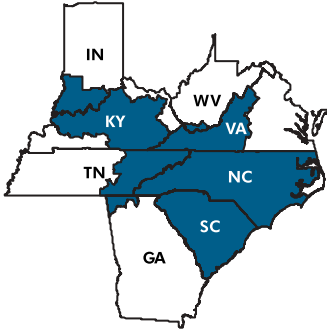




THE COURIER

Appalachian Marketing Area Monthly Newsletter



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National Animal Identification System

On December 17, 2007, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service announced that it had registered more than 429,600 premises nationwide – with substantial increases this year in the number of premises registered as part of the National Animal Identification System. This month, Nebraska became the 10th state to register at least 50 percent of its total estimated production agriculture premises under this system.

“Premises registration is absolutely necessary to rapidly and reliably trace and eradicate animal disease,” said Bruce Knight, Under Secretary of USDA’s Marketing and Regulatory Programs. “As the number of registered premises continues to grow, it emphasizes the growing support for animal identification, and I applaud these producers for making a choice that is crucial to the health and economic well-being of commercial livestock and poultry industries in the United States.” *Continued on page 3*

Higher Feed Prices and Firm Demand Affect 2008 Prices

Sharply higher feed costs projected for 2008, especially for soybean meal, will cut into dairy producer profits. Offsetting higher feed costs are moderating prices for alfalfa hay and relatively high prices for milk. The milk-feed price ratio will be lower in 2008 compared with 2007, and will likely slow the pace of expansion. The December *Milk Production* report showed November 2007 production increasing at above the long-term average rate. Both cow numbers and production per cow are well above 2006 levels and sharply above those in the first half of 2007. These fundamentals should boost milk production in 2008 by about 1.1 percent. Forecast 2008 production is 190.5 billion pounds.

October output of butter, total cheese, and nonfat dry milk (NDM) continues to outpace year-earlier levels by 9.1 percent, 1.6 percent and 41.4 percent respectively, according to the November *Dairy Products* report. Cheddar cheese prices remain at near-record levels of over \$2 a pound. The Foreign Agricultural Service reports 10-month imports of quota cheese are lagging the same period in 2006 by 3 percent. However, the *Dairy Market News* reports that export interest may be building. For butter, the October drawdown in stocks set a record for that month, and commercial disappearance through September was 5.6 percent above year-earlier *Continued on page 3*

Higher Feed Prices Lower Milk-Feed Price Ratio

Due to higher feed price, the U.S. milk-feed price ratio continues to decline even with record high milk prices. The December 2007 ratio decreased 0.24 points from November to 2.82. However, the ratio is 0.39 points higher than December 2006. The monthly milk-feed price ratio averaged 2.90 from January 1995 to December 2007.

The December ratio was calculated with an all milk price of \$21.70 per cwt. The all milk price for December 2007 is a decrease of \$0.20 from the record high in November 2007, but \$7.50 higher than the all milk price in December 2006.

Continued on page 3

Appalachian Statistical Summary

DECEMBER 2007 NOVEMBER 2007 DECEMBER 2006

PRICES: (Base Zone)

Uniform Price	\$22.37	\$23.75	\$14.62
Class I Price	23.14	24.55	15.53
Class II Price	20.82	22.07	12.55
Class III Price	20.60	19.22	13.47
Class IV Price	19.18	20.40	12.30
Uniform Skim Milk Price	\$17.96	\$19.42	\$10.17
Class I Skim Milk Price	18.75	20.14	10.99
Class II Skim Milk Price	16.35	17.74	8.09
Class III Skim Milk Price	16.14	14.81	9.07
Class IV Skim Milk Price	14.67	16.03	7.86
Uniform Butterfat Price	\$1.4401	\$1.4325	\$1.3726
Class I Butterfat Price	1.4430	1.4628	1.4080
Class II Butterfat Price	1.4418	1.4147	1.3551
Class III Butterfat Price	1.4348	1.4077	1.3481
Class IV Butterfat Price	1.4348	1.4077	1.3481

PRODUCER MILK:

Class I	340,811,368	350,581,128	339,823,501
Class II	67,108,426	69,783,215	71,794,662
Class III	29,122,292	30,683,536	26,147,564
Class IV	62,518,854	20,363,067	85,130,812
Total Producer Milk	499,560,940	471,410,946	522,896,539

PERCENT PRODUCER MILK IN:

Class I	68.22	74.37	64.99
Class II	13.43	14.80	13.73
Class III	5.84	6.51	5.00
Class IV	12.51	4.32	16.28

APPALACHIAN MARKETING AREA STATS FOR DECEMBER 2007:

⇒ **The Uniform Price** for December 2007 was \$22.37, up \$7.75 compared to \$14.62 for December 2006.

⇒ **Total Class I Milk** for December 2007 was 340,811,368, up slightly compared to 339,823,501 pounds for December 2006.

⇒ **Class I Utilization** for December 2007 was 68.22 percent, up 3.23 percent compared to last year's Class I utilization.

