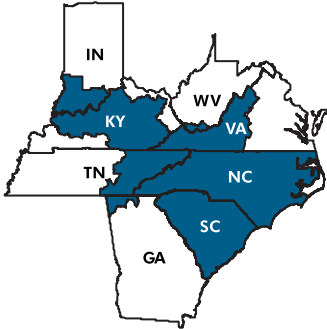




THE COURIER

Appalachian Marketing Area Monthly Newsletter



Schafer Names Members to National Dairy Board

On November 13, 2008, Agriculture Secretary Ed Schafer announced the appointment of eight new members and reappointment of five incumbents to the National Dairy Promotion and Research Board. Twelve appointees will serve three-year terms, November 1, 2008, through October 31, 2011, and one appointee from Region 2 will serve a two-year term, November 1, 2008, through October 31, 2010.

7); and Carl A. Schmitz, Wadesville, IN (Region 9).

The National Dairy Promotion and Research Board, composed of 36 dairy farmers representing 13 regions of the contiguous United States, administers a coordinated program of promotion, research and nutrition education. The board was established by the Dairy Production Stabilization Act of 1983. It is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The program is financed by a mandatory 15-cent per hundredweight assessment on milk produced and marketed commercially by dairy farmers in the 48 states. USDA's Agricultural Marketing Service (AMS) monitors the operation of the board.

Newly appointed were: John B. Fiscalini, Modesto, CA (Region 2, shortened term); Ronald E. Shelton, Greeley, CO (Region 3); Harold A. Wick, Austin, CO (Region 3); Byron A. Lehman, Newton, KS (Region 4); Kenton W. Holle, Mandan, ND (Region 5); Sharon K. Laubscher, Wonewoc, WI (Region 6); Larry B. Jagers, Glendale, KY (Region 8); and Ellen H. Paradee, Grand Isle, VT (Region 13).

AMS encourages all eligible individuals to participate in its committee and board activities. It is USDA's policy that membership on industry-governed boards and committees accurately reflect the diversity of individuals served by the programs.

Harold H. Friedly, Jr.
Market Administrator



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Reappointed to serve second terms were: Ronald L. Koetsier, Visalia, CA (Region 2); William R. D. Anglin, Bentonville, AK (Region 4); Carl F. VanDen Avond, Luxemburg, WI (Region 6); Douglas D. Nuttelman, Stromsburg, NE (Region



Lower Demand and Higher Production Pressures 2009 Prices

Milk production is expected to inch ahead through the fall quarter as both cow numbers and yield are slightly higher on a year-over-year basis. Cow numbers are expected to retreat through the balance of 2008 and into 2009. However, feed costs have plummeted and alfalfa prices have fallen, but proportionally less than either corn or soybean meal. Lower feed costs will likely help boost feeding rates hence increasing yields. Milk production will likely increase about 1 percent next year, reaching 191.5 billion pounds in 2009. The projected rate of growth is well below rates

of increase in recent years. Slightly higher production will encounter weaker demand, both foreign and domestic, pressuring prices.

While August exports showed a rebound from July, the most recent export data, September, show a month-over-month decline, with butter declining sharply. Cumulative exports of cheese, butter and nonfat dry milk (NDM) are ahead of year earlier levels except for whey exports, which are well behind last year. Export demand is expected to weaken through the fall quarter and

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Appalachian Statistical Summary

NOVEMBER 2008 OCTOBER 2008 NOVEMBER 2007

PRICES: (Base Zone)

Uniform Price	\$18.75	\$18.49	\$23.75
Class I Price	20.73	18.93	24.55
Class II Price	14.45	16.60	22.07
Class III Price	15.51	17.06	19.22
Class IV Price	12.25	13.62	20.40
Uniform Skim Milk Price	\$12.86	\$12.54	\$19.42
Class I Skim Milk Price	14.69	13.16	20.14
Class II Skim Milk Price	8.52	10.46	17.74
Class III Skim Milk Price	9.64	10.97	14.81
Class IV Skim Milk Price	6.26	7.40	16.03
Uniform Butterfat Price	\$1.8116	\$1.8262	\$1.4325
Class I Butterfat Price	1.8728	1.7791	1.4628
Class II Butterfat Price	1.7800	1.8577	1.4147
Class III Butterfat Price	1.7730	1.8507	1.4077
Class IV Butterfat Price	1.7730	1.8507	1.4077

