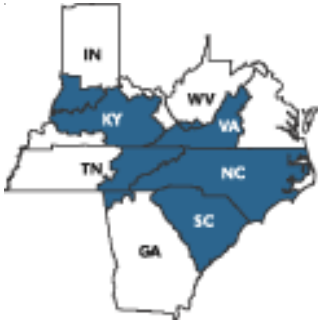




THE COURIER

Appalachian Marketing Area Monthly Newsletter



USDA Offers Guide to Protect the U.S. Food Supply

On July 12, 2006, the U.S. Department of Agriculture released a guide entitled "Pre-Harvest Security Guidelines and Checklist 2006" to help agricultural producers enhance security at the farm level. These practical measures help to protect against natural disasters, as well as the unintentional or intentional introduction of plant or animal diseases.

agriculture security. USDA continues to work closely with its federal, state and local government partners as well as industry stakeholders to develop sector-wide guidelines. For instance, guidance has been issued by USDA for food processors and distributors, and for agricultural transporters in coordination with the trucking industry.

Harold H. Friedly, Jr.
Market Administrator

"We work on many fronts to ensure that our nation continues to provide the safest food supply in the world," said Agriculture Deputy Secretary Chuck Conner. "While there is no one-size-fits-all approach to protecting agriculture, recommendations in this guide can be beneficial to a variety of types and sizes of agricultural operations."



Agriculture and food account for 13 percent of the U.S. gross domestic product, 18 percent of its employment and \$140 billion in revenue.

USDA continues to work with its federal, state, local partners as well as industry in protecting the nation's agriculture and food production, from threats such as natural disasters and either the naturally occurring, intentional or unintentional introduction of diseases and pathogens as they do not respect geographic borders. The interconnected global food system contributes to our nation's economic strength by improving production and marketing efficiency and providing timely responses to consumer needs.

Food and agriculture biosecurity is an important component of USDA's mission. Improving awareness through enhanced outreach and communications is a key element of USDA's homeland security efforts. The voluntary guidelines and checklists were developed based upon recommendations made by producers throughout the United States. Guidelines have been developed for general agriculture; dairy; crops; cattle and poultry security.

This guide is the latest in a series of materials produced by USDA to bolster food and

USDA's local Farm Service Agency Service Centers are distributing the "Pre-Harvest Security Guidelines and Checklist 2006" to agricultural producers throughout the country. For more information about USDA's homeland security efforts, go online to www.usda.gov/homelandsecurity.

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ERS Releases Background Report on Dairy Industry

The Economic Research Service (ERS), of the USDA, recently released a background report on the U.S. dairy industry, entitled *Dairy Background*. In the report, ERS addresses market and policy developments in the dairy sector.

The report states that consumer demand is a key economic force that molds the U.S. dairy industry, but other forces are also at work. Changes in the structure and behavior of firms

ERS Releases Background Report, cont'd on page 3

Appalachian Statistical Summary

	JULY 2006	JUNE 2006	JULY 2005
PRICES: (Base Zone)			
Uniform Price	\$13.33	\$12.84	\$16.26
Class I Price	14.44	13.85	16.99
Class II Price	10.83	11.00	13.79
Class III Price	10.92	11.29	14.35
Class IV Price	10.21	10.22	13.17
Uniform Skim Milk Price	\$9.30	\$8.72	\$10.61
Class I Skim Milk Price	10.34	9.67	11.83
Class II Skim Milk Price	6.76	6.86	7.73
Class III Skim Milk Price	6.88	7.19	8.34
Class IV Skim Milk Price	6.15	6.08	7.12
Uniform Butterfat Price	\$1.2457	\$1.2637	\$1.7198
Class I Butterfat Price	1.2740	1.2920	1.5920
Class II Butterfat Price	1.2298	1.2506	1.8077
Class III Butterfat Price	1.2228	1.2436	1.8007
Class IV Butterfat Price	1.2228	1.2436	1.8007

PRODUCER MILK:

Class I	324,669,429	331,977,337	332,705,052
Class II	83,180,700	90,399,044	83,783,943
Class III	25,686,792	39,931,170	21,810,238
Class IV	56,128,921	81,748,490	65,617,673
Total Producer Milk	489,665,842	544,056,041	503,916,906

PERCENT PRODUCER MILK IN:

Class I	66.30	61.02	66.02
Class II	16.99	16.62	16.63
Class III	5.25	7.33	4.33
Class IV	11.46	15.03	13.02

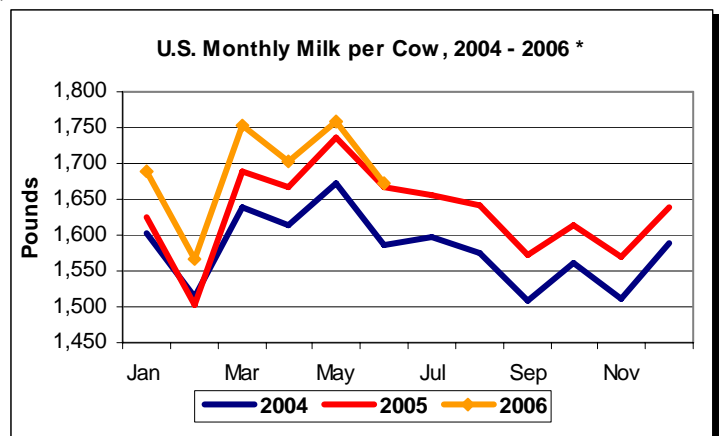
FO 5 STATS FOR JULY 2006:

