order price for that milk. Instead, handlers will pay the price specified in the forward contract. This **contract price will not be enforced** by the Market Administrator.

Any handler participating in the pilot program will still be subject to all other provisions of an order. Handlers will settle with the producer pool as before; they will receive the same draw or pay the same obligation as if they had paid the Federal order minimum value for producer milk. They must continue to submit all required reports of milk receipts, milk use, and payment to producers, and be subject to audit.

"It is important that producers understand this program is voluntary and that they still have the provisions of the milk marketing order program if they do not choose to forward contract," said Kathleen Merrigan, Administrator of the Agricultural Marketing Service. "AMS will be monitoring all aspects of contracting under this pilot program to ensure that dairy farmers are not adversely affected."

Any contract offered to a producer by a handler must contain the USDA's fact sheet on contracting and a disclosure statement. (See page 6.) In addition, initial contracts may not be written for a period longer than 12 months. Both the disclosure statement and a copy of the contract must be signed in advance and submitted to the market administrator to be eligible for the program. Each handler is eligible to contract milk up to the amount of its use of non-Class I producer milk. Producers may forward contract all or part of their milk.

The fact sheet, questions and answers about the program, and a copy of the required disclosure statement begin on page 6 of this bulletin. More detailed information, including the rule itself, is available on the AMS web site at

<http://www.ams.usda.gov/dairy>

or from market administrator offices. The final rule was published in the July 18 *Federal Register*.

More on Forward Pricing Pilot Program - Pages 6,7,8

Outlook: Uniform Price Rises to \$14.23 Butter, August Class I Down

The July uniform price is up 45¢ to \$14.23 per hundredweight on slightly higher butter prices and Class I utilization of 65.58%. This may be the highest uniform price for several months, as the August Class I price at Atlanta is down 51¢ to \$15.05. The Class IV price fell for the first time since its introduction in January.

On the Chicago Mercantile Exchange (CME), butter was \$1.20 per pound on August 9. Block cheese remained steady at \$1.24 per pound, well above the \$1.10 support price.

Estimated June milk production for the entire U.S. was up 2.6% compared with last June, according to USDA's National Agricultural Statistics Service (NASS). Hot weather is having a negative impact on Southeastern production. Prices paid by farmers in July were unchanged from June, but up 4.3 % from last July. Prices received by farmers for dairy products were up 4% from June, but down 8.5% from last July.

Adapted in part from *Dairy Market News*, July 14 – August 11, 2000; Vol. 67, No. 28 - No. 32.

Agricultural Disaster Declared in Southeast

On July 14, Agriculture Secretary Glickman declared an agricultural disaster area due to drought. The area includes all of Georgia's 159 counties, 39 of South Carolina's 46 counties and 59 of Florida's 67 counties. Farmers in those areas and contiguous counties are eligible for emergency low-interest loans. Farmers in eligible counties have eight months to apply for the loans to help cover part of their actual losses.

Some Georgia producers may also be eligible for the Emergency Conservation Program, which provides cost-share assistance to supply water for livestock and other conservation measures. USDA previously approved emergency haying and grazing on Conservation Reserve Program acreage, providing assistance to approved producers hurt by drought.

For further information, contact your local Farm Service Agency office or visit :

www.fsa.usda.gov/pas/disaster/assistance1.htm

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for August was \$1,967,821.98. Claims were made for \$234,226.42. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.67%	8,429,293	\$1.4355	\$ 12,100,250.13
Class I Differential at Location				247,321.87
Class II Butterfat	26.27%	5,314,208	\$1.2761	6,781,460.85
Class III Butterfat	19.16%	3,876,487	\$1.2691	4,919,649.65
Class IV Butterfat	12.90%	2,609,697	\$1.2691	3,311,966.46
Total Butterfat	100.00%	20,229,685		\$ 27,360,648.96

Uniform Butterfat Price per lb. (Fulton County, Georgia): \$1.3525

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	66.47%	365,426,432	\$7.71 /cwt.	\$ 28,174,377.92
Class I Butterfat	41.67%	8,429,293	\$1.4355 /lb.	12,100,250.13
Class I Differential at Location		373,855,725		11,021,146.47
Total Class I Milk	65.58%	373,855,725		\$ 51,295,774.52
Class II Skim Milk	12.42%	68,306,899	\$8.41 /cwt.	\$ 5,744,610.21
Class II Butterfat	26.27%	5,314,208	\$1.2761 /lb.	6,781,460.85
Total Class II Milk	12.92%	73,621,107		\$ 12,526,071.06
Class III Skim Milk	16.04%	88,169,174	\$6.44 /cwt.	\$ 5,678,094.80
Class III Butterfat	19.16%	3,876,487	\$1.2691 /lb.	4,919,649.65
Total Class III Milk	16.15%	92,045,661		\$ 10,597,744.45
Class IV Skim Milk	5.07%	27,868,389	\$7.70 /cwt.	\$ 2,145,865.96
Class IV Butterfat	12.90%	2,609,697	\$1.2691 /lb.	3,311,966.46
Total Class IV Milk	5.35%	30,478,086		\$ 5,457,832.42
Producer Milk	100.00%	570,000,579		\$ 79,877,422.45

Adjustments

Overage and Other Source	\$ 158,561.66
Inventory Adjustments	2,220.63
Producer butterfat at uniform butterfat price	(27,360,648.96)
Location Adjustments to Producers	1,376,287.29
1/2 Unobligated Balance in P.S.F.	314,198.30

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 9.88922	\$ 54,368,041.37
	\$ 0.04922	270,586.24

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

\$9.84

\$ 54,638,627.61

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 - 2000		UNIFORM - 2000		CLASS I %
	JULY	AUGUST	JUNE	JULY	JULY
Appalachian (Charlotte)	\$ 15.56	\$ 15.05	\$ 14.01	\$ 14.46	69.29%
Arizona-Las Vegas (Phoenix)	\$ 14.81	\$ 14.30	\$ 12.10	\$ 12.32	29.04%
Central (Kansas City)	\$ 14.46	\$ 13.95	\$ 11.16	\$ 11.95	26.50%
Florida (Tampa)	\$ 16.46	\$ 15.95	\$ 15.57	\$ 15.78	88.51%
Mid-East (Cleveland)	\$ 14.46	\$ 13.95	\$ 12.38	\$ 12.68	42.40%
Northeast (Boston)	\$ 15.71	\$ 15.20	\$ 13.25	\$ 13.52	40.50%
Pacific Northwest (Seattle)	\$ 14.36	\$ 13.85	\$ 11.91	\$ 12.19	26.40%
Southeast (Atlanta)	\$ 15.56	\$ 15.05	\$ 13.78	\$ 14.23	65.58%
Southwest (Dallas)	\$ 15.46	\$ 14.95	\$ 12.75	\$ 13.36	42.02%
Upper Midwest (Chicago)	\$ 14.26	\$ 13.75	\$ 10.43	\$ 11.36	16.40%
Western (Salt Lake City)	\$ 14.36	\$ 13.85	\$ 11.01	\$ 11.73	20.12%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR JULY 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	373,855,725
	Class II	73,621,107
	Class III	92,045,661
	Class IV	30,478,086
	Total	570,000,579
	<i>Average Butterfat Test</i>	3.549%
	<i>Daily Average Receipts</i>	18,387,115
	Percent of Producer Milk in Class I	65.59 %
Other Source Milk:	Class I	9,301,367
	Class II	8,418,462
	Class III	1,631,359
	Class IV	6,553,972
	Total	25,905,160
Overages:	Class I	0
	Class II	102,973
	Class III	327
	Class IV	94,352
	Total	197,652
Opening Inventory	Class I	39,472,333
	Class II	670,835
	Class III	76,315
	Class IV	9,084,880
	Total	49,304,363
TOTAL RECEIPTS		645,407,754
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMF	31,604,135
	Route Disposition in Class I	378,312,976
	Shrinkage	2,841,652
	Transfers and Diversions to Nonpool Plant:	9,870,662
	Total Class I Utilization	422,629,425
	<i>Average Butterfat Test</i>	2.252 %
	<i>Daily Average Utilization</i>	13,633,207
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	3,907,002
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plant:	56,496,776
	Used to Produce/Other Uses	22,409,599
	Total Class II Utilization	82,813,377
	<i>Average Butterfat Test</i>	7.495 %
CLASS III UTILIZATION:		
	Shrinkage	7,164,613
	Transfers and Diversions to Nonpool Plant:	81,624,308
	Used to Produce/Other Uses	4,964,741
	Total Class III Utilization	93,753,662
	<i>Average Butterfat Test</i>	4.172 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMF	28,324,397
	Nonfluid Used to Fortify	1,858,291
	Shrinkage	0
	Transfers and Diversions to Nonpool Plant:	16,028,602
	Used to Produce/Other Uses	0
	Total Class IV Utilization	46,211,290
	<i>Average Butterfat Test</i>	7.326 %
TOTAL UTILIZATION		645,407,754

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during July 2000 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 \$9.84 per hundredweight plus 3.5 times the uniform butterfat price of \$1.3525 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 65.58% of all producer skim milk (priced to handlers at \$7.71 per hundredweight, plus the Class I differential) and 41.67% of producer butterfat (priced to handlers at \$1.4355 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 12.92% of all producer skim milk (\$8.41 per hundredweight) and 26.27% of producer butterfat (\$1.2761 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.15% of all producer skim milk (\$6.44 per hundredweight) and 19.16% of producer butterfat (\$1.2691 per pound). Class IV use, generally milk processed into butter and powder, accounted for 5.35% of all producer skim milk (\$7.70 per hundredweight) and 12.90% of producer butterfat (\$1.2691 per pound).

Receipts of producer milk during July 2000 totaled 570 million pounds. There were 33 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for July 2000. Class I

route disposition in the Southeast Market totaled 388.8 million pounds in June 2000.

For Southeastern producers, cash expenses related to production rose by 1.3% in July and total economic costs rose by 1.1%. Despite this increase, cash expenses remained 1.5% below July 1999 levels and total economic costs were 3.4% below last years.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast June 2000
Whole Milk	167,063,040
Fat Free Milk	51,148,396
Lowfat Milk (incl. 1%)	25,400,546
Reduced Fat Milk (incl. 2%)	116,192,686
Cultured Fluid Milk (incl. Buttermilk)	12,092,414
Flavored Drinks and Milk	16,868,696
Total Disposition in Marketing Area	388,765,778
Total Disposition by Pool Plants	326,495,101
Total Disposition by Nonpool Plants	62,270,677
Total Disposition in Marketing Area	388,765,778

COST OF PRODUCTION JUNE AND JULY, 2000 1/ 2/

REGION	TOTAL CASH EXPENSES		TOTAL ECONOMIC COSTS	
	JUNE 3/	JULY	JUNE 3/	JULY
Northeast	15.22	15.47	20.14	20.41
Southeast	14.85	15.05	18.65	18.85
Upper Midwest	13.83	13.98	18.48	18.64
Corn Belt	14.72	14.90	20.56	20.77
Southern Plains	13.03	13.17	16.37	16.52
Pacific	9.72	9.81	11.41	11.50

1/ United States Department of Agriculture, Economics Research Service. Costs are dollars per 100 pounds (cwt.). Regions are defined as: Northeast--New York, Pennsylvania, and Vermont; Southeast--Florida and Georgia; Upper Midwest--Michigan, Minnesota, and Wisconsin; Corn Belt--Iowa, Missouri, and Ohio; Southern Plains--Texas; Pacific--Arizona, California, and Washington.

2/ Released subsequent to *Announcement of Class Prices* due to unavailability on August 4, 2000.

3/ Revised from last month due to changes in milk production, producer price indexes, corn market price, and economic indicators for the U.S. economy.

