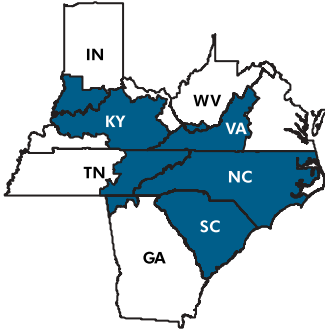




# THE COURIER

Appalachian Marketing Area Monthly Newsletter



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Market Administrator

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## USDA Issues Tentative Final Decision

On June 19, 2008, the U. S. Department of Agriculture issued a tentative final decision to amend the Class III and Class IV product price formulas in all Federal milk marketing orders. The decision was based on the record of the first session of a public hearing held in Strongsville, OH, on February 26-March 2, 2007; a second session of a public hearing held in Indianapolis, IN, on April 9-13, 2007; and a third session of a public hearing held in Pittsburgh, PA, on July 9-11, 2007.

The decision would amend the manufacturing (make) allowances for cheese, butter, nonfat dry

milk (NFDM) and dry whey. Specifically, this decision would adopt the following make allowances: cheese - \$0.2003 per pound; butter - \$0.1715 per pound; NFDM - \$0.1678 per pound; and dry whey - \$0.1991 per pound. This decision also proposes to increase the butterfat yield factor of the butterfat price formula from 1.20 to 1.211. These amendments are subject to producer approval before they can be implemented.

The tentative final decision was published in the June 20 Federal Register. Public comments are due August 19, 2008. Comments (six copies)

*USDA Issues Decision, Cont'd on page 4* ➔

## Final Rule on Dairy Product Mandatory Reporting Program

On June 17, 2008, the U. S. Department of Agriculture issued a final rule that adopts amendments to the Dairy Products Mandatory Reporting Program that was established on August 2, 2007. The Dairy Market Enhancement Act of 2000, and certain provisions of the Farm Security and Rural Investment Act of 2002, amend the Agricultural Marketing Act of 1946 to provide for timely, accurate, and reliable market information to facilitate more informed marketing decisions and promote competition in the dairy product manufacturing industry.

This program: (1) requires persons engaged in manufacturing dairy products to report certain information including the price, quantity, and moisture content where applicable, of dairy products sold by the manufacturer; and (2) requires persons storing dairy products to report information on the quantity of dairy products stored. The National Agricultural Statistics Service (NASS) collects such information for the program. The Agricultural Marketing Service (AMS) has implemented a plan to verify the price

*Final Rule, Continued on page 3* ➔

## USDA Names Member to National Fluid Milk Board

On June 3, 2008, the U.S. Department of Agriculture announced the appointment of a new member to the National Fluid Milk Processor Promotion Board.

Newly appointed to fill a vacancy lasting less than 18 months is Jay S. Bryant, Reston, VA (Region

6). The term for this appointee expires June 30, 2009. This new member will be seated at the board meeting July 17-19, 2008.

The National Fluid Milk Processor Promotion Board is composed of 15 fluid milk processors

*USDA Names Member, Cont'd on page 3* ➔

## Appalachian Statistical Summary

	JUNE 2008	MAY 2008	JUNE 2007
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$20.22	\$19.11	\$20.70
Class I Price	21.58	20.02	20.94
Class II Price	16.19	15.51	18.89
Class III Price	20.25	18.18	20.17
Class IV Price	15.92	15.26	20.76
Uniform Skim Milk Price	\$15.11	\$14.23	\$15.58
Class I Skim Milk Price	16.57	15.30	15.98
Class II Skim Milk Price	10.89	10.40	13.58
Class III Skim Milk Price	15.12	13.20	14.93
Class IV Skim Milk Price	10.64	10.17	15.54
Uniform Butterfat Price	\$1.6115	\$1.5378	\$1.6199
Class I Butterfat Price	1.5965	1.5003	1.5776
Class II Butterfat Price	1.6230	1.5632	1.6527
Class III Butterfat Price	1.6160	1.5562	1.6457
Class IV Butterfat Price	1.6160	1.5562	1.6457
<b>PRODUCER MILK:</b>			
Class I	312,267,779	344,273,751	320,902,196
Class II	87,895,660	85,485,670	92,418,284
Class III	19,271,867	18,469,293	11,000,345
Class IV	46,213,449	42,352,212	12,892,100
<b>Total Producer Milk</b>	<b>465,648,755</b>	<b>490,580,926</b>	<b>437,212,925</b>
<b>PERCENT PRODUCER MILK IN:</b>			
Class I	67.06	70.18	73.40
Class II	18.88	17.43	21.14
Class III	4.14	3.76	2.51
Class IV	9.92	8.63	2.95

### APPALACHIAN MARKETING AREA STATS FOR JUNE 2008:

⇒ **The Uniform Price** for June 2008 was \$20.22, up \$1.11 from May 2008.

⇒ **Total Class I Milk** for June 2008 was 312,267,779 pounds.

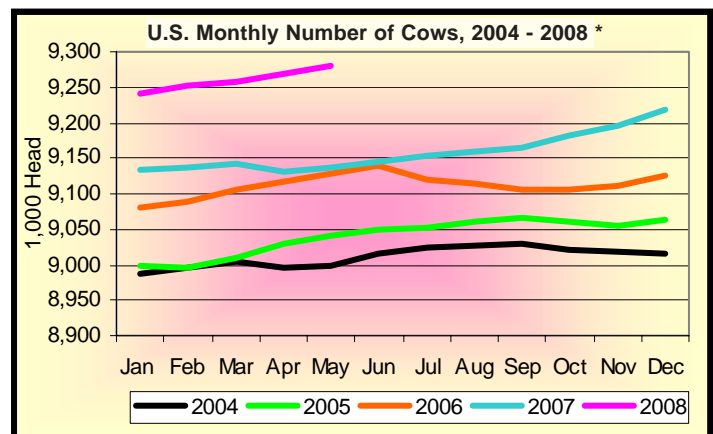
⇒ **Class I Utilization** for June 2008 was 67.06 percent.