- ➔ **The Uniform Price** for July 2006 increased \$0.49 from last month's uniform price to \$13.33.
- ➔ **Total Class I Pounds** for July 2006 decreased 7.3 million pounds from June 2006 to 324,669,429 pounds.
- ➔ **Class I Utilization** for July 2006 of 66.3% was an increase of 5.3% from June 2006. This is also 0.3% higher than July 2005.

June Milk Production Up 1.9 Percent

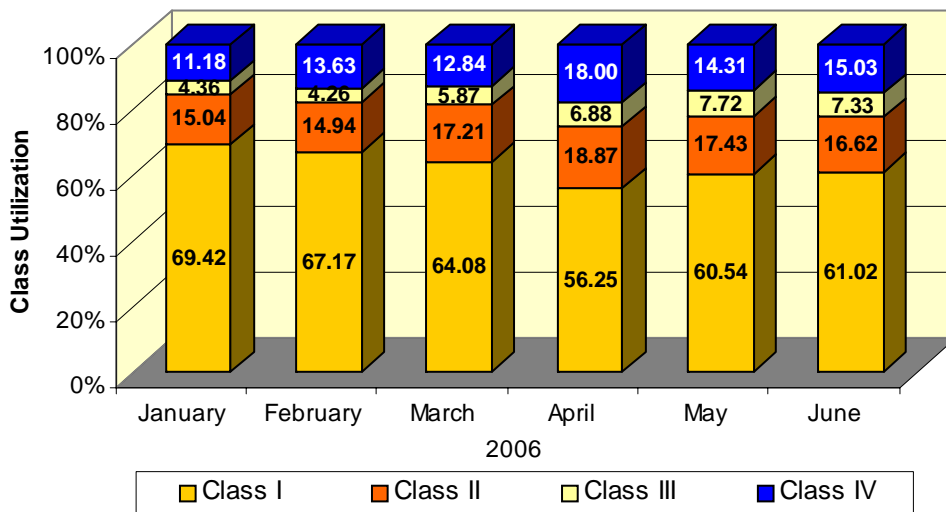
Milk production in the 23 major States during June 2006 totaled 14 billion pounds, up 1.9% from June 2005. May 2006 revised production, at 14.7 billion pounds, was up 2.7% from May 2005. The May revision represented a decrease of 14 million pounds or 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,695 pounds for June, 5 pounds above June 2005.

The number of milk cows on farms in the 23 major States was 8.27 million head, 128,000 head more than June 2005, and 9,000 head more than May 2006.



* Based on entire U.S. production.

Federal Order 5 Class Utilization January - June 2006



April - June Milk Production Up 2.3 Percent

Milk production in the U.S. during the April - June 2006 quarter totaled 46.9 billion pounds, up 2.3 percent from the April - June quarter last

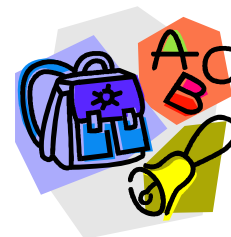
year. The average number of milk cows in the U.S. during the quarter was 9.13 million head, 93,000 head more than the same period last year.

ERS Releases Background Report on Dairy Industry, continued from page 1

that manufacture and process dairy products can have significant effects, as do aspects of farm price and income support programs and policies, agricultural trade policies or programs, and environmental issues. These forces from beyond the farm gate combine with farm-level forces that are important in their own right—structural change, significant reductions in production costs, and increasing productivity—shape the ways U.S. milk is produced.

The Dairy Backgrounder addresses market and policy developments in the dairy sector.

Over time, government dairy policies and programs have become key components of the industry and have changed as the industry has evolved. Policymakers and the general public will be better able to evaluate proposed dairy policy or program changes by understanding the complex economic relationships that characterize the industry and what dairy policies and programs can achieve within those economic bounds.



The U.S. dairy industry is built on a series of complex economic relationships that are defined by the nature of milk and its products.

The full report can be found on the ERS website at <http://www.ers.usda.gov/Publications/LDP/2006/07Jul/LDPM14501>.



**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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Federal Milk Marketing Order Statistics - June 2006

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,901	842	44.3	12.66
5 Appalachian	544	332	61.0	12.84
6 Florida	251	208	82.8	14.14
7 Southeast	678	382	56.4	12.90
30 Upper Midwest	2,158	352	16.3	11.52
32 Central	1,021	342	33.5	11.62
33 Mideast	1,501	506	33.7	11.74
124 Pacific Northwest	662	185	27.9	11.30
126 Southwest	991	328	33.1	12.36
131 Arizona-Las Vegas	306	107	34.9	11.67
All Orders ¹	10,014	3,583	35.8	12.08

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



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