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS						
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	5,000*	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%

* Estimated

**Forward Pricing Pilot Program Fact Sheet and Disclosure Statement
Agricultural Marketing Service, U.S. Department of Agriculture**

1. The Forward Pricing Pilot Program is a voluntary program that allows dairy farmers and handlers buying their milk to enter into forward contracts for that portion of milk that the handler uses for nonfluid milk products. Dairy farmers are under no obligation to participate in this program and may continue to have their milk priced under the order's minimum payment provisions. If a handler pressures a dairy farmer to sign a forward contract, this should be reported to the market administrator immediately.
2. By entering into a forward contract with a handler, a dairy farmer gives up the right to receive the minimum Federal order prices for the amount of their milk under contract.
3. The first forward contract involving a dairy farmer or cooperative association that is participating in the pilot program for the first time is restricted to 12 months. Thereafter, subsequent contracts may be of unlimited duration provided that they do not extend beyond the pilot program termination date, December 31, 2004.
4. Dairy farmers entering into a forward contract should understand all of the terms of the contract, including how their milk will be priced, the length of the contract, and any charges or deductions that will be made. If a formula will be used to price your milk, you should understand how the formula works and what factors affect its movement. You should understand what will happen if you cannot fulfill the terms of the contract. What may you be liable for? You should also understand what remedies are available to you if the processor defaults on the contract.
5. The terms and conditions of a contract must be in writing. If you and the handler to whom you deliver your milk renegotiate or modify any terms of the contract, the changes must be put in writing as an amendment to the contract and submitted to the market administrator. The contract should contain a clause explaining how disagreements will be settled.
6. Market administrators will continue to be responsible for verifying the accuracy of the weights and tests of your milk on the same basis as if your milk was subject to Federal order pricing. If you should choose to price components of your milk that are not tested for and priced under the order in which your milk is pooled, you will have to arrange for private testing of your milk to verify the buying handler's weights and tests.
7. The following disclosure statement must be signed by each dairy farmer that enters into a forward contract with a handler under the pilot program. The disclosure statement must be attached to each contract submitted to the market administrator. Contracts that are submitted without the disclosure statement will be considered to be invalid for the purpose of exempting a handler from an order's minimum pricing provisions. Forward contracts must be signed by the producer and handler prior to the first day of the month for which they are effective and must be in the possession of the market administrator by the 15th day of that month.

Disclosure Statement

I am voluntarily entering into a forward contract with _____ (handler's name). I have been given a copy of the contract and I have received the USDA's Pilot Program Fact Sheet to which this disclosure statement was attached. By signing this form, I understand that I am forfeiting my right to receive the order's minimum prices for that portion of my milk that is under contract for the duration of the contract. I also understand that my milk will be priced in accordance with the terms and conditions of the contract.

Printed Name: _____

Signature: _____

Date: _____

Address: _____

Producer No. _____

Questions & Answers Concerning Pilot Forward Contract Pricing Program

Q: Will all dairy farmers be guaranteed an opportunity to participate in this pilot program?

A: In order to participate in this program, two things are necessary. First, the handler to which a dairy farmer delivers milk must be willing to offer the dairy farmer a forward contract. Second, the handler must have non-fluid uses of milk--i.e., butter, powder, cheese, ice cream, yogurt, etc.--to cover the quantity of milk under forward contract.

Q: Will market administrators enforce payment of the contract price for milk covered by forward contracts?

A: No, market administrators will only enforce payment of the minimum order prices provided under the order for milk that is not subject to a forward contract.

Q: Can a handler force a producer to enter into a forward contract?

A: A handler cannot force a producer to enter into a forward contract. The Consolidated Appropriations Act 2000 (i.e., Section 3 of H.R. 3428 of the 106th Congress, as enacted by Section 1001(a)(8) of Public Law 106-113), gives the Secretary of Agriculture the authority to implement this pilot program. If the program is abused, the Secretary will take appropriate remedial action.

Q: How do we know that a producer has "voluntarily" entered into a forward contract with a handler?

A: Before a handler can be exempt from paying a producer the Federal order's minimum price(s), the market administrator must have a signed copy of a forward contract with both the handler's and producer's signatures. The contract must be signed prior to the first day of the month for which it is to be effective and must be in the possession of the market administrator by the 15th day of the month. In addition, attached to each contract must be a disclosure statement signed by the dairy farmer or cooperative association representative entering into the forward contract.

Q: Is there any restriction concerning the length of a forward contract?

A: A contract with a producer or cooperative association participating for the first time under the pilot program is limited to 12 months. Thereafter, any contract under the pilot program involving this producer or cooperative association may be unlimited in length provided that it does not extend beyond the pilot program termination date, December 31, 2004.

Q: Can a producer enter into a forward contract with more than one handler?

A: Yes.

Q: Will the market administrator verify the weights and tests of milk under forward contract?

A: The market administrator will verify the weights and tests of milk of producers who are not members of a cooperative association in the same manner as would be done if the milk were not under contract.

Q: What happens if, after a handler has entered into forward contracts, the handler's nonfluid use drops below the amount of milk covered by forward contracts?

A: If this should happen and the contract price exceeded the order's minimum price(s) for the month, the issue would be moot and the handler would continue to pay the producer the agreed-upon contract price for the milk covered by the contract. If, on the other hand, the contract price was below the order's minimum price(s) for the month, the handler would be required to pay the higher minimum price(s) for the quantity of over-contracted milk.

Q: In the situation just described, who determines which producers get the higher minimum order price for their over-contracted milk?

A: This determination is left to the handler. If the handler fails to indicate which milk is over-contract milk, the market administrator will prorate the quantity of over-contract milk to each producer and cooperative association having a forward contract with the handler.

Q: Can a handler enter into a forward contract with a cooperative association?

A: Yes.

Q: Can a forward contract between a handler and a cooperative association cover milk transferred from the cooperative association's plant?

A: Forward contracts can apply to bulk milk or milk components transferred from a cooperative association's plant.

Q: How will a handler's Class II, III, and IV utilization be determined?

A: Each month the market administrator will combine all of the handler's reported Class II, III, and IV utilization for all of the handler's plants receiving producer milk under the specific order.

Q: Will a handler's forward contracts with producers relieve the handler of responsibility for supplying the market with milk for fluid use if the market administrator increases shipping requirements for supply plants, balancing plants, and/or a system of supply plants?

A: No, any handler operating a pool plant will be responsible for meeting the order's pooling requirements regardless of the impact such requirements may have on a handler's outstanding forward contracts. This responsibility would extend to any modification of shipping requirements resulting from a market administrator's adjustment of such requirements under the order.

(Continued on Page 8)

Questions & Answers Concerning Pilot Forward Contract Pricing Program (continued from p. 7)

Q: For that portion of their milk covered by forward contracts, will handlers still be subject to the order's classified pricing system?

A: Yes, even though a handler has forward contracted for a portion of its milk supply at a price that is higher or lower than the minimum order price, the handler will still be required to account for all of its milk receipts at the classified prices provided by the order and will still be required to make a payment into the producer-settlement fund if its classified use value exceeds the marketwide average. On the other hand, if a handler's classified use value is below the marketwide average, the handler will draw a payment out of the producer-settlement fund at the difference between its classified use value and the value of the milk at the marketwide average use value.

Q: For milk under forward contract, will a handler have to make partial and final payments by the dates required under the order?

A: Milk under forward contract will not be subject to the amount of payment specified under the order but contract payments will be required to be made on the same day as minimum order payments are required to be made.

Q: Can the components of milk under forward contract be priced on a different basis than the components of milk that is subject to minimum Federal order pricing?

A: Yes, milk under forward contract can be priced any way that the handler and producer mutually agree upon.

Q: Why restrict forward contracting to milk that is not used for fluid use?

A: This restriction was specified by the legislative amendment.

Q: Will market administrators have any role in reviewing or approving forward contracts?

A: Market administrators will review a forward contract to be certain that it is in compliance with the rules governing the pilot program. They will ensure that the contract is signed by both parties and will make certain that a signed disclosure statement is attached to each contract entered into by a dairy farmer under the pilot program. Other than reviewing the contract for these items, the market administrator will not comment on or seek to change a contract that has been approved between a producer and a handler.

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Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN



Sue L. Mosley, Market Administrator

www.fmmatlanta.com

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

USDA Adjusts Butter and Cheese Make Allowances

On August 15th, the USDA announced that it was raising the support price that the Commodity Credit Corporation pays for barrel cheese and block cheddar by 2.2 cents per pound, to \$1.0920 and \$1.1220 per pound, respectively. It also raised the butter support price by 1.8 cents per pound, to \$0.0680 per pound. The support price for nonfat dry milk remains unchanged at \$1.0100 per pound.

These increases were effected by reducing the 'make allowances' used in the Dairy Price Support Program to the same levels as those used by Federal Milk Marketing Orders to set uniform prices. This represents the first change to make allowances since the 1970's. The changes were made in response to industry concerns that discrepancies between the make allowances used in the CCC formulas and the Federal Order formulas could lead to inequities in the milk market.

Make allowances are a part of the pricing formulas that are used by the Agricultural Marketing Service (AMS) to arrive at Class III and Class IV announced prices and by the CCC to determine the price it will pay for surplus commodities. Make allowances, which represent the cost of turning fluid milk into products such as cheese and butter, are subtracted from benchmark commodity prices to arrive at the true value of milk used in production. Lower make allowances translate into higher Class III and Class IV prices and ultimately into higher Class I prices as well.

Under Federal Order Reform the Class I announced price is defined as the higher of the Class III or Class IV announced price plus a Class I differential. The Class III price is dependent on the cash price of both cheese and butter, while the Class IV price is influenced by butter and nonfat dry milk prices. The USDA's National Agricultural Statistics Service (NASS) surveys dairy product manufacturers in order to obtain the two-week average cash prices used to calculate announced prices.

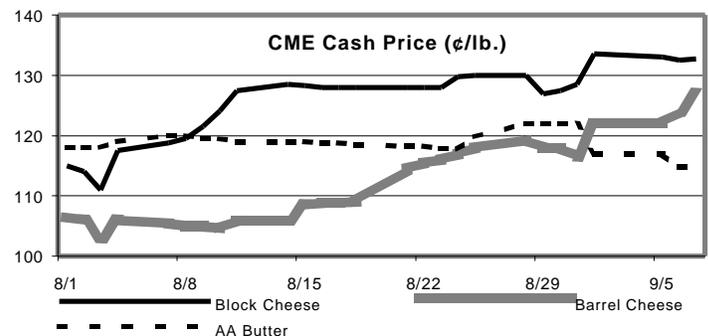
On May 8th through 12th, 2000 USDA conducted a hearing to consider proposals to change the Class III and Class IV pricing formulas that were implemented as part of order reform on January 1, 2000. It is currently reviewing these proposals, including proposed changes to the make allowance levels. The secretary must submit a final decision regarding these proposed changes by December 1, 2000.

Outlook: Uniform Price Falls to \$14.15

The August uniform price is down 8¢ to \$14.15 per hundredweight on lower butter prices despite higher Class I

utilization of 73.32%. This decline is likely to continue through September, as the September Class I price at Atlanta is down an additional 11¢ from August, to \$14.94. The Class IV price remained unchanged at 11.87.

During August and early September Chicago Mercantile Exchange (CME) cash cheese prices trended upward despite high inventory levels. At publication, September and October Class III Futures prices were near cash market cheese prices, suggesting that this trend may be short lived. CME cash butter prices trended slightly downward during



the month, as butter inventories also remained high.

