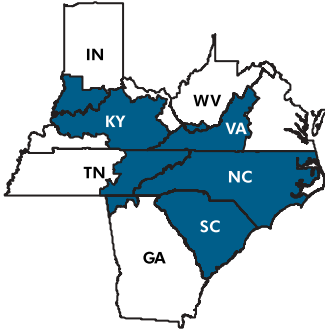




THE COURIER

Appalachian Marketing Area Monthly Newsletter



Harold H. Friedly, Jr.
Market Administrator

Federal Order 5 Year in Review

During 2007, Federal order class and uniform prices reached record levels. Prices started the year at modest levels, but increased significantly through the second half of the year. The announced uniform price reached a high of \$24.16 per cwt. in August 2007. The simple average announced uniform price was \$20.49 per cwt. for 2007, an increase of \$6.50 from 2006. All four class prices experienced a similar increase in 2007. The Class I price increased by \$6.26 to average \$21.24 per cwt. for 2007. The Class II

price averaged \$18.36 per cwt., an increase of \$6.60. The Class III price averaged \$6.15 higher in 2007 to average \$18.04 per cwt. for 2007. Class IV had the largest increase of \$7.30 from 2006 to average \$18.36 per cwt. for 2007.

The volume of producer milk receipts regulated under Federal Order 5 totaled 5.9 billion pounds in 2007, a decrease of 6.1 percent from 2006. Class I utilization averaged 70.25 percent in 2007,

Continued on page 3

USDA Invites Comments On Proposed Amendment

On January 25, 2008, the U. S. Department of Agriculture invited comments on proposed amendments to the Fluid Milk Promotion Order. The proposed amendment would reduce the burden of late-fee charges applied to processors who under-report the amount of assessments that they owe to the National Fluid Milk Processor Promotion Board due to unintentional errors and miscalculation.

The board was established by the Fluid Milk Promotion Act of 1990 to develop and administer a coordinated program of advertising and promotion to increase the demand for fluid milk products. The National Fluid Milk Program is financed by a mandatory 20-cent per hundredweight assessment on all fluid milk processed and marketed commercially in consumer-type packages in the contiguous 48 states and the District of Columbia. Processors who commercially process and market 3 million pounds or less per month, excluding those fluid

Continued on page 3

Inside This Issue:

- Appalachian Statistical Summary** 2
- December Milk Production Up 3.1%** 2
- U.S. Monthly Milk Per Cow, 2004-2007** 2
- F.O. 5 Year in Review (continued)** 3
- USDA Invites Comments on Proposed Amendment (continued)** 3
- Secretary of Agriculture Ed Schafer (cont'd)** 3
- Oct.-Dec. Milk Production** 4
- FMMO Statistics - December 2007** 4

The proposed amendment would apply to processors who have not made more than two reporting errors in the prior 12-month period.

Secretary of Agriculture Ed Schafer

Ed Schafer was sworn in as the 29th Secretary of the U.S. Department of Agriculture (USDA) on January 28, 2008.

Secretary Schafer brings a record as an innovative two-term governor of North Dakota to USDA along with extensive private sector experience as both an entrepreneur and a business executive. Schafer served as North Dakota's governor from 1992 to 2000 and made diversifying and expanding North Dakota's economy, reducing

the cost of government and advancing agriculture his top priorities in office. He worked to normalize trading relations with China and develop that nation as an export market for North Dakota farm products. He also led efforts to upgrade North Dakota's communications infrastructure and make high-speed voice and data networks available to farmers, ranchers and rural businesses.

Continued on page 3



Ed Schafer
Sec. of Agriculture

Appalachian Statistical Summary

JANUARY 2008 DECEMBER 2007 JANUARY 2007

PRICES: (Base Zone)

Uniform Price	\$22.60	\$22.37	\$15.60
Class I Price	24.07	23.14	16.69
Class II Price	19.75	20.82	12.85
Class III Price	19.32	20.60	13.56
Class IV Price	16.29	19.18	12.53
Uniform Skim Milk Price	\$18.40	\$17.96	\$11.32
Class I Skim Milk Price	19.63	18.75	12.27
Class II Skim Milk Price	15.61	16.35	8.57
Class III Skim Milk Price	15.19	16.14	9.33
Class IV Skim Milk Price	12.05	14.67	8.27
Uniform Butterfat Price	\$1.3842	\$1.4401	\$1.3348
Class I Butterfat Price	1.4643	1.4430	1.3857
Class II Butterfat Price	1.3389	1.4418	1.3079
Class III Butterfat Price	1.3319	1.4348	1.3009
Class IV Butterfat Price	1.3319	1.4348	1.3009

PRODUCER MILK:

Class I	371,981,592	340,811,368	378,720,101
Class II	74,510,030	67,108,426	81,400,790
Class III	20,788,336	29,122,292	24,756,750
Class IV	45,808,840	62,518,854	64,655,638
Total Producer Milk	513,088,798	499,560,940	549,533,279

PERCENT PRODUCER MILK IN:

Class I	72.50	68.22	68.92
Class II	14.52	13.43	14.81
Class III	4.05	5.84	4.50
Class IV	8.93	12.51	11.77

APPALACHIAN MARKETING AREA STATS FOR JANUARY 2008:

⇒ **The Uniform Price** for January 2008 was \$22.60, up \$0.23 compared to \$22.37 for December 2007, and up \$7.00 compared to January 2007.

⇒ **Total Class I Milk** for January 2008 was 371,981,592 pounds, up 31 million pounds compared to December 2007 of 340,811,368 pounds.

