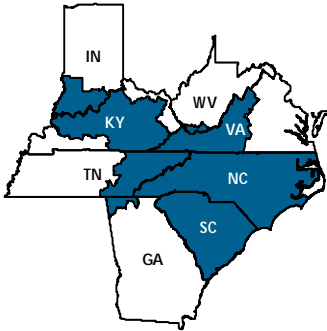


THE COURIER

Appalachian Marketing Area Monthly Newsletter



Harold H. Friedly, Jr.
Market Administrator

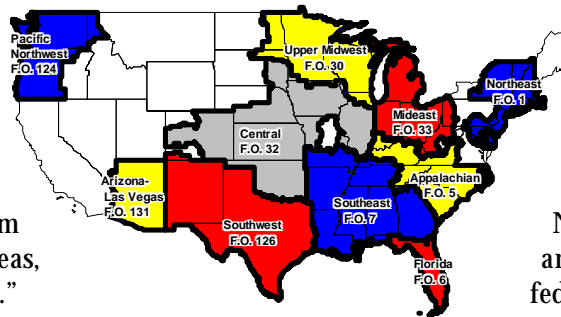
USDA Announces Final Rule to Amend All Orders

On April 27, 2006, the U. S. Department of Agriculture announced publication of a final rule to amend all federal milk marketing orders. This amendment implements provisions included in the Milk Regulatory Equity Act (S. 2120), signed into law on April 11, that amends the Agricultural Marketing Agreement Act of 1937. In passing the amendments, the congressional intent is to “ensure equity between and among all dairy farmers and handlers for sales of packaged fluid milk in federally regulated milk marketing areas and into certain non-federally regulated milk marketing areas from federally regulated areas, and for other purposes.”

order minimum prices to the federal order where the handler is physically located for sales of packaged fluid milk into non-federally regulated marketing areas located within one or more states that require handlers to pay minimum prices for milk;

- √ Partially or fully regulate any producer-handler that has total distribution of Class I products of own-farm production in excess of three-million pounds and distributes fluid milk in the Arizona-Las Vegas marketing order area;

Federal Milk Marketing Order Areas



- √ Remove the state of Nevada from the marketing area definition of any federal order; and

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The amended sections of the orders, which became effective May 1, include:

- √ Require fluid milk handlers located in federal milk marketing order areas as described on the date of enactment, but not regulated by any federal milk marketing order, to pay federal

- √ Remove the regulatory exemption for handlers located in Clark County, Nevada.

The final rule was published in the May 1, 2006, Federal Register. It can be viewed at http://www.ams.usda.gov/dairy/milk_reg_eq_act_2005.htm.

Final Rule Announced to Amend Mideast Order

On April 19, 2006, the U.S. Department of Agriculture announced a final rule that permanently adopts amendments to the pooling provisions of the Mideast milk marketing order that were previously implemented on an interim basis. This decision is based on testimony and evidence given at a public hearing held at Wooster, Ohio, on March 7 – 10, 2005.

same milk on the Mideast federal milk order and on a marketwide equalization pool administered by another government entity; 2) Lower the diversion limit standards; and 3) Increase the performance standards for supply plants.

The permanently adopted amendments: 1) Prohibit the ability to simultaneously pool the

Producers approved the amendments in a referendum conducted in response to the partial final decision, which was issued January 17, 2006. The decision appeared in the April 20 Federal Register.

Appalachian Statistical Summary

	APRIL 2006	MARCH 2006	APRIL 2005
PRICES: (Base Zone)			
Uniform Price	\$13.01	\$14.13	\$15.92
Class I Price	14.32	15.59	17.23
Class II Price	11.37	11.69	13.24
Class III Price	10.93	11.11	14.61
Class IV Price	10.36	10.68	12.61
Uniform Skim Milk Price	\$8.92	\$9.88	\$10.25
Class I Skim Milk Price	10.12	11.05	11.45
Class II Skim Milk Price	7.28	7.52	7.54
Class III Skim Milk Price	6.85	6.94	8.99
Class IV Skim Milk Price	6.26	6.50	6.91
Uniform Butterfat Price	\$1.2581	\$1.3137	\$1.7237
Class I Butterfat Price	1.3025	1.4078	1.7669
Class II Butterfat Price	1.2413	1.2666	1.7034
Class III Butterfat Price	1.2343	1.2596	1.6964
Class IV Butterfat Price	1.2343	1.2596	1.6964

FO 5 STATS FOR APRIL 2006:

➔ The Uniform Price for April 2006 was \$13.01, \$1.12 lower than last month's uniform price.

➔ Total Producer Milk for April 2006 was 574,538,791 pounds, down 1.6 million pounds, or .3%, lower than March 2006.