Despite unusually hot temperatures and drought conditions throughout much of the country, July milk production for the entire U.S. was up 4.8% compared with last July, according to USDA's National Agricultural Statistics Service (NASS). Much of this increase is attributed to an 83,000 head increase in U.S. herd size over last year and an average increase in per head production of about 60 lbs. a month. NASS reports that milk supplies are tight in the southeast due to seasonally low production although imports from outside the region are sufficient to meet demand and keep prices depressed. Prices paid by farmers in August were 1% below July, but up 4% from last August. Prices received by farmers for dairy products were down 1% from July, but down 17% compared with this time last year.

Adapted in part from *Dairy Market News*, August 1 – September 8, 2000; Vol. 67, No. 28 - No. 32.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for August was \$2,050,608.84. Claims were made for \$556,566.70. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	45.20%	9,145,637	\$1.2913	\$ 11,809,761.09
Class I Differential at Location				268,620.57
Class II Butterfat	24.89%	5,035,528	\$1.2729	6,409,723.61
Class III Butterfat	16.42%	3,323,170	\$1.2659	4,206,800.90
Class IV Butterfat	13.49%	2,728,438	\$1.2659	3,453,929.66
Total Butterfat	100.00%	20,232,773		\$ 26,148,835.83

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2924**

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	74.36%	406,636,289	\$7.70 /cwt.	\$ 31,310,994.26
Class I Butterfat	45.20%	9,145,637	\$1.2913 /lb.	11,809,761.09
Class I Differential at Location		415,781,926		12,267,710.62
Total Class I Milk	73.32%	415,781,926		\$ 55,388,465.97
Class II Skim Milk	10.25%	56,035,820	\$8.40 /cwt.	\$ 4,707,008.88
Class II Butterfat	24.89%	5,035,528	\$1.2729 /lb.	6,409,723.61
Total Class II Milk	10.77%	61,071,348		\$ 11,116,732.49
Class III Skim Milk	12.67%	69,279,597	\$5.91 /cwt.	\$ 4,094,424.17
Class III Butterfat	16.42%	3,323,170	\$1.2659 /lb.	4,206,800.90
Total Class III Milk	12.80%	72,602,767		\$ 8,301,225.07
Class IV Skim Milk	2.72%	14,878,915	\$7.71 /cwt.	\$ 1,147,164.36
Class IV Butterfat	13.49%	2,728,438	\$1.2659 /lb.	3,453,929.66
Total Class IV Milk	3.11%	17,607,353		\$ 4,601,094.02
Producer Milk	100.00%	567,063,394		\$ 79,407,517.55

Adjustments

Overage and Other Source	\$ 9,162.58
Inventory Adjustments	(67,817.93)
Producer butterfat at uniform butterfat price	(26,148,835.83)
Location Adjustments to Producers	1,361,612.25
1/2 Unobligated Balance in P.S.F.	282,877.58

Adjusted Pool Value

	\$ 10.02953	\$ 54,844,516.20
Reserve for Producer Settlement Fund	\$ 0.04953	(270,817.87)

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

\$9.98 **\$ 54,573,698.33**

Uniform Price per cwt. (Fulton County, Georgia)

\$14.15*

* At 3.5% butterfat test; for information purposes.

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

MARKET NAME (Priced at)	CLASS I - 2000		UNIFORM - 2000		CLASS I %
	AUGUST	SEPTEMBER	JULY	AUGUST	JULY
Appalachian (Charlotte)	\$ 15.05	\$ 14.94	\$ 14.46	\$ 14.40	75.36%
Arizona-Las Vegas (Phoenix)	\$ 14.30	\$ 14.19	\$ 12.32	\$ 12.20	35.39%
Central (Kansas City)	\$ 13.95	\$ 13.84	\$ 11.95	\$ 11.61	29.37%
Florida (Tampa)	\$ 15.95	\$ 15.84	\$ 15.78	\$ 15.68	91.91%
Mid-East (Cleveland)	\$ 13.95	\$ 13.84	\$ 12.68	\$ 12.49	48.90%
Northeast (Boston)	\$ 15.20	\$ 15.09	\$ 13.52	\$ 13.39	45.20%
Pacific Northwest (Seattle)	\$ 13.85	\$ 13.74	\$ 12.19	\$ 11.94	28.49%
Southeast (Atlanta)	\$ 15.05	\$ 14.94	\$ 14.23	\$ 14.15	73.32%
Southwest (Dallas)	\$ 14.95	\$ 14.84	\$ 13.36	\$ 13.16	48.42%
Upper Midwest (Chicago)	\$ 13.75	\$ 13.64	\$ 11.36	\$ 10.97	18.60%
Western (Salt Lake City)	\$ 13.85	\$ 13.74	\$ 11.73	\$ 11.53	27.70%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR AUGUST 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	415,781,926
	Class II	61,071,348
	Class III	72,602,767
	Class IV	17,607,353
	Total	<u>567,063,394</u>
	<i>Average Butterfat Test</i>	3.568%
	<i>Daily Average Receipts</i>	18,292,368
	Percent of Producer Milk in Class I	73.32 %
Other Source Milk:	Class I	19,467,639
	Class II	6,996,119
	Class III	3,690,161
	Class IV	4,824,901
	Total	<u>34,978,820</u>
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	7,238
	Total	<u>7,238</u>
Opening Inventory	Class I	32,133,656
	Class II	1,965,795
	Class III	5,449,484
	Class IV	20,403,607
	Total	<u>59,952,542</u>
TOTAL RECEIPTS		<u><u>662,001,994</u></u>
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMF	39,092,621
	Route Disposition in Class I	414,181,335
	Shrinkage	3,521,493
	Transfers and Diversions to Nonpool Plant:	10,587,772
	Total Class I Utilization	<u>467,383,221</u>
	<i>Average Butterfat Test</i>	2.199 %
	<i>Daily Average Utilization</i>	15,076,878
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	3,992,283
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plant:	44,185,991
	Used to Produce/Other Uses	21,854,988
	Total Class II Utilization	<u>70,033,262</u>
	<i>Average Butterfat Test</i>	8.262 %
CLASS III UTILIZATION:		
	Shrinkage	7,548,062
	Transfers and Diversions to Nonpool Plant:	68,385,687
	Used to Produce/Other Uses	5,808,663
	Total Class III Utilization	<u>81,742,412</u>
	<i>Average Butterfat Test</i>	4.302 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMF	19,837,410
	Nonfluid Used to Fortify	2,080,608
	Shrinkage	0
	Transfers and Diversions to Nonpool Plant:	20,925,081
	Used to Produce/Other Uses	0
	Total Class IV Utilization	<u>42,843,099</u>
	<i>Average Butterfat Test</i>	9.344 %
TOTAL UTILIZATION		<u><u>662,001,994</u></u>

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during August 2000 is \$14.15 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.98 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2924 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 74.36% of all producer skim milk (priced to handlers at \$7.70 per hundredweight, plus the Class I differential) and 45.20% of producer butterfat (priced to handlers at \$1.2913 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.25% of all producer skim milk (\$8.40 per hundredweight) and 24.89% of producer butterfat (\$1.2729 per pound). Class III use, mostly milk used to produce cheese, accounted for 12.67% of all producer skim milk (\$5.91 per hundredweight) and 16.42% of producer butterfat (\$1.2659 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.72% of all producer skim milk (\$7.71 per hundredweight) and 13.49% of producer butterfat (\$1.2659 per pound).

Receipts of producer milk during August 2000 totaled 567 million pounds. There were 33 regulated pool distributing plants, 4 pool supply plants, and 6 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for August 2000.

Class I route disposition in the Southeast Market totaled 386 million pounds in July 2000.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	July 2000
Whole Milk	165,655,403
Fat Free Milk	52,226,389
Lowfat Milk (incl. 1%)	24,604,814
Reduced Fat Milk (incl. 2%)	115,956,328
Cultured Fluid Milk (incl. Buttermilk)	12,391,467
Flavored Drinks and Milk	15,178,446
Total Disposition in Marketing Area	386,012,847
Total Disposition by Pool Plants	322,422,109
Total Disposition by Nonpool Plants	63,590,738
Total Disposition in Marketing Area	386,012,847

PACKAGED CLASS I ROUTE SALES IN MARKETING AREA BY STATE JULY 2000

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

Product Description	Alabama*	Arkansas	Georgia	Kentucky	Louisiana	Mississippi	Missouri	Tennessee	TOTAL
Whole Milk	38,456,291	16,434,315	25,535,625	955,169	25,426,722	13,486,804	5,615,352	13,556,518	139,466,796
Fat Free Milk	13,224,129	3,533,461	8,578,783	1,228,541	7,243,119	1,891,190	2,065,995	3,820,252	41,585,470
Lowfat Milk (1%)	5,986,459	1,804,564	3,694,974	145,084	4,516,936	2,767,432	1,266,121	2,447,684	22,629,254
Reduced Fat Milk (2%)	24,693,480	11,945,669	17,375,855	483,131	13,901,537	8,828,875	6,217,083	10,019,178	93,464,808
Buttermilk	3,731,764	1,032,765	2,338,803	109,988	819,760	1,290,357	215,131	2,512,840	12,051,408
Flavored Milk & Drinks	3,326,321	1,535,908	2,657,510	140,011	1,925,054	1,102,152	787,420	1,749,997	13,224,373
By Pool Plants	89,418,444	36,286,682	60,181,550	3,061,924	53,833,128	29,366,810	16,167,102	34,106,469	322,422,109
By Non Pool Plants	3,245,530	1,285,202	28,925,846	1,166,224	6,829,515	2,401,066	8,330,356	11,406,999	63,590,738
Total Disposition	92,663,974	37,571,884	89,107,396	4,228,148	60,662,643	31,767,876	24,497,458	45,513,468	386,012,847

* includes 4 counties of W. Florida

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40	\$1.2729	\$5.91	\$1.2659	\$7.71	\$1.2659	\$9.98	\$1.2924
September	\$10.80	\$1.2901	\$8.40							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05	\$12.56	\$10.13	\$11.87	\$14.15
September	\$14.94				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS						
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
August	567,063	4,950*	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%

* Estimated

MARCH/APRIL MAILBOX MILK PRICES^{2/}

SELECTED FEDERAL ORDERS AND CALIFORNIA (\$/CWT)

Federal milk order ^{1/}	March 1999	March 2000	April 1999	April 2000
Northeast ^{3/}	15.37	12.13	11.91	11.85
Mideast	16.34	11.93	12.07	12.03
Appalachian	17.91	12.93	12.61	12.98
Southeast	16.99	11.47	12.00	11.53
Florida	19.28	14.77	14.09	14.95
Southeastern Avg. ^{4/}	17.82	12.61	12.68	12.67
Upper Midwest	13.62	11.04	12.52	11.12
Central	14.53	11.13	11.65	11.06
Southwest	14.72	11.66	11.36	11.49
Western	12.87	10.35	11.29	10.08
Pacific Northwest	14.37	11.30	11.46	11.37
Mountain Avg. ^{4/}	13.68	10.94	11.41	10.87
All-Market Avg. ^{4/}	15.02	11.66	12.05	11.61
California ^{5/}	13.95	10.80	12.26	11.03

^{1/} Federal milk orders for which information could be released. Previous year figures are the weighted average of the prices for the orders that were consolidated. ^{2/} Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the market and is reported at the market average butterfat test. ^{3/} Includes the value of Northeast Dairy Compact over-order payments received by qualified producers. These over-order producer prices were: Apr. 1999, \$1.43; Mar. 2000, \$1.23; Apr. 2000, \$1.11. ^{4/} Weighted average of the information for the orders listed in the region or for all selected orders combined. ^{5/} Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

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Market Information BULLETIN
Federal Milk Market Administrator
P.O. Box 1208
Norcross, Georgia 30091-1208

Address Correction Requested



Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

October 2000

Southeast Marketing Area
Federal Order 7

Volume I - No. 10

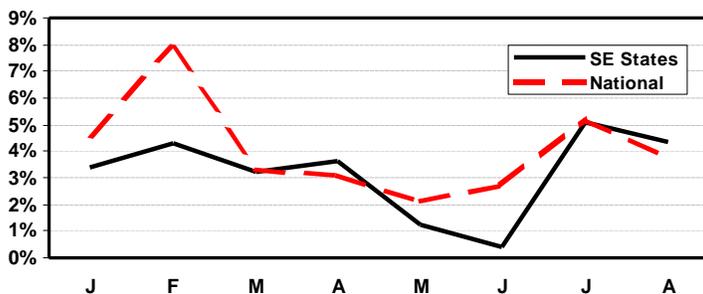


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Southeast Milk Production Up

January through August milk production estimates find the Southeast states (Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, Missouri and Tennessee) with 3.2%

% Change in SE & National Production: 99-00



more production compared with the same time period one year ago. This includes all Southeast state milk produced within and pooled on any Federal milk order, and is slightly less than the 4.0% increase in milk production estimated by the National Agricultural Statistics Service (NASS) for the entire nation. The Southeast states with the largest percentage gains versus 1999 were Missouri (10.9%) and Kentucky (8.5%) although Arkansas posted a slight increase of 0.3%, and Mississippi had an even smaller increase. Alabama, Georgia, Louisiana and Tennessee each produced more last year through August than in this same period in 2000.