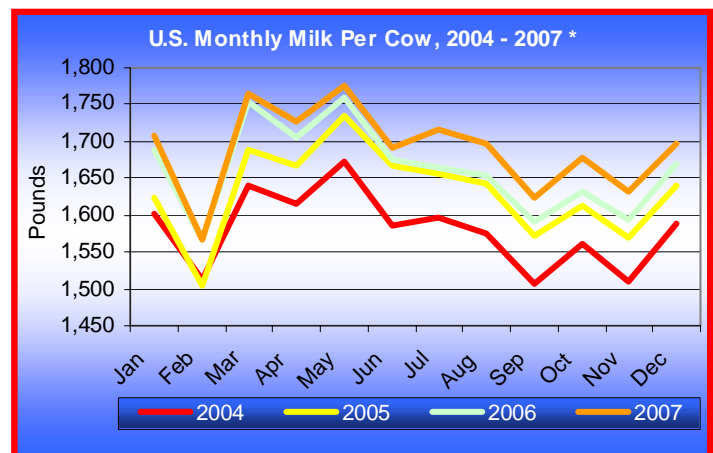
⇒ **Class I Utilization** for January 2008 was 72.50 percent, up 4.28 percent compared to December 2007, and up 3.58 percent compared to last year's Class I utilization.

December Milk Production Up 3.1 Percent

Milk production in the 23 major states during Dec. totaled 14.4 billion pounds, up 3.1 percent from Dec. 2006. Nov. revised production, at 13.8 billion pounds, was up 3.9 percent from Nov. 2006. The Nov. revision represented an increase of 13 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major states averaged 1,719 pounds for Dec., 29 pounds above Dec. 2006.

The number of milk cows on farms in the 23 major states was 8.38 million head, 107,000 head more than December 2006, and 14,000 head more than November 2007.



* Based on entire U.S. production.

Federal Order 5 Year in Review, cont'd from page 1

an increase of 4.0 percentage points from 2006. The total volume of milk used in Class I decreased by 0.4 percent. The total volume of producer milk used in Class II products declined by 4.0 percent from 2007, while the annual Class II utilization increased by 0.4 percentage points. Class III volume in 2007 decreased by 9.4 percent, which resulted in the Class III

utilization declining 0.2 percentage points from 2006. The largest decrease was seen in producer milk used in Class IV products, mainly due to the decrease in milk used to manufacture nonfat dry milk. The amount of milk used in Class IV decreased by 38.2 percent and the annual utilization of Class IV decreased by 4.2 percentage points in 2007.

APPALACHIAN MARKETING AREA ORDER NO. 5				
ANNUAL STATISTICAL SUMMARY				
	2007		2006	
PRICES (Simple Average): (Base Zone)				
Uniform Price	20.49		\$13.99	
Class I Price	21.24		14.98	
Class II Price	18.36		11.76	
Class III Price	18.04		11.89	
Class IV Price	18.36		11.06	
Uniform Skim Milk Price	15.85		9.63	
Class I Skim Milk Price	16.57		10.57	
Class II Skim Milk Price	13.67		7.35	
Class III Skim Milk Price	13.37		7.51	
Class IV Skim Milk Price	13.70		6.66	
Uniform Butterfat Price	1.4832		1.3427	
Class I Butterfat Price	1.4984		1.3684	
Class II Butterfat Price	1.4763		1.3316	
Class III Butterfat Price	1.4693		1.3252	
Class IV Butterfat Price	1.4693		1.3252	
PRODUCER MILK:	Pounds	%	Pounds	%
Class I	4,120,092,709	70.25	4,136,735,262	66.26
Class II	973,446,116	16.60	1,013,775,584	16.24
Class III	303,091,575	5.17	334,402,661	5.36
Class IV	468,392,997	7.98	758,057,017	12.14
Total Producer Milk	5,865,023,397		6,242,970,524	

USDA Invites Comments on Proposed Amendment, cont'd from page 1

milk products delivered to the residence of a consumer, are exempt from assessments. USDA's Agricultural Marketing Service monitors the operations of the board.

Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, 1400 Independence Ave., SW, Room 2958-S, Stop 0233, Washington, DC 20250-0233.

The proposed rule was published in the January 28, 2008, Federal Register. Public comments must be submitted on or before February 27, 2008. Comments may be submitted on the Internet at www.regulations.gov or mailed to Whitney A.

Copies of the proposed rule may be obtained from USDA/AMS/Dairy Programs, Room 2958-S, Stop 0233, Washington, DC 20250-0233. The proposed rule is available on AMS' website at: www.ams.usda.gov/dairy.

Secretary of Agriculture Ed Schafer, cont'd from page 1

As chair of the Western Governors Association, Schafer led regional efforts to demonstrate how technology could improve the efficiency and lower the cost of delivering government services such as health benefits and food stamps. He also worked to make telemedicine more available and

affordable in rural areas. Born and raised in Bismarck, North Dakota, Schafer graduated from the University of North Dakota in 1969 with a bachelor's degree in Business Administration and earned an MBA from the University of Denver in 1970.

**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 7-1-1



Oct. - Dec. Milk Production

Milk production in the U.S. during the October - December 2007 quarter totaled 46.0 billion pounds, up 3.2 percent from the October - December 2006 quarter.

The average number of milk cows in the U.S. during the quarter was 9.20 million head, 80,000 head more than the same period last year.



Federal Milk Marketing Order Statistics - December 2007

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,996	906	45.4	21.59
5 Appalachian	500	341	68.2	22.37
6 Florida	267	220	82.2	23.44
7 Southeast	594	393	66.2	22.44
30 Upper Midwest	2,427	377	15.6	20.65
32 Central	922	375	40.6	20.36
33 Mideast	1,375	556	40.4	20.64
124 Pacific Northwest	579	190	32.9	20.30
126 Southwest	639	346	54.2	21.01
131 Arizona	321	115	39.9	20.82
All Orders ¹	9,619	3,819	39.7	21.10

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

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.