

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
DAIRY PROGRAMS
MILK MARKET ADMINISTRATOR

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ANNOUNCEMENT OF ADVANCED CLASS PRICES AND PRICING FACTORS
FOR MARCH 2007 *

| | PRICE @ 3.5% BF <i>(per cwt.)</i> | SKIM MILK PRICE <i>(per cwt.)</i> | BUTTERFAT PRICE <i>(per lb.)</i> |
|---|--------------------------------------|--------------------------------------|-------------------------------------|
| CLASS I PRICE ^{1/} | \$17.35 | \$13.10 ^{1/} | \$1.3445 |
| Transportation Credit | 0.15 | 0.15 | 0.0015 |
| <u>Processor Assessment ^{2/}</u> | <u>0.20</u> | <u>0.20</u> | <u>0.0020</u> |
| Total | \$17.70 | \$13.45 | \$1.3480 |
| CLASS II PRICE | | \$9.07 | |

FACTORS USED IN PRICES FOR MARCH 2007

Advanced Pricing Factors ^{1/}:

| | |
|---|----------|
| Advanced Class III Skim Milk Pricing Factor <i>(per cwt.)</i> | \$10.00 |
| Advanced Class IV Skim Milk Pricing Factor <i>(per cwt.)</i> | \$8.37 |
| Advanced Butterfat Pricing Factor <i>(per lb.)</i> | \$1.3135 |

NASS Product Price Averages for the Two Most Recent Weeks Ending February 17, 2007:

| | |
|----------------------------------|----------|
| Cheese <i>(per lb.)</i> | \$1.3529 |
| Butter <i>(per lb.)</i> | \$1.2148 |
| Nonfat Dry Milk <i>(per lb.)</i> | \$1.0960 |
| Dry Whey <i>(per lb.)</i> | \$0.5986 |

| | |
|--|-----------|
| MILEAGE RATE FACTOR <i>(per cwt per mile):</i> | \$0.00434 |
| EIA Average Diesel Fuel Price <i>(per gallon) ^{3/}:</i> | \$2.384 |

^{1/} Class I skim milk price is announced at the higher of the advanced Class III or IV skim milk pricing factors plus the base zone (Mecklenburg County, NC) differential of \$3.10 and is subject to location adjustments.

^{2/} The processor assessment is an obligation under the Fluid Milk Promotion Order (7 CFR § 1160.101 *et seq.*). The Order requires that all persons who process and market commercially more than 3,000,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia on a monthly basis, excluding those fluid milk products delivered to the residence of a consumer, be assessed 20 cents per hundredweight on all marketings of such packaged fluid milk products during the month.

^{3/} A simple average of the four most recent weeks of the Energy Information Administration's (of the U.S. Department of Energy) announced diesel fuel prices for the Lower Atlantic and Gulf South regions is used to determine the variable Mileage Rate Factor (§ 1005.83).

* The manufacturing allowances used to compute the Federal order minimum advance Class I and Class II prices and pricing factors in this announcement, as well as future Class I and Class II prices and pricing factors, and Federal order minimum prices for Class III and Class IV milk prices, will be the revised manufacturing allowances contained in the Interim Final Rule published in the Federal Register on December 29, 2006 (71 FR 78333-78335).