Glickman Appoints Dairy Board Members

Secretary of Agriculture Dan Glickman has named eleven new members and two incumbents to the National Dairy Promotion and Research Board. Each will serve three-year terms ending October 31, 2003. One new member, Charles W. Bryant of Austin, Arkansas, will represent Region 4, which includes Arkansas, Kansas, New Mexico, Oklahoma, and Texas. Sanford L. Jones, Jr. of Quitman, GA, was appointed to represent Region 10, covering Florida, Georgia, North Carolina, South Carolina, and Virginia. The members for Region 8 (Alabama, Kentucky, Louisiana, Mississippi, and Tennessee) are unchanged. Each region has two Board members.

The Board is composed of 36 dairy farmers representing 13 regions of the lower 48 states. They administer a coordinated program of promotion, research, and nutrition education, funded by a mandatory 15¢ per hundredweight assessment on milk production marketed commercially.

Outlook: Slight Gain in Uniform Price

The September uniform price is up 1¢ to \$14.16 per hundredweight on slightly higher butter prices for much of the month, although Class I utilization fell to 71.94%. The October Class I price at Atlanta increased a nickel to \$14.99, so a major slip in the uniform price for October is not anticipated.

The biggest news coming out of the Chicago Mercantile Exchange (CME) occurred in the last few days of September. With both block and barrel prices varying slightly within a small range for much of the month, the 8.25-cent decline in both commodities on September 27th was followed two days later by even larger decreases (-10.50 cents for blocks, -9.00 cents for barrels). This left the cash markets trading at \$1.11 for blocks and \$1.03 for barrels to end the month, below their support prices of \$1.122 and \$1.092 respectively. Early October prices have yet to recover, although with heavy productivity gains, large inventories, and limited growth in demand, significant price improvements are not guaranteed. Butter prices fluctuated in September but seemed to have little relationship to the crashes seen with cheese.

According to USDA's NASS, U. S. butter production fell 1.7% from July despite a 9.3% increase over August 1999. Similarly, cheese production dipped 0.3% from the previous month, yet saw a significant 6.1% rise in production relative to the year prior.

NASS estimates U.S. milk production for August at 13.865 billion pounds, down 1.9% from July, but 3.8% higher than August 1999. Prices received by farmers for milk increased thirty cents in September to \$12.90, down 17.8% from a year ago. However, due in part to a bumper corn crop, the milk feed price ratio is down to 3.39, 17.1% below the August 1999 figure. This should help to buoy returns to dairy producers by decreasing input costs this season and possibly next year as well.

Adapted in part from Dairy Market News, September 1 - October 6, 2000; Vol. 67, No. 35 - No. 40.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for September was \$1,751,218.83. Claims were made for \$755,792.73. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	43.21%	8,817,355	\$1.2591	\$ 11,101,931.67
Class I Differential at Location				258,974.12
Class II Butterfat	24.57%	5,012,651	\$1.2777	6,404,664.21
Class III Butterfat	18.19%	3,710,846	\$1.2707	4,715,372.03
Class IV Butterfat	14.03%	2,861,424	\$1.2707	3,636,011.48
Total Butterfat	100.00%	20,402,276		\$ 26,116,953.51

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2801**

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	73.06%	396,460,182	\$7.70 /cwt.	\$ 30,527,434.02
Class I Butterfat	43.21%	8,817,355	\$1.2591 /lb.	11,101,931.67
Class I Differential at Location		405,277,537		11,986,309.67
Total Class I Milk	71.94%	405,277,537		\$ 53,615,675.36
Class II Skim Milk	10.52%	57,212,211	\$8.40 /cwt.	\$ 4,805,825.74
Class II Butterfat	24.57%	5,012,651	\$1.2777 /lb.	6,404,664.21
Total Class II Milk	11.05%	62,224,862		\$ 11,210,489.95
Class III Skim Milk	14.10%	76,684,620	\$6.54 /cwt.	\$ 5,015,174.16
Class III Butterfat	18.19%	3,710,846	\$1.2707 /lb.	4,715,372.03
Total Class III Milk	14.27%	80,395,466		\$ 9,730,546.19
Class IV Skim Milk	2.32%	12,597,323	\$7.76 /cwt.	\$ 977,552.25
Class IV Butterfat	14.03%	2,861,424	\$1.2707 /lb.	3,636,011.48
Total Class IV Milk	2.74%	15,458,747		\$ 4,613,563.73
Producer Milk	100.00%	563,356,612		\$ 79,170,275.23

Adjustments

Overage and Other Source	\$ 94,917.96
Inventory Adjustments	(9,498.80)
Producer butterfat at uniform butterfat price	(26,116,953.51)
Location Adjustments to Producers	1,316,073.75
1/2 Unobligated Balance in P.S.F.	333,666.63

Adjusted Pool Value

Reserve for Producer Settlement Fund	\$ 10.07472	\$ 54,788,481.26
	\$ 0.04472	243,180.67

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

\$10.03

Uniform Price per cwt. (Fulton County, Georgia)

\$14.16*

* 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 - 2000		UNIFORM - 2000		CLASS I %
	SEPTEMBER	OCTOBER	AUGUST	SEPTEMBER	SEPTEMBER
Appalachian (Charlotte)	\$ 14.94	\$ 14.99	\$ 14.40	\$ 14.41	76.31%
Arizona-Las Vegas (Phoenix)	\$ 14.19	\$ 14.24	\$ 12.20	\$ 12.32	34.69%
Central (Kansas City)	\$ 13.84	\$ 13.89	\$ 11.61	\$ 11.97	31.39%
Florida (Tampa)	\$ 15.84	\$ 15.89	\$ 15.68	\$ 15.59	91.66%
Mid-East (Cleveland)	\$ 13.84	\$ 13.89	\$ 12.49	\$ 12.53	45.90%
Northeast (Boston)	\$ 15.09	\$ 15.14	\$ 13.39	\$ 13.63	49.30%
Pacific Northwest (Seattle)	\$ 13.74	\$ 13.79	\$ 11.94	\$ 12.11	30.21%
Southeast (Atlanta)	\$ 14.94	\$ 14.99	\$ 14.15	\$ 14.16	71.94%
Southwest (Dallas)	\$ 14.84	\$ 14.89	\$ 13.16	\$ 13.28	49.12%
Upper Midwest (Chicago)	\$ 13.64	\$ 13.69	\$ 10.97	\$ 11.46	20.20%
Western (Salt Lake City)	\$ 13.74	\$ 13.79	\$ 11.53	\$ 11.94	29.37%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR SEPTEMBER 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	405,277,537
	Class II	62,224,862
	Class III	80,395,466
	Class IV	15,458,747
	Total	563,356,612
	<i>Average Butterfat Test</i>	3.622%
	<i>Daily Average Receipts</i>	18,778,554
	Percent of Producer Milk in Class I	71.94 %
Other Source Milk:	Class I	20,790,919
	Class II	5,676,864
	Class III	2,287,680
	Class IV	7,284,841
	Total	36,040,304
Overages:	Class I	0
	Class II	2,779
	Class III	0
	Class IV	2,975
	Total	5,754
Opening Inventory	Class I	40,099,257
	Class II	786,894
	Class III	3,960,948
	Class IV	14,082,932
	Total	58,930,031
TOTAL RECEIPTS		658,332,701
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMF	34,755,629
	Route Disposition in Class I	416,941,356
	Shrinkage	4,130,380
	Transfers and Diversions to Nonpool Plant:	10,340,348
	Total Class I Utilization	466,167,713
	<i>Average Butterfat Test</i>	2.164 %
	<i>Daily Average Utilization</i>	15,538,924
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	3,137,747
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plant:	47,685,265
	Used to Produce/Other Uses	17,868,387
	Total Class II Utilization	68,691,399
	<i>Average Butterfat Test</i>	8.278 %
CLASS III UTILIZATION:		
	Shrinkage	7,852,100
	Transfers and Diversions to Nonpool Plant:	73,453,791
	Used to Produce/Other Uses	5,338,203
	Total Class III Utilization	86,644,094
	<i>Average Butterfat Test</i>	4.393 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMF	15,550,476
	Nonfluid Used to Fortify	2,007,539
	Shrinkage	0
	Transfers and Diversions to Nonpool Plant:	19,271,480
	Used to Produce/Other Uses	0
	Total Class IV Utilization	36,829,495
	<i>Average Butterfat Test</i>	11.196 %
TOTAL UTILIZATION		658,332,701

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2000 is \$14.16 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$10.03 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2801 per pound. Payment to producers may be reduced by location differentials, if applicable, and by properly authorized deductions.

