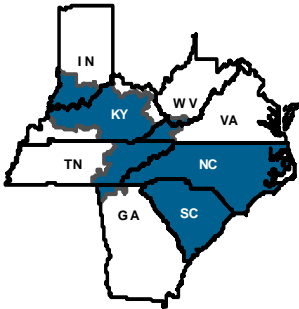




THE COURIER



Hearing Held on Proposals for Mideast Order

A public hearing to consider proposals to amend the Mideast Federal Milk Marketing Order began on Monday, March 7, 2005, in Wooster, Ohio.

The hearing considered proposals that would: eliminate the ability of the same milk to be simultaneously pooled on the Mideast Order and on a state-operated order with marketwide pooling; modify supply plant performance standards and diversion limits; modify the number of days a dairy farmer's milk production must be delivered to a pool plant for the milk of the dairy farmer to be eligible for diversion; limit the pooling of milk that was not pooled in prior months; establish a "dairy farmer for other markets" provision; and establish a transportation credits provision.

hearing notice is available on AMS' web site, at: www.ams.usda.gov/dairy.

The hearing notice and information about the hearing is available from the market administrator office as follows: David Z. Walker, USDA/AMS/Dairy Programs, P.O. Box 5102, 1325 Industrial Parkway North, Brunswick, Ohio 44212 Tel. (330) 225.4758; email: dwalker@fmmacleev.com

Harold H. Friedly, Jr.
Market Administrator

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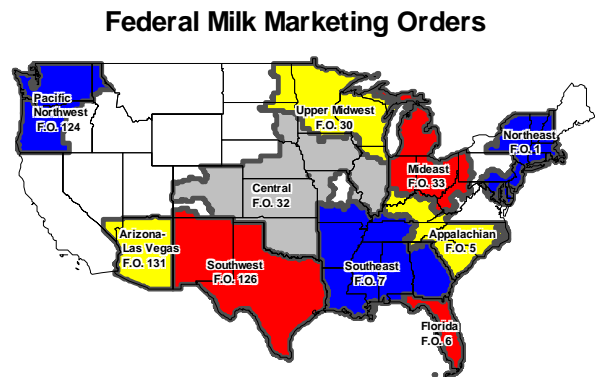
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Copies of the hearing notice may be obtained from the USDA/AMS/Dairy Programs, STOP 0231 - Rm. 2971, 1400 Independence Ave., SW, Washington, D.C. 20250-0231. The



Commercial and Government Stocks

A significant increase in milk production in 2002 and a sluggish economy resulted in an increase in commercial and government stock holdings. Commercial ending stocks of butter hit an all-time high of 291 million pounds in June 2003. The government ending stocks of nonfat dry milk hit a peak of 1.2 billion pounds in July 2003, the highest level since the early 1980s when the government was holding large stocks of all dairy products. Cheese stocks increased slightly in 2003, but nowhere near the levels of butter and nonfat dry milk.

However, after two years of slow milk production growth and an increase in both domestic and export demand, the stocks of butter and nonfat dry milk have decreased dramatically. The government ending stocks of nonfat dry milk in December 2004 was 413 million pounds, a 53 percent decrease from December 2003. The international price for nonfat dry milk has been higher than the U.S. domestic price allowing for commercial exports to absorb any domestic surplus of skim

(Continued on page 3)

Appalachian Statistical Summary

	February 2005	January 2005	February 2004
PRICES: (Base Zone)			
Uniform Price	\$15.90	\$17.34	\$14.49
Class I Price	16.89	19.75	14.69
Class II Price	13.36	13.04	12.90
Class III Price	14.70	14.14	11.89
Class IV Price	12.74	12.52	12.21
Uniform Skim Milk Price	\$10.03	\$11.17	\$8.72
Class I Skim Milk Price	11.07	12.80	9.65
Class II Skim Milk Price	7.38	7.20	6.63
Class III Skim Milk Price	8.79	8.37	5.61
Class IV Skim Milk Price	6.76	6.69	5.94
Uniform Butterfat Price	\$1.7778	\$1.8756	\$1.7359
Class I Butterfat Price	1.7748	2.1128	1.5354
Class II Butterfat Price	1.7824	1.7400	1.8588
Class III Butterfat Price	1.7754	1.7330	1.8518
Class IV Butterfat Price	1.7754	1.7330	1.8518
PRODUCER MILK:			
Class I	329,828,034	369,571,754	346,205,001
Class II	79,984,639	85,930,595	68,865,982
Class III	18,587,909	37,488,764	66,397,519
Class IV	61,683,907	66,438,080	38,977,553
Total Producer Milk	490,084,489	559,429,193	520,446,055
PERCENT PRODUCER MILK IN:			
Class I	67.30	66.06	66.52
Class II	16.32	15.36	13.23
Class III	3.79	6.70	12.76
Class IV	12.59	11.88	7.49

January Milk Production Up 1.3 Percent

NASS added Colorado, Kansas, and Oregon to the monthly milk production estimating program beginning in January 2005. Historic estimates have been created for these states back to 2003 for comparison purposes. The 23 states in the monthly estimating program account for 91 percent of the U.S. milk production. The last major change to the monthly estimating program was in 1997, when Maryland, North Carolina and Tennessee were dropped and Arizona was added.