PRODUCER MILK:

Class I	323,193,963	369,134,564	359,034,716
Class II	108,388,746	99,144,227	88,634,740
Class III	39,554,741	33,831,361	48,710,016
Class IV	103,401,341	73,977,227	85,979,535
Total Producer Milk	574,538,791	576,087,379	582,359,007

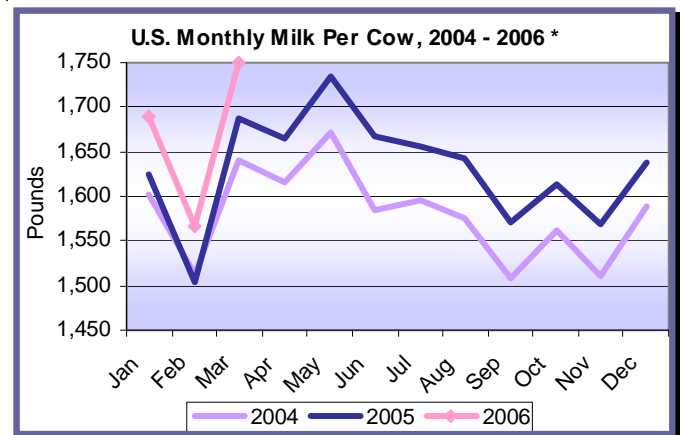
PERCENT PRODUCER MILK IN:

Class I	56.25	64.08	61.65
Class II	18.87	17.21	15.22
Class III	6.88	5.87	8.37
Class IV	18.00	12.84	14.76

March Milk Production Up 5.5 Percent

Milk production in the 23 major States during March totaled 14.6 billion pounds, up 5.5 percent from March 2005. February revised production, at 13.0 billion pounds, was up 5.9 percent from February 2005. The February revision represented a decrease of 7 million pounds from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,773 pounds for March, 66 pounds above March 2005. The number of milk cows on farms in the 23 major States was 8.22 million head, 124,000 head more than March 2005, and 17,000 head more than February 2006.



* Based on entire U.S. production.

USDA Seeks Nominees for National Dairy Board

The U.S. Department of Agriculture is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 31.

The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire October 31, 2006. The 12 new members will serve 3-year terms beginning November 1, 2006, and ending October 31, 2009.

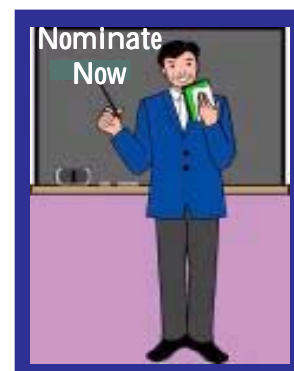
USDA will accept nominations from the following regions: Region 1 (Oregon and Washington); Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 5 (Minnesota, North Dakota, and South Dakota); Region 6 (Wisconsin); Region 7 (Illinois, Iowa, Missouri, and Nebraska); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); and Region 12 (New York). USDA will appoint one member per region, with the exception of Region 2 (California) and Reg. 6 (Wisconsin) with two appointments each.

The National Dairy Promotion and Research Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education.

The 36-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the Board.

For nominating forms and information, contact Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or E-mail at whitney.rick@usda.gov or <http://www.ams.usda.gov/dairy/dairypr.htm>.

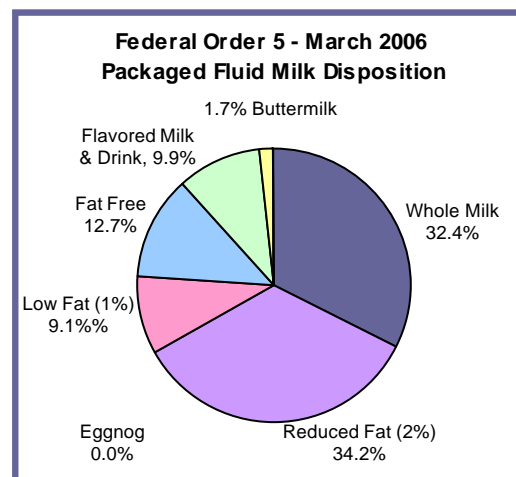


Federal Order 5 Class I Utilization - Packaged Disposition

	March 2006	Percent Change from Prior Year	March 2005
Whole Milk	118,595,119	-6.4%	126,744,161
Reduced Fat 2%	125,432,015	0.9%	124,296,547
Low Fat 1% ¹	33,483,179	9.2%	30,675,149
Fat Free	46,397,796	1.4%	45,750,804
Flavored Milk & Drink	36,259,919	27.7%	28,403,682
Buttermilk	6,237,998	-7.3%	6,727,547
Eggnog	10	66.7%	6
Total Packaged	366,406,036	1.0%	362,599,896
Other Class I ²	41,476,574	-12.3%	47,272,419
Total Class I Use	407,882,610	-0.5%	409,872,315

¹ Includes sweet acidophilus and miscellaneous.

² Includes shrinkage, bulk milk, and package inventory.



**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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

Phone: 502-499-0040
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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>



1st Quarter Production

Milk production in the U.S. during the January - March quarter totaled 45.5 billion pounds, up 5.0 percent from the January - March quarter last year. The average number of milk cows in the U.S. during the quarter was 9.09 million head, 91,000 head more than the same period last year.

Federal Milk Marketing Order Statistics - March 2006

Federal Order		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Statistical Uniform Price
		Million Pounds	Million Pounds	Percent	\$/cwt
1	Northeast	2,064	935	45.3	13.43
5	Appalachian	576	369	64.1	14.13
6	Florida	300	242	80.8	15.41
7	Southeast	763	413	54.1	13.77
30	Upper Midwest	2,271	397	17.5	11.67
32	Central	1,381	387	28.0	12.00
33	Mideast	1,544	586	37.9	12.36
124	Pacific Northwest	678	186	27.4	11.86
126	Southwest	1,002	365	36.5	12.95
131	Arizona-Las Vegas	288	94	32.7	12.21
All Orders¹		10,867	3,974	36.6	12.67

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

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