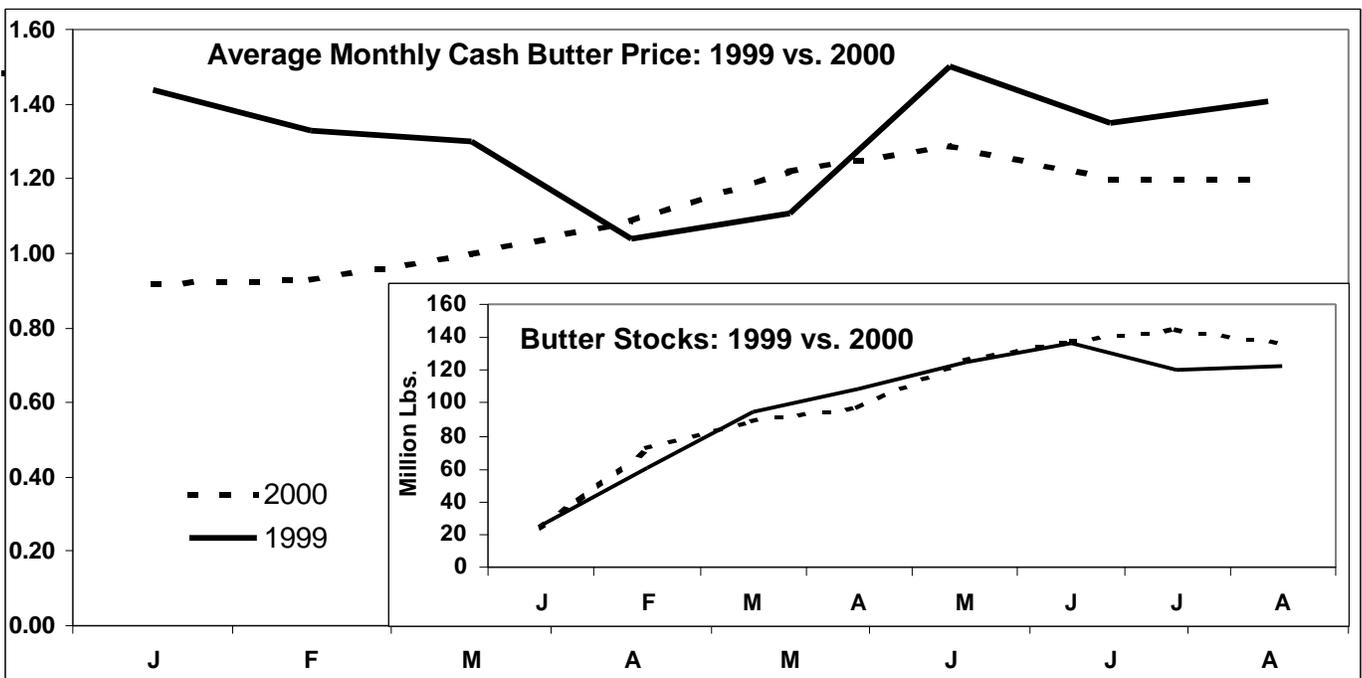
Uniform prices are the result of marketwide pooling; all producer milk was classified and priced according to the milk's use. In September, Class I use, which is primarily bottled or packaged fluid milk, accounted for 73.06% of all producer skim milk (priced to handlers at \$7.70 per hundredweight, plus the Class I differential, see page 2) and 43.21% of producer butterfat (priced to handlers at \$1.2591 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 10.52% of all producer skim milk (\$8.40 per hundredweight) and 24.57% of producer butterfat (\$1.2777 per pound). Class III use, mostly milk used to produce cheese, accounted for 14.10% of all producer skim milk (\$6.54 per hundredweight) and 18.19% of producer butterfat (\$1.2707 per pound). Class IV use, generally milk processed into butter and powder, accounted for 2.32% of all producer skim milk (\$7.76 per hundredweight) and 14.03% of producer butterfat (\$1.2707 per pound).

Receipts of producer milk during September 2000 totaled 563.4 million pounds. There were 33 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2000.

Product Description	Southeast August 2000
Whole Milk	174,707,111
Fat Free Milk	54,357,665
Lowfat Milk (incl. 1%)	27,386,914
Reduced Fat Milk (incl. 2%)	123,394,739
Cultured Fluid Milk (incl. Buttermilk)	12,714,063
Flavored Drinks and Milk	29,564,236
Total Disposition in Marketing Area	422,124,728
Total Disposition by Pool Plants	354,732,047
Total Disposition by Nonpool Plants	67,392,681
Total Disposition in Marketing Area	422,124,728

Class I route disposition in the Southeast Market totaled 422.1 million pounds in August 2000.

Butter stocks have averaged about 3% higher in 2000 than in 1999 due in part to increased national milk production (see article on page 1). Consequently butter prices, a major component of the Class IV price, remain depressed. This results in downward pressure on Class I prices, which are based on the higher of Class III or Class IV prices.



FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40	\$1.2729	\$5.91	\$1.2659	\$7.71	\$1.2659	\$9.98	\$1.2924
September	\$10.80	\$1.2901	\$8.40	\$1.2777	\$6.54	\$1.2707	\$7.76	\$1.2707	\$10.03	\$1.2801
October	\$10.86	\$1.2876	\$8.46							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05	\$12.56	\$10.13	\$11.87	\$14.15
September	\$14.94	\$12.58	\$10.76	\$11.94	\$14.16
October	\$14.99				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS						
<i>(before order reform)</i>										
Jan. 1999	521,410	4,477	400,601	76.83%	38,445	7.37%	82,364	15.80%	n/a	
February	474,057	4,166	373,133	78.71%	32,670	6.89%	68,254	14.40%	n/a	
March	521,600	4,098	411,360	78.86%	36,252	6.95%	73,987	14.19%	n/a	
April	492,000	3,992	397,729	80.84%	32,557	6.62%	61,713	12.54%	n/a	
May	511,493	4,119	391,744	76.59%	49,314	9.64%	70,435	13.77%	n/a	
June	459,687	4,341	375,707	81.73%	52,350	11.39%	31,630	6.88%	n/a	
July	458,149	4,862	392,171	85.60%	43,646	9.53%	22,332	4.87%	n/a	
August	461,388	4,908	398,947	86.47%	35,410	7.67%	27,031	5.86%	n/a	
September	461,104	4,792	398,565	86.43%	33,512	7.27%	29,027	6.30%	n/a	
October	482,680	4,601	398,576	82.58%	35,097	7.27%	49,008	10.15%	n/a	
November	495,761	4,426	403,027	81.30%	43,501	8.77%	49,234	9.93%	n/a	
December	570,942	4,533	417,838	73.19%	56,378	9.87%	96,726	16.94%	n/a	
<i>(after order reform)</i>										
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
August	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
September	563,357	4,990*	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%

* Estimated

Southeast Marketing Area Federal Milk Order 7

Pool and Payment Dates for the Pooling Periods October 2000 through December 2000

Pool Month	Pool & Uniform Price <u>Release Date</u>	<u>MA Payment Dates</u>		<u>Payments for Producer Milk</u>			
		Due to :	Due From:	Advance Pay Due		Final Pay Due	
		All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
October	11/11/2000	11/13/2000	11/14/2000	10/25/2000	10/26/2000	11/14/2000	11/15/2000
November	12/11/2000	12/12/2000	12/13/2000	11/27/2000	11/27/2000	12/13/2000	12/14/2000
December	1/11/2001	1/12/2001	1/16/2001	12/26/2000	12/26/2000	1/16/2001	1/17/2001

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



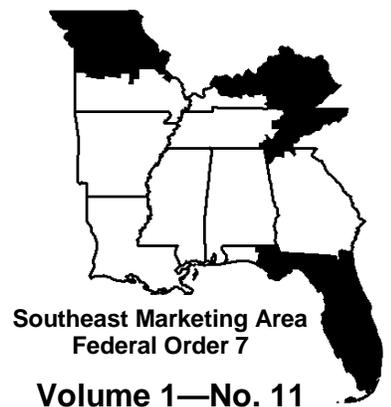


Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

November 2000



Volume 1—No. 11

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

Ag Appropriations Bill Provides Relief

On October 28th, President Clinton signed into law the farm spending bill for fiscal year 2001. While it appropriates funds for an array of agriculture related activities, from food safety programs to rural development loans, several provisions of the farm spending bill are of great importance to dairy producers. The two most prominent dairy provisions are the Dairy Market Loss Assistance Program and the price support program for manufactured dairy products.

The Dairy Market Loss Assistance Program allocates \$667 million to producers who have been financially harmed by low milk prices. The rate of assistance is set at \$0.6468 per cwt. on production up to but not exceeding 39,000 cwt. to better target small to medium-sized producers. Maximum payment will not exceed \$25,225, with an expected average of \$8,300 to be distributed to approximately 80,000 dairy operations nationwide.

The bill also included a one year extension of the price support program, authorizing the Commodity Credit Corporation to purchase cheese, butter and non-fat dry milk at designated prices. The program was scheduled to expire in 2000 as a result of the 1996 Freedom to Farm Act.

The Dairy Options Pilot Program was expanded from 61 counties to 300 counties. Producers in the following counties in F.O. 7 will have an additional tool to protect themselves from low milk prices: Van Buren and Washington (AR), Morgan and Putnam (GA), Barren and Metcalfe (KY), Tangipahoa and Washington (LA), Walthall (MS), Barry, Douglas, Greene, Howell, Laclede, Lawrence, Newton, Ozark, Polk, Texas, Webster and Wright (MO) and Marshall (TN). USDA subsidizes premiums and brokerage fees, up to \$24 million over the next two years, to encourage dairy farmers to utilize the options market for risk management purposes.

National Fluid Milk Board Nominations Sought

The USDA is requesting nominations of qualified candidates to serve on the National Fluid Milk Processor Promotion Board. Secretary Glickman will appoint seven individuals to serve three-year terms, from June 1, 2001 through May 31, 2004. Candidates will represent one of five geographic regions and two at-large positions will be filled. Region 4 (Georgia, North Carolina and South Carolina) is one of the five seats to expire May 31, 2001. Interested parties may submit nominations for regions in which they are located or market fluid milk and for at large members. For additional information on submitting nominations, contact Promotions and Research Branch, Dairy Programs, AMS, USDA at (202) 720-6909. Deadline is Dec. 15, 2000.

Uniform, November Class I Price Slip

The October uniform price declined 27 cents from September's price, settling at \$13.89 per hundredweight. Class I utilization of 66.37% interacting with lower Class III and IV skim and butterfat prices (that resulted from lower product prices) produced this slip in the uniform price. November's Class I price is \$14.92, a \$0.07 drop from October.

The Chicago Mercantile Exchange (CME) brought us more of the same in October. Cheese traded at well below the support price (\$1.1220/lb. for blocks and \$1.0920/lb. for barrels) with relatively stable butter prices. Barrels began the month at \$1.03 per pound, and after a dip to \$0.99 per pound on October 10, remained steady at \$1.00 per pound for two straight weeks. Block cheese followed a similar pattern. Why aren't cheese sellers moving product to the price support program? Most processors haven't sold cheese to the Commodity Credit Corporation (CCC) in years. Meeting government packaging standards combined with a shortage of qualified USDA inspectors may be the reasons for the lack of sales to the price support program. CCC reports October purchases of cheese at 396,000 pounds.

Situation and Outlook

The index of prices paid by farmers rose 1 point in October to 121, which represents a 4.3% increase from a year ago. The index of prices received by farmers for dairy products for October is down 15.8% versus last year. The 'all milk' price fell \$0.20 from September's price to \$12.60. The milk-feed price ratio also declined by .16 points from last month to 3.15. As input costs increase, it could signal producers to market less milk.

NASS estimates September national milk production at 13.332 billion pounds, up 2.8% from a year ago but down 3.8% from August. While slightly off from a year ago, September butter production is 7.0% higher than last month. Total cheese production follows an opposite trend: Cheese output fell from August by 4.3% but is still 2.4% above September 1999.

Early November CME butter prices received a huge \$0.63 boost over October's ending price, while block and barrel cheese gained \$0.06 and \$0.02 respectively. Expect more growth in cheese prices if processors can sell more product to the CCC.