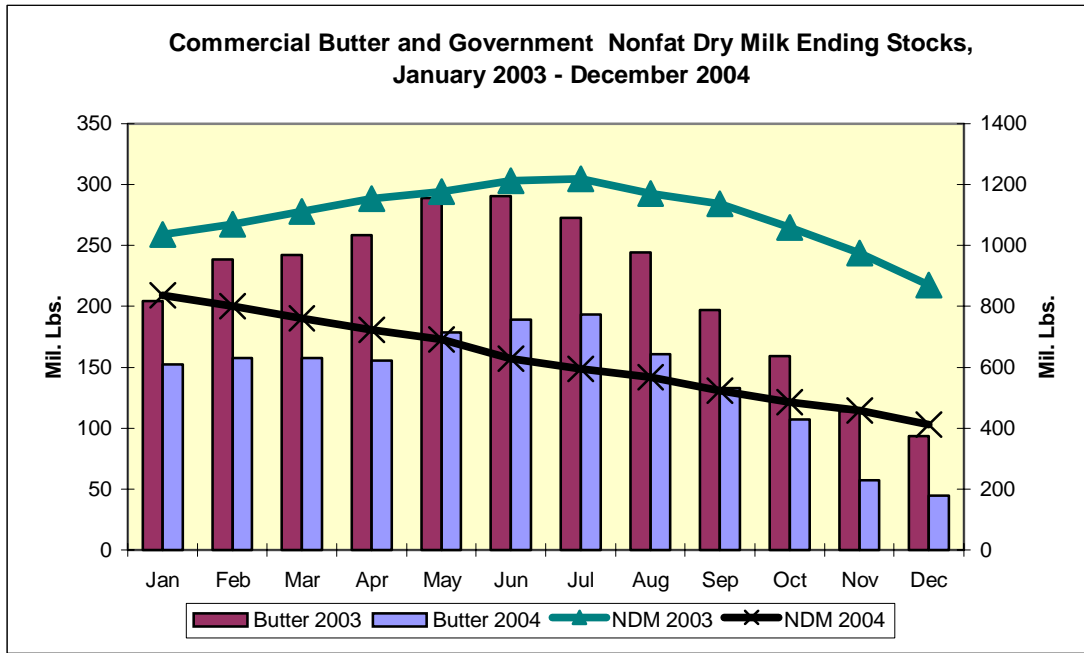
Milk production in the 23 major states during January totaled 13.2 billion pounds, up 1.3 percent from January 2004. December production, at 13.0 billion pounds, was up 1.2 percent from December 2003. Production per cow in the 23 major states averaged 1,637 pounds for January, 13 pounds above January 2004. The number of cows on farms in the 23 major states was 8.08 million head, 38,000 head more than January 2004, but 15,000 head less than December 2004.



Commercial and Government Stocks *(Cont'd from page 1)*

solids. The commercial ending stocks for butter decreased by 52 percent in December 2004 from December 2003 levels. The decrease in butter stocks has resulted in the U.S. domestic butter price remaining relatively high.

The draw down in stocks has kept the domestic markets more in balance and should help keep product prices relatively strong through the year.



Federal Milk Marketing Order Statistics - January 2005

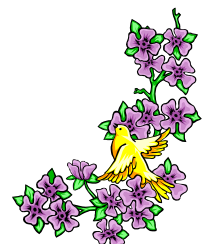
Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,000	913	45.7	16.31
5 Appalachian	539	370	66.1	17.34
6 Florida	270	229	86.0	19.11
7 Southeast	656	406	62.9	17.16
30 Upper Midwest	2,240	381	17.0	14.53
32 Central	1,250	376	30.1	14.95
33 Mideast	1,558	553	35.4	15.22
124 Pacific Northwest	589	191	32.4	14.73
126 Southwest	798	353	44.3	16.04
131 Arizona-Las Vegas	252	83	33.2	15.09
All Orders ¹	10,152	3,854	38.0	15.62

¹ Weighted average uniform prices at 3.5% butterfat at announced location.

2004 Annual Milk Production Up 0.2 Percent from 2003

The annual production of milk for the U.S. during 2004 was 170.8 billion pounds, 0.2 percent above 2003. Revisions to 2003 production increased the annual total 82 million pounds. Revised 2004 production was up 0.2 percent or 323 million pounds from last month's publication.

(Continued on page 4)



**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

Milk Market Administrator
P. O. Box 18030
Louisville, KY 40261-0030
ADDRESS SERVICE REQUESTED

Phone: 502-499-0040
Fax: 502-499-8749
E-mail: friedly@malouisville.com
TTY: 502-491-9124
Accessed through
KRS: 1-800-648-6057
or dial 7-1-1

WE'RE ON THE WEB
<http://members.aye.net/~usda>



2004 Annual Milk Production (Cont'd from page 3)

The average number of milk cows on farms in the U.S. during 2004 was 9.01 million head, down 0.8 percent from 2003. The average number of milk cows was revised down 1,000 head for 2003, and up 1,000 head for 2004.

Milk Cows and Production: United States, 1995 - 2004

	Number of Milk Cows	Change From Prior Year	Milk Production Per Cow	Change From Prior Year	Total Milk Production	Change From Prior Year
	1,000 Head	Percent	Pounds	Percent	Million Pounds	Percent
1995	9,466	-0.29	16,405	1.40	155,292	1.10
1996	9,372	-0.99	16,433	0.17	154,006	-0.83
1997	9,252	-1.28	16,871	2.67	156,091	1.35
1998	9,151	-1.09	17,185	1.86	157,262	0.75
1999	9,153	0.02	17,763	3.36	162,589	3.39
2000	9,199	0.50	18,197	2.44	167,393	2.95
2001	9,103	-1.04	18,162	-0.19	165,332	-1.23
2002	9,139	0.40	18,608	2.46	170,063	2.86
2003	9,083	-0.61	18,760	0.82	170,394	0.19
2004	9,010	-0.80	18,957	1.05	170,805	0.24

Source: National Agricultural Statistics Service. Milk Production, February 2005.

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To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.