PRODUCER MILK:

Class I	332,721,286	366,203,300	350,581,128
Class II	82,664,709	87,333,826	69,783,215
Class III	26,681,714	17,754,987	30,683,536
Class IV	45,460,070	26,425,363	20,363,067
Total Producer Milk	487,527,779	497,717,476	471,410,946

PERCENT PRODUCER MILK IN:

Class I	68.25	73.57	74.37
Class II	16.96	17.55	14.80
Class III	5.47	3.57	6.51
Class IV	9.32	5.31	4.32

October Milk Production Up 1.5%

Milk production in the 23 major states during October totaled 14.4 billion pounds, up 1.5 percent from October 2007. September revised production at 14.0 billion pounds, was up 1.8 percent from September 2007. The September revision represented a decrease of 13 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,700 pounds for October, 3 pounds above October 2007.

The number of milk cows on farms in the 23 major states was 8.46 million head, 105,000 head more than October 2007, and 1,000 head more than September 2008.

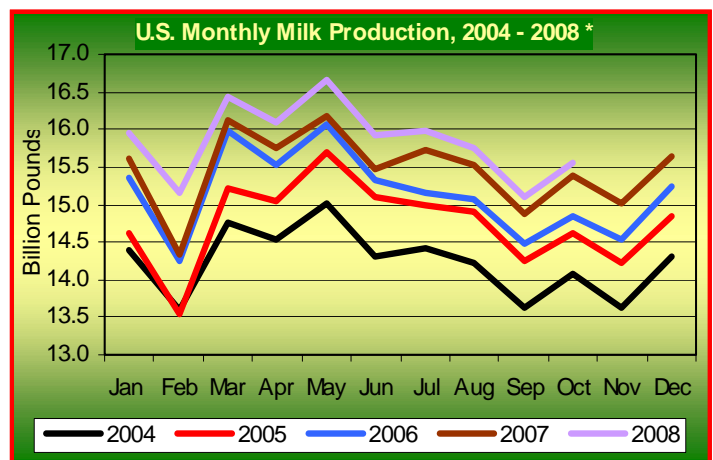
APPALACHIAN MARKETING AREA STATS FOR NOVEMBER 2008:

⇒ **The Uniform Price** for November 2008 was \$18.75, an increase of \$0.26 from October 2008.

⇒ **Total Class I Milk** for November 2008 was 332,721,286 pounds.

⇒ **Class I Utilization** for November 2008 was 68.25 percent.

⇒ **Total Producer Milk** for November was 487,527,779 pounds, up 16.1 million pounds, or a 3.4 percent increase compared to last year.



* Based on entire U.S. production.

Release Dates for 2009 Federal Milk Order Price Data

Listed below are the release dates for the Federal milk order program for price data applicable to January through December 2009. The advanced prices and pricing factors will be released at 10:00 a.m. EST/EDST no later than the 23rd of the preceding month if that date is on a Friday; otherwise, the release date will be the nearest Friday before the 23rd. Likewise, the class and component prices will be released at 10:00 a.m. EST/EDST no later than the 5th of the following month if that date is on a Friday; otherwise the

release date will be the nearest Friday before the 5th. As noted below, the release time and release dates may differ from this schedule due to the timing of some holidays. Due to the Independence Day Federal holiday on July 3, the release date and time for the June Class and Component Prices is Thursday, July 2 at 2:00 p.m. EDST. Due to the Federal holiday on January 1, 2010, the release date and time for the December Class and Component Prices is Thursday, December 31, 2009, at 2:00 p.m. EST.