Adapted from Dairy Market News, Vol. 67, No. 40 - 45.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for September was \$1,329,881.61. Claims were made for \$629,734.78. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	38.67%	9,055,371	\$1.2566	\$ 11,378,979.18
Class I Differential at Location				266,194.12
Class II Butterfat	24.51%	5,740,982	\$1.2514	7,184,264.87
Class III Butterfat	18.76%	4,392,953	\$1.2444	5,466,590.72
Class IV Butterfat	18.06%	4,229,598	\$1.2444	5,263,311.74
Total Butterfat	100.00%	23,418,904		\$ 29,559,340.63

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.2622**

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	67.44%	406,435,517	\$7.76 /cwt.	\$ 31,539,396.11
Class I Butterfat	38.67%	9,055,371	\$1.2566 /lb.	11,378,979.18
Class I Differential at Location		415,490,888		12,265,020.77
Total Class I Milk	66.37%	415,490,888		\$ 55,183,396.06
Class II Skim Milk	11.29%	68,023,049	\$8.46 /cwt.	\$ 5,754,749.97
Class II Butterfat	24.51%	5,740,982	\$1.2514 /lb.	7,184,264.87
Total Class II Milk	11.78%	73,764,031		\$ 12,939,014.84
Class III Skim Milk	14.97%	90,181,524	\$5.87 /cwt.	\$ 5,293,655.45
Class III Butterfat	18.76%	4,392,953	\$1.2444 /lb.	5,466,590.72
Total Class III Milk	15.11%	94,574,477		\$ 10,760,246.17
Class IV Skim Milk	6.30%	37,967,835	\$7.73 /cwt.	\$ 2,934,913.65
Class IV Butterfat	18.06%	4,229,598	\$1.2444 /lb.	5,263,311.74
Total Class IV Milk	6.74%	42,197,433		\$ 8,198,225.39
Producer Milk	100.00%	626,026,829		\$ 87,080,882.46

Adjustments

Overage and Other Source	\$ 56,288.72
Inventory Adjustments	(39,197.99)
Producer butterfat at uniform butterfat price	(29,559,340.63)
Location Adjustments to Producers	1,680,209.87
1/2 Unobligated Balance in P.S.F.	293,780.67

Adjusted Pool Value

	\$ 9.86780	\$ 59,512,623.10
Reserve for Producer Settlement Fund	\$ 0.04780	(288,305.42)

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

\$9.82

Uniform Price per cwt. (Fulton County, Georgia)

\$13.89*

* 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 - 2000		UNIFORM - 2000		CLASS I %
	OCTOBER	NOVEMBER	SEPTEMBER	OCTOBER	OCTOBER
Appalachian (Charlotte)	\$ 14.99	\$ 14.92	\$ 14.41	\$ 14.27	72.68%
Arizona-Las Vegas (Phoenix)	\$ 14.24	\$ 14.17	\$ 12.32	\$ 11.99	36.72%
Central (Kansas City)	\$ 13.89	\$ 13.82	\$ 11.97	\$ 11.40	29.63%
Florida (Tampa)	\$ 15.89	\$ 15.82	\$ 15.59	\$ 15.48	89.79%
Mid-East (Cleveland)	\$ 13.89	\$ 13.82	\$ 12.53	\$ 12.04	43.30%
Northeast (Boston)	\$ 15.14	\$ 15.07	\$ 13.63	\$ 13.32	48.50%
Pacific Northwest (Seattle)	\$ 13.79	\$ 13.72	\$ 12.11	\$ 11.79	30.23%
Southeast (Atlanta)	\$ 14.99	\$ 14.92	\$ 14.16	\$ 13.89	66.37%
Southwest (Dallas)	\$ 14.89	\$ 14.82	\$ 13.28	\$ 12.89	47.53%
Upper Midwest (Chicago)	\$ 13.69	\$ 13.62	\$ 11.46	\$ 10.88	20.90%
Western (Salt Lake City)	\$ 13.79	\$ 13.72	\$ 11.94	\$ 11.49	29.59%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR OCTOBER 2000**

		SOUTHEAST F.O. 7
RECEIPTS		
Producer Milk:	Class I	415,490,888
	Class II	73,764,031
	Class III	94,574,477
	Class IV	42,197,433
	Total	626,026,829
	<i>Average Butterfat Test</i>	3.740%
	<i>Daily Average Receipts</i>	20,194,414
	Percent of Producer Milk in Class I	66.37 %
Other Source Milk:	Class I	17,036,244
	Class II	4,811,140
	Class III	3,927,669
	Class IV	8,558,430
	Total	34,333,483
Overages:	Class I	0
	Class II	0
	Class III	0
	Class IV	5,144
	Total	5,144
Opening Inventory	Class I	34,755,629
	Class II	497,859
	Class III	2,204,515
	Class IV	12,848,102
	Total	50,306,105
TOTAL RECEIPTS		710,671,561
UTILIZATION		
CLASS I UTILIZATION:		
	Inventory of Packaged FMF	37,681,174
	Route Disposition in Class I	414,962,449
	Shrinkage	3,951,410
	Transfers and Diversions to Nonpool Plant:	10,687,728
	Total Class I Utilization	467,282,761
	<i>Average Butterfat Test</i>	2.178 %
	<i>Daily Average Utilization</i>	15,073,637
CLASS II UTILIZATION:		
	Nonfluid Used to Produce	1,639,319
	Shrinkage	0
	Transfers & Diversions, Nonpool and Food Plant:	57,452,803
	Used to Produce/Other Uses	19,980,908
	Total Class II Utilization	79,073,030
	<i>Average Butterfat Test</i>	7.998 %
CLASS III UTILIZATION:		
	Shrinkage	7,899,787
	Transfers and Diversions to Nonpool Plant:	87,366,980
	Used to Produce/Other Uses	5,439,894
	Total Class III Utilization	100,706,661
	<i>Average Butterfat Test</i>	4.489 %
CLASS IV UTILIZATION:		
	Inventory of Bulk FCP and FMF	19,150,369
	Nonfluid Used to Fortify	2,323,975
	Shrinkage	0
	Transfers and Diversions to Nonpool Plant:	42,134,765
	Used to Produce/Other Uses	0
	Total Class IV Utilization	63,609,109
	<i>Average Butterfat Test</i>	8.589 %
TOTAL UTILIZATION		710,671,561

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during October 2000 is \$13.89 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.82 per hundredweight plus 3.5 times the uniform butterfat price of \$1.2622 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 66.37% of all producer skim milk (priced to handlers at \$7.76 per hundredweight, plus the Class I differential, see page 2) and 38.67% of producer butterfat (priced to handlers at \$1.2566 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 11.78% of all producer skim milk (\$8.46 per hundredweight) and 24.51% of producer butterfat (\$1.2514 per pound). Class III use, mostly milk used to produce cheese, accounted for 15.11% of all producer skim milk (\$5.87 per hundredweight) and 18.76% of producer butterfat (\$1.2444 per pound). Class IV use, generally milk processed into butter and powder, accounted for 6.74% of all producer skim milk (\$7.73 per hundredweight) and 18.06% of producer butterfat (\$1.2444 per pound).

Receipts of producer milk during October 2000 totaled 626.0 million pounds. There were 32 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for October 2000. Class I route disposition in the Southeast Market totaled 422.9 million pounds in September 2000.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	September 2000
Whole Milk	167,801,425
Fat Free Milk	53,964,184
Lowfat Milk (incl. 1%)	27,276,864
Reduced Fat Milk (incl. 2%)	121,468,259
Cultured Fluid Milk (incl. Buttermilk)	11,815,425
Flavored Drinks and Milk	40,613,449
Total Disposition in Marketing Area	422,939,606
Total Disposition by Pool Plants	357,691,563
Total Disposition by Nonpool Plants	65,248,043
Total Disposition in Marketing Area	422,939,606

Mailbox Prices: January – May 2000

Federal Milk Order	Jan-2000	Feb-2000	Mar-2000	Apr-2000	May-2000
Northeast	\$12.08	\$11.96	\$12.13	\$11.85	\$12.24
Mideast	\$12.14	\$12.03	\$11.93	\$12.03	\$12.24
Appalachian	\$13.10	\$12.87	\$12.93	\$12.98	\$13.26
Southeast	\$12.55 *	\$12.34 *	\$12.27 *	\$12.25 *	\$12.52
Florida	\$14.88	\$14.91	\$14.77	\$14.95	\$15.25
Upper Midwest	\$11.42	\$11.04	\$11.04	\$11.12	\$11.10
Central	\$11.50	\$11.20	\$11.13	\$11.06	\$11.02
Southwest	\$12.06	\$11.77	\$11.66	\$11.49	\$11.73
Western	\$10.67	\$10.69	\$10.35	\$10.08	\$10.13
Pacific Northwest	\$11.26	\$11.20	\$11.30	\$11.37	\$11.68
All-Market Average	\$11.92 *	\$11.70 *	\$11.72 *	\$11.66 *	\$11.84

*Revised--Dairy Market News: Nov. 3, 2000 Vol. 67, No. 44

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40	\$1.2729	\$5.91	\$1.2659	\$7.71	\$1.2659	\$9.98	\$1.2924
September	\$10.80	\$1.2901	\$8.40	\$1.2777	\$6.54	\$1.2707	\$7.76	\$1.2707	\$10.03	\$1.2801
October	\$10.86	\$1.2876	\$8.46	\$1.2514	\$5.87	\$1.2444	\$7.73	\$1.2444	\$9.82	\$1.2622
November	\$10.84	\$1.2745	\$8.44							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05	\$12.56	\$10.13	\$11.87	\$14.15
September	\$14.94	\$12.58	\$10.76	\$11.94	\$14.16
October	\$14.99	\$12.54	\$10.02	\$11.81	\$13.89
November	\$14.92				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000	% IN	1,000	% IN	1,000	% IN	1,000	% IN
			POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS	POUNDS	CLASS
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
August	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
September	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
October	626,027	5045*	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%

* Estimated

Southeast Marketing Area - Federal Order 7

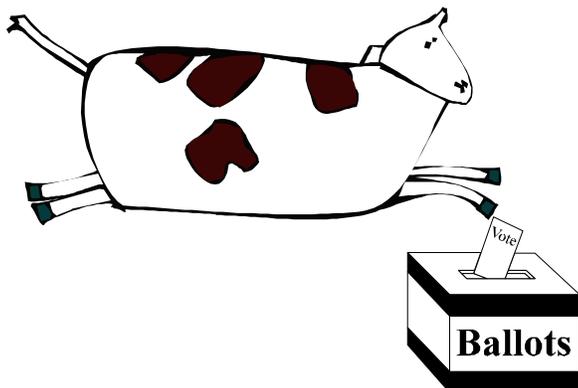
Pool and Payment Dates for the Pooling Periods November 2000 through January 2001

	Pool & Uniform Price	MA Payment Dates		Payments for Producer Milk			
		Due to :	Due From:	Advance Pay Due		Final Pay Due	
Pool Month	Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
November	12/11/00	12/12/00	12/13/00	11/27/00	11/27/00	12/13/00	12/14/00
December	1/11/01	1/12/01	1/16/01	12/26/00	12/26/00	1/16/01	1/17/01
January	2/11/01	2/12/01	2/13/01	1/25/01	1/26/01	2/13/01	2/14/01

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

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



Southeast Marketing Area - Federal Order 7

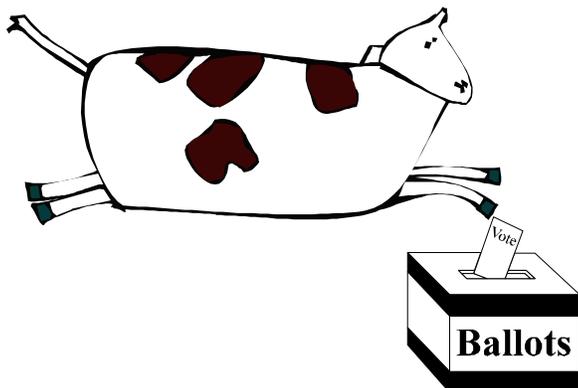
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Pool Month	Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
November	12/11/00	12/12/00	12/13/00	11/27/00	11/27/00	12/13/00	12/14/00
December	1/11/01	1/12/01	1/16/01	12/26/00	12/26/00	1/16/01	1/17/01
January	2/11/01	2/12/01	2/13/01	1/25/01	1/26/01	2/13/01	2/14/01

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Market Information BULLETIN

Sue L. Mosley, Market Administrator

www.fmmatlanta.com

December 2000

Volume 1—No. 12



Southeast Marketing Area
Federal Order 7

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

Tentative Decision on Class III and IV Pricing

On December 1, the U.S. Department of Agriculture announced a set of tentative changes to how Class III and Class IV milk will be priced, pending the approval of producers. These changes are due to take effect January 1, 2001 as an Interim Final Rule, but all interested parties are asked to provide comments until February 5, 2001. At that time, producers will again be asked whether they approve of the amended orders, and if approved the Tentative Final Decision will be known as the Final Rule.