⇒ **Total Producer Milk** for June 2008 was 465,648,755 pounds, up 28.4 million pounds, or a 6.5% increase compared to a year ago.

## May Milk Production Up 3.4 Percent

Milk production in the 23 major states during May totaled 15.4 billion pounds, up 3.4 percent from May 2007. April revised production at 14.8 billion pounds, was up 2.6 percent from April 2007. The April revision represented an increase of 6 million pounds from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,816 pounds for May, 25 pounds above May 2007.

The number of milk cows on farms in the 23 major states was 8.46 million head, 162,000 head more than May 2007, and 12,000 head more than April 2008.



\* Based on entire U.S. production.

## Just the Facts: Ice Cream Sales and Trends

Total U.S. production of ice cream and related frozen desserts in 2006 amounted to about 1.55 billion gallons, an increase of 0.7% over 2005. *Source: U.S. Department of Agriculture.*

Based on ice cream consumption figures, the top five individual flavors in terms of share of segment in the United States are: vanilla (30%), chocolate (10%), butter pecan (4%), strawberry (3.7%) and chocolate chip mint



(3.2%). *Source: The NPD Group's National Eating Trends Services.*

According to 2006 U.S. production, regular ice cream accounts for the largest share of the frozen dessert market, at 63.8%. Reduced-fat, light, lowfat and nonfat ice cream account for 23.5% of the market, followed by frozen yogurt (4.3%), water ice (4.3%), sherbet (3.6%) and other (0.5%). *Source: USDA.*

## Final Rule On Dairy Product Mandatory Reporting Program, Cont'd from pg. 1

information submitted by dairy product manufacturing plants to NASS. Any manufacturer that processes and markets less than 1 million pounds of dairy products per year is exempt from the price reporting requirements.

AMS reviewed all comments received in response to the interim final rule and considered those comments in developing the final rule. All changes in the final rule from the interim rule concern price reporting. There are no changes concerning stock reporting. Certain products are now excluded in the reporting specifications:

- √ Products that are produced under faith-based close supervision and are marketed at a higher price than the manufacturer's wholesale

market price for the basic commodity.

- √ Dairy Export Incentive Program sales or other premium-assisted sales.

- √ Products certified as organic by USDA-accredited certifying agents.

Another substantive change is that, in calculating the total dollars received or dollars per pound, the reporting entity shall not deduct brokerage fees or clearing charges paid by the manufacturer. Other changes have been made in organization or content for greater clarity.

The final rule appeared in the June 17, 2008, Federal Register and became effective June 22, 2008.

## USDA Names Member to National Fluid Milk Board, Continued from page 1

from 15 geographic regions and five at-large members. At least three at-large members must be fluid milk processors and at least one must be from the general public. 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 milk products delivered to the residence of a consumer, are exempt from assessments.

USDA's Agricultural Marketing Service monitors the operations of the Board. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the program.



The United States leads the world in annual production of ice cream and related frozen desserts at about 1.6 billion gallons in 2006. *Source: USDA.*



In 2001 super-market sales, ice cream bars (25%) were the largest dollar market share of the frozen novelty market, followed by yogurt novelties (20%), frozen ice (14.1%), ice cream sandwiches (13.5%), and ice cream cones (10%). *Source: IRI.*



Total U.S. exports of ice cream reached more than 26,500 metric tons in 2006 - worth about \$60 million. *Source: USDA/International Ice Cream Association.*



Nearly 80% of supermarket ice cream sales are packaged in half-gallon containers. *Source: IRI, 2001.*



In 2006, total U.S. sales of ice cream and frozen desserts reached nearly \$23 billion. Of that total, \$8.9 billion was spent on products for "at home" consumption, while \$13.9 billion was spent on "away from home" frozen dessert purchases (scoop shops, foodservice and other retail sales outlets.) *Source: 2007 Dairy Facts/International Ice Cream Association.*

**APPALACHIAN MARKETING AREA  
FEDERAL ORDER 5**

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KRS 7-1-1



USDA Issues Decision, Cont'd from pg. 1

should be filed with the Hearing Clerk, Stop 9200-Room 1031, United States Department of Agriculture, 1400 Independence Avenue, SW, Washington, DC 20250-9200, or submitted at the Federal eRulemaking portal: <http://www.regulations.gov>.

Additional information may also be obtained from this office by calling (502) 499-0040, or e-mail [friedly@malouisville.com](mailto:friedly@malouisville.com).

**Federal Milk Marketing Order Statistics - May 2008**

Federal Order		Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1	Northeast	2,086	895	42.9	18.18
<b>5</b>	<b>Appalachian</b>	<b>491</b>	<b>344</b>	<b>70.2</b>	<b>19.11</b>
6	Florida	270	227	84.3	21.38
7	Southeast	597	387	64.7	19.60
30	Upper Midwest	1,868	380	20.3	17.99
32	Central	817	349	42.8	17.08
33	Mideast	1,230	565	46.0	17.53
124	Pacific Northwest	531	189	35.7	16.83
126	Southwest	702	359	51.1	17.88
131	Arizona	388	119	30.7	17.20
<b>All Orders <sup>1</sup></b>		<b>8,979</b>	<b>3,815</b>	<b>42.5</b>	<b>18.05</b>

<sup>1</sup> Weighted average uniform prices at 3.5% butterfat at announced locations.

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