Month to Which Prices Apply	ADVANCED PRICES AND PRICING FACTORS		CLASS AND COMPONENT PRICES	
	Release Date	Time Period of NASS Prices ^{1/}	Release Date	Time Period of NASS Prices ^{1/}
JANUARY	Dec. 19, 2008	12/6, 13	Jan. 30, 2009	1/3, 10, 17, 24
FEBRUARY	Jan. 23, 2009	1/10, 17	Feb. 27	1/31, 2/7, 14, 21
MARCH	Feb. 20	2/7, 14	Apr. 3	2/28, 3/7, 14, 21, 28
APRIL	Mar. 20	3/7, 14	May 1	4/4, 11, 18, 25
MAY	Apr. 17	4/4, 11	Jun. 5	5/2, 9, 16, 23, 30
JUNE	May 22	5/9, 16	Jul. 2	6/6, 13, 20, 27
JULY	Jun. 19	6/6, 13	Jul. 31	7/4, 11, 18, 25
AUGUST	Jul. 17	7/4, 11	Sep. 4	8/1, 8, 15, 22, 29
SEPTEMBER	Aug. 21	8/8, 15	Oct. 2	9/5, 12, 19, 26
OCTOBER	Sept. 18	9/5, 12	Oct. 30	10/3, 10, 17, 24
NOVEMBER	Oct. 23	10/10, 17	Dec. 4	10/31, 11/7, 14, 21, 28
DECEMBER	Nov. 20	11/7, 14	Dec. 31	12/5, 12, 19, 26

^{1/} Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by NASS on Friday of the following week.



Lower Demand and Higher Production, continued from page 1

into 2009. New Zealand and Australian milk production is expected to climb above year earlier levels in 2009. Increased supply from major competitors and a weakening global economy will curb exports next year. Both foreign and domestic demand is adversely affected by the onset of economic slowdown.

Prices across the board are showing weakness, especially for whey and NDM. NDM prices have declined through October according to NASS and averaged 91 cents a pound by the end of October. By early November, the Commodity Credit Corporation (CCC) had agreed to purchase 48 million pounds of NDM at the 80 cent per pound support price.

Butter prices have fared best during Oct. and have increased by over 2 cents per pound since early Oct. As butter exports are expected to weaken in the coming months, butter prices

should fall. Prices for cheese declined about 5 cents per pound in Oct. and will likely decline gradually into next year. Prices for all milk powders and whey are expected to decline in 2009. Forecast milk equivalent stocks have been adjusted downward on a skim basis as lower prices should boost domestic use.

Prices are forecast lower next year for all major dairy products. Cheese prices are expected to average \$1.880 to \$1.890 per pound this year and \$1.675 to \$1.765 per pound in 2009. Butter prices should average \$1.455 to \$1.485 per pound in 2008 dropping slightly to average \$1.390 to \$1.510 next year. NDM prices are expected to average between \$1.225 to 1.245 per pound and drop to 90.0 to 97.0 cents per pound in 2009. Whey prices, which declined sharply in 2008, are expected to average 24.5 to 25.5 cents per pound this year and 19.0 to 22.0 cents next year. Falling product prices will have their expected impact

Lower Demand, continued on page 3 ➤

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**



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Lower Demand, cont'd from page 3

on milk prices. Class III milk, which is expected to average \$17.30 to \$17.40 per cwt. in 2008, is forecast to decline to \$14.75 to \$15.65 per cwt. in 2009. Class IV milk prices are forecast to decline from an average \$14.75 to \$14.95 per cwt. in 2008 to \$11.50 to \$12.50 per cwt. in 2009. The all milk price, which is expected to average \$18.30 to 18.40 per cwt. in 2008, is forecast to slide to \$15.30 to 16.20 per cwt. in 2009. Source: *Livestock, Dairy, & Poultry Outlook/LDP-M-173/* November 17, 2008, Economic Research Service, USDA.

Federal Milk Marketing Order Statistics - October 2008

Federal Order		Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1	Northeast	1,932	916	47.4	17.44
5	Appalachian	498	366	73.6	18.49
6	Florida	254	221	87.0	20.42
7	Southeast	564	415	73.6	18.95
30	Upper Midwest	2,175	399	18.3	17.02
32	Central	927	381	41.1	16.30
33	Mideast	1,187	602	50.7	16.80
124	Pacific Northwest	455	207	45.6	15.49
126	Southwest	559	378	67.6	17.26
131	Arizona	331	124	37.5	16.59
All Orders ¹		8,882	4,009	45.1	17.23

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

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