The most prominent effect of the proposed changes is to add a Class III butterfat price to the classified pricing system. This is intended to better reflect the difference in value of butterfat that is used to manufacture cheese and the value of butterfat that is used to manufacture butter. Previously only one formula was used for both Class III and Class IV butterfat prices.

While it is difficult to precisely predict the effect of the Class III and IV changes on producers, analysis performed by USDA suggests the proposed changes will have a very limited positive effect on the prices received by producers.

This issue of the Market Information Bulletin contains both a news release from the Market Administrator and a brief summary of the Tentative Decision on Class III and Class IV Pricing Formulas.

See pages 5-6 for additional information

Federal Milk Market Order Statistics Online

The Market Information Branch of the Agricultural Marketing Service, Dairy Programs has made market statistics available online at www.ams.usda.gov/dairy/mmos.htm.

This website will provide comprehensive and accurate information on milk supplies, utilization, and sales, as well as class prices established under the orders and prices paid to producers. The sources of this data are monthly reports of receipts and utilization, producer payroll reports, and reports of nonpool handlers filed by milk processors subject to the provisions of the various milk orders.

Mandatory Price Reporting Established

President Clinton signed into law the Dairy Market Enhancement Act of 2000, which directs the Secretary of Agriculture to develop a program of mandatory, rather than voluntary, reporting of product prices. NASS conducts voluntary surveys of dairy product manufacturers selling butter, cheese, nonfat dry milk and dry whey at the wholesale level. Once mandatory reporting is implemented, product prices used to develop class prices should more accurately represent product values.

November's Uniform Price Improves

The November uniform price in Atlanta is \$14.14, almost a full recovery from the fall in uniform price felt in October. The Southeast marketing area is still 2 cents below September's uniform price of \$14.16 per hundredweight. The 25-cent gain over October was due to the soaring market for butter prices.

On the Chicago Exchange, butter prices received a \$0.51 boost on November 8th from \$1.22 to \$1.73 per pound. The market sustained that jump, with butter prices spending the two following weeks stuck at \$1.79 per pound, and closing out November at \$1.85. Butter production was light relative to holiday demand, as butter stocks were drawn down during the month. The bad news is that early December butter prices plummeted \$0.35 from their November close, settling at \$1.50/lb. on December 8th. This drop was not unexpected, as demand normally slows once the holiday orders begin to be filled.

Cheese prices benefited from renewed Commodity Credit Corporation (CCC) purchases. During November 1 through December 8 we saw 7,838,585 lbs. of cheese bought by CCC, with 2.7 million being natural block cheddar. Though they have bounced back from the \$1.00 range, 40# blocks and 500# barrels are still trading at or below their respective support prices.

Dairy Market Situation

NASS estimates October national milk production at 13,806 million pounds, up 2.9 percent from a year ago, and 3.7 percent from the previous month. Similarly, butter and cheese production was greater than September, up 14.6 percent for butter and 4.4 percent for cheese. Both products were up 1.8 percent over October 1999. The spike in butter production was likely due to the lagging cheese prices, sending resources to a more profitable use in butter.

The milk-feed price ratio fell again in November to 2.96. This means 2.96 lbs of 16 percent mixed dairy feed could be purchased with the value of one pound of milk. For comparison, November 1999's ratio was 3.87. Corn, alfalfa, soybeans and wheat all rose in value during November, while the all-milk price declined from a revised October value of \$12.50 per hundredweight to \$12.20. The October milk-feed price ratio was also revised to 3.11.

Adapted from Dairy Market News, Vol. 67, No. 45 - 49.

Transportation Credit Update

The available balance in the Federal Order 7 transportation credit balancing fund for November was \$989,301.76. Claims were made for \$540,709.20. Since sufficient funds were available, all eligible claims were paid in full.

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

Calculation of Uniform Butterfat Price:

	<u>Utilization</u>	<u>Pounds</u>	<u>Price/lb.</u>	<u>Value</u>
Class I Butterfat	41.04%	9,462,688	\$1.2435	\$ 11,766,852.55
Class I Differential at Location				278,291.97
Class II Butterfat	22.49%	5,186,344	\$1.5815	8,202,203.05
Class III Butterfat	18.83%	4,341,403	\$1.5745	6,835,539.01
Class IV Butterfat	17.64%	4,066,466	\$1.5745	6,402,650.74
Total Butterfat	100.00%	23,056,901		\$ 33,485,537.32

Uniform Butterfat Price per lb. (Fulton County, Georgia): **\$1.4523**

Calculation of Uniform Skim Milk Price:

<u>Producer Milk</u>	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	69.67%	407,315,818	\$7.74 /cwt.	\$ 31,526,244.31
Class I Butterfat	41.04%	9,462,688	\$1.2435 /lb.	11,766,852.55
Class I Differential at Location		416,778,506		12,300,687.98
Total Class I Milk	68.55%	416,778,506		\$ 55,593,784.84
Class II Skim Milk	9.74%	57,016,272	\$8.44 /cwt.	\$ 4,812,173.38
Class II Butterfat	22.49%	5,186,344	\$1.5815 /lb.	8,202,203.05
Total Class II Milk	10.23%	62,202,616		\$ 13,014,376.43
Class III Skim Milk	16.16%	94,652,233	\$3.17 /cwt.	\$ 3,000,475.78
Class III Butterfat	18.83%	4,341,403	\$1.5745 /lb.	6,835,539.01
Total Class III Milk	16.28%	98,993,636		\$ 9,836,014.79
Class IV Skim Milk	4.43%	25,961,975	\$7.76 /cwt.	\$ 2,014,649.26
Class IV Butterfat	17.64%	4,066,466	\$1.5745 /lb.	6,402,650.74
Total Class IV Milk	4.94%	30,028,441		\$ 8,417,300.00
Producer Milk	100.00%	608,003,199		\$ 86,861,476.06

Adjustments

Overage and Other Source	\$ 96,692.39
Inventory Adjustments	(48,376.33)
Producer butterfat at uniform butterfat price	(33,485,537.32)
Location Adjustments to Producers	1,529,347.83
1/2 Unobligated Balance in P.S.F.	297,435.48

Adjusted Pool Value

\$ 9.43398 **\$ 55,251,038.11**

Reserve for Producer Settlement Fund **\$ 0.04398** (257,579.06)

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

\$9.39

Uniform Price per cwt. (Fulton County, Georgia)

\$14.14*

* 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 - 2000		UNIFORM - 2000		CLASS I %
	NOVEMBER	DECEMBER	OCTOBER	NOVEMBER	NOVEMBER
Appalachian (Charlotte)	\$ 14.92	\$ 15.23	\$ 14.27	\$ 14.76	74.50%
Arizona-Las Vegas (Phoenix)	\$ 14.17	\$ 14.48	\$ 11.99	\$ 11.84	36.87%
Central (Kansas City)	\$ 13.82	\$ 14.13	\$ 11.40	\$ 10.85	30.43%
Florida (Tampa)	\$ 15.82	\$ 16.13	\$ 15.48	\$ 15.90	90.14%
Mid-East (Cleveland)	\$ 13.82	\$ 14.13	\$ 12.04	\$ 11.91	45.70%
Northeast (Boston)	\$ 15.07	\$ 15.38	\$ 13.32	\$ 13.36	49.20%
Pacific Northwest (Seattle)	\$ 13.72	\$ 14.03	\$ 11.79	\$ 11.80	35.06%
Southeast (Atlanta)	\$ 14.92	\$ 15.23	\$ 13.89	\$ 14.14	68.55%
Southwest (Dallas)	\$ 14.82	\$ 15.13	\$ 12.89	\$ 12.59	52.65%
Upper Midwest (Chicago)	\$ 13.62	\$ 13.93	\$ 10.88	\$ 10.00	21.70%
Western (Salt Lake City)	\$ 13.72	\$ 14.03	\$ 11.49	\$ 10.68	28.71%

**SOUTHEAST MILK MARKETING AREA - FEDERAL ORDER 7
STATISTICAL SUMMARY OF POOL HANDLERS FOR NOVEMBER 2000**

RECEIPTS

Producer Milk:	Class I	416,778,506
	Class II	62,202,616
	Class III	98,993,636
	Class IV	30,028,441
	Total	608,003,199
<i>Average Butterfat Test</i>		3.792%
<i>Daily Average Receipts</i>		20,266,773
Percent of Producer Milk in Class I		68.55 %
Other Source Milk:	Class I	14,177,896
	Class II	4,837,752
	Class III	2,054,669
	Class IV	14,044,564
	Total	35,114,881
Overages:	Class I	0
	Class II	0
	Class III	16,779
	Class IV	100,814
	Total	117,593
Opening Inventory	Class I	38,403,722
	Class II	2,344,406
	Class III	2,893,050
	Class IV	13,190,365
	Total	56,831,543
TOTAL RECEIPTS		700,067,216

UTILIZATION

CLASS I UTILIZATION:

Inventory of Packaged FMF	39,025,456
Route Disposition in Class I	415,349,611
Shrinkage	3,805,480
Transfers and Diversions to Nonpool Plant:	11,179,577
Total Class I Utilizator	469,360,124

<i>Average Butterfat Test</i>	2.260 %
<i>Daily Average Utilization</i>	15,645,337

CLASS II UTILIZATION:

Nonfluid Used to Produce	1,295,646
Shrinkage	0
Transfers & Diversions, Nonpool and Food Plant:	48,246,756
Used to Produce/Other Uses	19,842,372
Total Class II Utilizator	69,384,774

<i>Average Butterfat Test</i>	8.657 %
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CLASS III UTILIZATION:

Shrinkage	7,382,723
Transfers and Diversions to Nonpool Plant:	91,397,604
Used to Produce/Other Uses	5,177,807
Total Class III Utilizator	103,958,134

<i>Average Butterfat Test</i>	4.312 %
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CLASS IV UTILIZATION:

Inventory of Bulk FCP and FMF	19,426,429
Nonfluid Used to Fortify	4,022,145
Shrinkage	0
Transfers and Diversions to Nonpool Plant:	30,159,855
Used to Produce/Other Uses	3,755,755
Total Class IV Utilizator	57,364,184

<i>Average Butterfat Test</i>	9.597 %
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TOTAL UTILIZATION	700,067,216
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Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during November 2000 is \$14.14 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$9.39 per hundredweight plus 3.5 times the uniform butterfat price of \$1.4523 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 69.67% of all producer skim milk (priced to handlers at \$7.74 per hundredweight, plus the Class I differential, see page 2) and 41.04% of producer butterfat (priced to handlers at \$1.2435 per pound plus Class I differential). Class II use, which is milk used in fluid cream products and miscellaneous manufacturing, accounted for 9.74% of all producer skim milk (\$8.44 per hundredweight) and 22.49% of producer butterfat (\$1.5815 per pound). Class III use, mostly milk used to produce cheese, accounted for 16.16% of all producer skim milk (\$3.17 per hundredweight) and 18.83% of producer butterfat (\$1.5745 per pound). Class IV use, generally milk processed into butter and powder, accounted for 4.43% of all producer skim milk (\$7.76 per hundredweight) and 17.64% of producer butterfat (\$1.5745 per pound).

Receipts of producer milk during November 2000 totaled 608.0 million pounds. There were 32 regulated pool distributing plants, 4 pool supply plants, and 5 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for November 2000. Class I route disposition in the Southeast Market totaled 419.2 million pounds in October 2000.