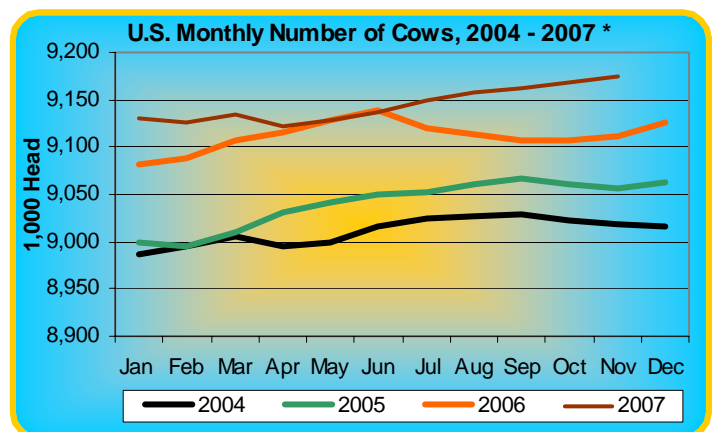
November Milk Production Up 3.8 Percent

Milk production in the 23 major states during November totaled 13.8 billion pounds, up 3.8 percent from November 2006. October production, unrevised at 14.2 billion pounds, was up 4.1 percent from October 2006.

Production per cow in the 23 major states averaged 1,654

pounds for November, 40 pounds above November 2006.

The number of milk cows on farms in the 23 major states was 8.36 million head, 101,000 head more than November 2006, and 8,000 head more than October 2007.



* Based on entire U.S. production.

National Animal ID System, cont'd from page 1

Nebraska officials attribute the increased registrations in part to a significant number of visits to its National Animal Identification System (NAIS) "Locate in 48" Web site. "Locate in 48" publicizes the main goal of NAIS, which is to retrieve traceback data within a 48 hour window to contain the spread of animal disease. Other factors contributing to the increase in registrations in Nebraska include the ability to register by phone and direct mail outreach.

Other states that have topped the 50 percent mark include Idaho, Indiana, Michigan, Nevada, New York, North Dakota, Pennsylvania, Utah and Wisconsin. West Virginia is approaching the 50 percent mark, having registered 49.8 percent of its estimated 17,670 premises.

Other states, including Delaware, Iowa and Massachusetts, have reached the 40 percent mark and double-digit registration gains have

occurred this year in a number of states. Iowa started the year with just over 11,000 premises registered and now that number is over 20,000—an increase of almost 80 percent. Texas registered more than 6,400 new premises this year, resulting in a 27.7 percent increase.

Working cooperatively with states, tribes and industry partners, the NAIS is a modern streamlined information system that helps producers respond quickly and effectively to animal disease events. It consists of three components: premises registration, animal identification and tracing. The premises registration component of NAIS ensures the availability of a nationwide communications network to assist livestock owners and animal health officials in the event of an animal disease event. There are an estimated 1.4 million production premises in the United States. To contact a state partner or find out more about NAIS go to www.usda.gov/nais.



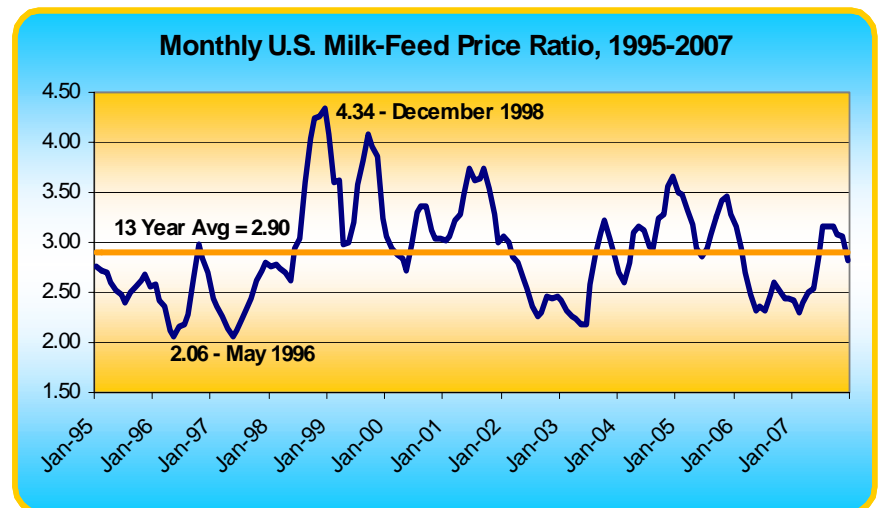
Higher Feed Prices and Firm Demand Affect 2008 Prices, cont'd from pg. 1

levels. World butter prices are above U.S. prices and could help boost export interest. Export potential for both cheese and butter, combined with firm domestic demand, will likely support prices for both products into the first half of

2008. Cheese prices could soften later in 2008. (Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-161/December 19, 2007, Economic Research Service, USDA*)

Higher Feed Prices Lower Milk-Feed Price Ratio, cont'd from page 1

The feed prices used in the ratio calculation have all increased from both the previous month and the prior year. The soybean price reached a record high at \$10.40 per bushel in December 2007, \$0.99 higher than November 2007 and \$4.22 higher than December 2006. The December 2007 corn price increased to \$3.88 per bushel. It is an increase of \$0.45 from November 2007 and \$0.87 from December 2006. The record high corn price was set in July 1996 at \$4.43. The December 2007 alfalfa hay price was \$136 per ton, an increase of \$1 from November 2007 and \$25 from December 2006. The highest alfalfa hay price level was reached in May 2007 at \$145 per ton.



**APPALACHIAN MARKETING AREA
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Federal Milk Marketing Order Statistics - November 2007

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,933	902	46.7	22.31
5 Appalachian	471	351	74.4	23.75
6 Florida	250	217	86.9	24.89
7 Southeast	582	410	70.3	23.46
30 Upper Midwest	2,303	387	16.8	19.86
32 Central	1,009	381	37.8	20.79
33 Mideast	1,261	571	45.3	21.08
124 Pacific Northwest	557	198	35.5	20.82
126 Southwest	923	355	38.4	21.58
131 Arizona	308	121	39.3	21.49
All Orders ¹	9,598	3,892	40.6	21.43

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

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