Packaged Class I Route Sales in Marketing Area

Product Description	Southeast
	October 2000
Whole Milk	166,654,034
Fat Free Milk	52,034,604
Lowfat Milk (incl. 1%)	27,347,061
Reduced Fat Milk (incl. 2%)	120,214,200
Cultured Fluid Milk (incl. Buttermilk)	12,181,059
Flavored Drinks and Milk (incl. Eggnog)	40,787,091
Total Disposition in Marketing Area	419,218,049
Total Disposition by Pool Plants	354,119,331
Total Disposition by Nonpool Plants	65,098,718
Total Disposition in Marketing Area	419,218,049

2001 Federal Milk Order Price Release Dates

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of NASS Prices 1/	Release Date	Time Period of NASS Prices 1/
January	Dec 22	12/9, 16	Feb 2	1/6,13,20,27
February	Jan 19	1/6, 13	Mar 2	2/3,10,17,24
March	Feb 23	2/10, 17	Mar 30	3/3,10,17,24
April	Mar 23	3/10, 17	May 4	3/31,4/7,14,21,28
May	Apr 20	4/7, 14	Jun 1	5/5,12,19,26
June	May 18	5/5, 12	Jun 29	6/2,9,16,23
July	Jun 22	6/9, 16	Aug 3	6/30,7/7,14,21,28
August	Jul 20	7/7, 14	Aug 31	8/4,11,18,25
September	Aug 17	8/4, 11	Oct 5	9/1,8,15,22,29
October	Sep 21	9/8, 15	Nov 2	10/6,13,20,27
November	Oct 19	10/6, 13	Nov 30	11/3,10,17,24
December	Nov 23	11/10, 17	Jan 4	12/1,8,15,22,29

1/ Weekly sales periods, ending on the indicated date, which are included in the applicable average. Information for the week is released by NASS on Friday of the following week.

Adapted from Dairy Market News, Dec. 4-8, 2000 Volume 68, Report 49.

United States Department of Agriculture

Agricultural Marketing Service, Dairy Programs

Market Administrator

Federal Order No. 6 – Florida Marketing Area
Federal Order No. 7 – Southeast Marketing Area

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P.O. Box 1208
Norcross, GA 30091-1208

TO: Interested Parties – Florida and Southeast Marketing Areas

FROM: Market Administrator, Atlanta, Georgia

SUBJECT: Tentative Final Decision on Class III and IV Price Formulas

The United States Department of Agriculture has announced a tentative final decision to amend the current Class III and Class IV pricing formulas under Federal milk orders. This decision is based on testimony and data presented at a public hearing held May 8-12, 2000, in Alexandria, Va., to consider proposals submitted by the industry to change the formulas.

The decision provides for separate butterfat prices for milk used in Class III (cheese) and Class IV (butter and dry milk products) based on the value of butterfat in cheese and butter. The manufacturing (make) allowance for cheese is proposed to be reduced slightly, from 17.02 cents per pound of cheese to 16.5 cents. The make allowance for dry whey, also a factor in calculating Class III value, would be increased from \$0.137 to \$0.140 per pound of dry whey.

The make allowances used in calculating Class IV value are proposed to increase slightly, from 11.4 to 11.5 cents per pound of butter and from 13.7 cents to 14 cents per pound of nonfat dry milk.

The proposed changes are expected to have limited impact on returns to dairy farmers, according to USDA.

Interested persons have until Feb. 5, 2001, to file comments in response to the tentative decision. A tentative final decision is being issued because the Congressional deadlines of Dec. 1, 2000, for publication of a final decision and Jan. 1, 2001, for effectuating order amendments do not allow enough time to issue a recommended decision and receive and consider comments before issuance of a final decision.

The Market Administrator has begun the producer approval process in both the Florida and Southeast Marketing Areas by polling cooperatives to determine whether their members favor the issuance of the orders as proposed to be amended. Therefore, individual members will not receive ballots, but cooperatives with milk pooled on Orders 6 and 7 during the month of May 2000 may vote on behalf of the number of members eligible to vote.

Additional information can be found at Agriculture Marketing Service's website (www.ams.usda.gov/dairy/hearing-III_IV.htm) or from the Atlanta Market Administrator at (770) 448-1194 or smosley@fmmatlanta.com.

Selected Summary of Tentative Final Decision of Class III and Class IV Price Formulas

Adapted from Dairy Market News,
Dec. 4-8, 2000. Vol. 67, Report 49

The primary change to component price formulas is adding a Class III butterfat price to better reflect the value of butterfat used to process cheddar cheese. Previously, one butterfat price was used in both the Class III and IV price formulas. The Class I price mover will still be the higher of the advanced Class III or Class IV price. Both butterfat and skim milk prices used to calculate the Class I price will come from the higher of the advanced Class III or IV price, not the higher of each component individually. There are three changes to take note of in the following formulas. The butter make allowance is increased from \$0.114 to \$0.115, the cheddar cheese make allowance is lowered from \$0.1702 to \$0.165, and when calculating the average cheese price, 500 lb. barrel cheddar is adjusted to 38% moisture rather than 39%.

Class III Butterfat Price: (NASS weighted average block and barrel cheese price - .165) x 1.582

Class IV Butterfat Price: (NASS weighted average AA butter price - .115) / .82

The new protein price formula removes the butterfat pricing factor and becomes the following:

Protein Price: (NASS weighted average block and barrel cheese price - .165) x 1.405

The formula for other nonfat solids is altered in two ways. First the make allowance for whey powder is increased from \$0.137 to \$0.14 and secondly, the other nonfat solids price would not be allowed to become negative, which prevents a reduction in producer payments that otherwise was permissible.

Other Solids Price: (NASS weighted average whey price - .14) / .968

Nonfat solids pricing formula is impacted similarly by a change in the make allowance for nonfat dry milk from \$0.137 to \$0.14. Also, while the old formula used a 1.02 divisor to capture a dry buttermilk component, the new formula effectively eliminates the divisor by changing it to 1.00.

Nonfat Solids Price: (NASS weighted average nonfat dry milk price - .14)

And finally, to better reflect the use of butteroil, anhydrous milkfat, and plastic cream as substitutes for butterfat, they will be classified as Class IV products rather than Class III.

Following approval of producers (by referendum or poll of cooperatives), an Interim Final Rule will become effective January 1, 2001. Comments regarding the Tentative Final Decision/Interim Final Rule will be accepted until February 5, 2001 and should be filed with the Hearing Clerk at:

Room 1081 South Building
U.S. Department of Agriculture
Washington, DC 20250

For more information, contact:
Constance M. Brenner, Market Specialist at : (202) 720-2357, connie.brenner@usda.gov
USDA/AMS/Dairy Programs, Order Formulation Branch
Room 2968, South Building
PO Box 96456
Washington, DC 20090-6456

FEDERAL ORDER 7 - SOUTHEAST: CLASS AND UNIFORM PRICES

MONTH & YEAR	CLASS I*		CLASS II		CLASS III		CLASS IV		UNIFORM*	
	Skim/cwt.	Butterfat/lb.								
Jan. 2000	\$10.82	\$1.0164	\$8.42	\$0.9436	\$7.02	\$0.9366	\$7.72	\$0.9366	\$9.78	\$0.9663
February	\$10.82	\$0.9612	\$8.42	\$0.9658	\$6.41	\$0.9588	\$7.71	\$0.9588	\$9.72	\$0.9606
March	\$10.81	\$1.0023	\$8.41	\$1.0261	\$6.19	\$1.0191	\$7.70	\$1.0191	\$9.62	\$1.0138
April	\$10.80	\$1.0299	\$8.40	\$1.1422	\$5.63	\$1.1352	\$7.68	\$1.1352	\$9.36	\$1.0996
May	\$10.80	\$1.1869	\$8.40	\$1.2924	\$5.05	\$1.2854	\$7.68	\$1.2854	\$9.36	\$1.2488
June	\$10.80	\$1.2505	\$8.40	\$1.4198	\$4.68	\$1.4128	\$7.70	\$1.4128	\$9.39	\$1.3470
July	\$10.81	\$1.4665	\$8.41	\$1.2761	\$6.44	\$1.2691	\$7.70	\$1.2691	\$9.84	\$1.3525
August	\$10.80	\$1.3223	\$8.40	\$1.2729	\$5.91	\$1.2659	\$7.71	\$1.2659	\$9.98	\$1.2924
September	\$10.80	\$1.2901	\$8.40	\$1.2777	\$6.54	\$1.2707	\$7.76	\$1.2707	\$10.03	\$1.2801
October	\$10.86	\$1.2876	\$8.46	\$1.2514	\$5.87	\$1.2444	\$7.73	\$1.2444	\$9.82	\$1.2622
November	\$10.84	\$1.2745	\$8.44	\$1.5815	\$3.17	\$1.5745	\$7.76	\$1.5745	\$9.39	\$1.4523
December	\$10.85	\$1.3593	\$8.45							

MONTH & YEAR	CLASS I*	CLASS II	CLASS III	CLASS IV	UNIFORM*
	Per hundredweight at 3.5% butterfat test.				
Jan. 2000	\$14.00	\$11.43	\$10.05	\$10.73	\$12.82
February	\$13.81	\$11.51	\$9.54	\$10.80	\$12.74
March	\$13.94	\$11.71	\$9.54	\$11.00	\$12.83
April	\$14.03	\$12.10	\$9.41	\$11.38	\$12.88
May	\$14.58	\$12.63	\$9.37	\$11.91	\$13.40
June	\$14.80	\$13.08	\$9.46	\$12.38	\$13.78
July	\$15.56	\$12.58	\$10.66	\$11.87	\$14.23
August	\$15.05	\$12.56	\$10.13	\$11.87	\$14.15
September	\$14.94	\$12.58	\$10.76	\$11.94	\$14.16
October	\$14.99	\$12.54	\$10.02	\$11.81	\$13.89
November	\$14.92	\$13.68	\$8.57	\$13.00	\$14.14
December	\$15.23				

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

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

MONTH AND YEAR	PRODUCER MILK 1,000 LBS.	NUMBER OF FARMS	CLASS I		CLASS II		CLASS III		CLASS IV	
			1,000 POUNDS	% IN CLASS						
Jan. 2000	680,199	5,560	426,043	62.64%	57,695	8.48%	110,335	16.22%	86,126	12.66%
February	632,550	5,147	399,062	63.09%	67,499	10.67%	98,700	15.60%	67,289	10.64%
March	681,379	4,854	425,455	62.44%	69,746	10.24%	117,194	17.20%	68,984	10.12%
April	671,487	4,838	383,301	57.09%	70,002	10.42%	121,556	18.10%	96,627	14.39%
May	662,935	4,895	406,533	61.33%	66,960	10.10%	129,750	19.57%	59,693	9.00%
June	604,665	4,993	388,580	64.26%	79,962	13.22%	113,405	18.76%	22,719	3.76%
July	570,000	4,928	373,856	65.58%	73,621	12.92%	92,046	16.15%	30,478	5.35%
August	567,063	4,984	415,781	73.32%	61,071	10.77%	72,602	12.80%	17,607	3.11%
September	563,357	5,044	405,278	71.94%	62,225	11.05%	80,395	14.27%	15,459	2.74%
October	626,027	4,864	415,491	66.37%	73,764	11.78%	94,574	15.11%	42,197	6.74%
November	608,003	4,870**	416,779	68.55%	62,203	10.23%	98,994	16.28%	30,028	4.94%

** Estimated

Southeast Marketing Area - Federal Order 7

Pool and Payment Dates for the Pooling Periods December 2000 through February 2001

	Pool & Uniform Price	MA Payment Dates		Payments for Producer Milk			
		Due to :	Due From:	Advance Pay Due		Final Pay Due	
Pool Month	Release Date	All Funds	P/S & T-Credit	Coop	Nonmember	Coop	Nonmember
December	1/11/01	1/12/01	1/16/01	12/26/00	12/26/00	1/16/01	1/17/01
January	2/11/01	2/12/01	2/13/01	1/25/01	1/26/01	2/13/01	2/14/01
February	3/11/01	3/12/01	3/13/01	2/26/01	2/26/01	3/13/01	3/14/01

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

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

