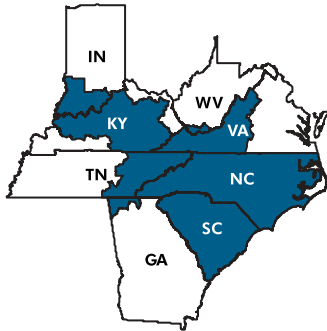




# THE COURIER

Appalachian Marketing Area Monthly Newsletter



Harold H. Friedly, Jr.  
Market Administrator



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## Proceeding On Proposed Amendments To All Milk Orders Terminated

On December 24, 2008, the U. S. Department of Agriculture announced that it terminated a proceeding on proposed amendments to modify the formulas used to determine Class I and Class II prices in all Federal milk marketing orders.

In response to a proposal by the National Milk Producers Federation to reconsider formulas for Class I and Class II milk, USDA held a hearing December 11-15, 2006, in Pittsburgh, PA. USDA

terminated the proceeding because the evidence presented at the hearing was neither compelling nor provided a basis to make a reasoned decision for recommending adoption or denial of the proposal.

The termination notice was published in the December 24 Federal Register. The termination notice and hearing record is available on the Agricultural Marketing Service Dairy Programs website at <http://www.ams.usda.gov/dairy>.

## Milk Income Loss Contract Program Signup Begins

On December 19, 2008, USDA's Farm Service Agency (FSA) announced that signup for the Milk Income Loss Contract Program (MILC) begins December 22 and will continue through the program's expiration date, September 30, 2012.

The 2008 Farm Bill reauthorizes the MILC Program, which operates similarly to the counter-cyclical payment program for crops, and makes three key changes in program operation. Under the 2008 Act, the MILC payment rate and the per-operation poundage limit are modified, depending on when the milk is produced. In addition, a "feed cost adjuster" is introduced over

the life of the 2008 Act, which adjusts the \$16.94 per hundredweight (cwt.) benchmark price upward depending on the cost of feed rations. When available, MILC payments are based on a payment rate percentage that is multiplied by the difference between a now-flexible target (\$16.94 per cwt. or higher) and the specific month's Boston Class I price of milk.

USDA's Commodity Credit Corporation (CCC) issues MILC payments on an operation-by-operation basis up to a maximum of 2.4 million pounds of milk produced and marketed from *MILC Program, continued on page 3*

## Two Market Administrators Retire, Two New Appointees

On January 2, 2009, Richard Fleming, Southwest Order Market Administrator, and Bob Vander Linden, Central Order Market Administrator, retired. Mr. Fleming had been with the Federal Milk Marketing Order Program for more than 50 years. Mr. Vander Linden had been with the Program for nearly 40 years. Both of these men contributed significantly to the successful administration of the Program. We wish them a long and happy retirement.

David C. Stukenberg has been appointed as Market Administrator of the Central Milk Marketing Order. Mr. Stukenberg graduated from the University of Illinois with a Bachelor of Science degree in Dairy Science. He has been a part of the Federal Milk Marketing Order Program for over 38 years. He began his career in the Marketing Services Program of the St. Louis, MO, office. He progressed to the position *Two Market Administrators, cont'd on page 3*

# Appalachian Statistical Summary

DECEMBER 2008 NOVEMBER 2008 DECEMBER 2007

## PRICES: (Base Zone)

Uniform Price	\$16.23	\$18.75	\$22.37
Class I Price	18.83	20.73	23.14
Class II Price	11.21	14.45	20.82
Class III Price	15.28	15.51	20.60
Class IV Price	10.35	12.25	19.18
Uniform Skim Milk Price	\$11.38	\$12.86	\$17.96
Class I Skim Milk Price	12.89	14.69	18.75
Class II Skim Milk Price	6.88	8.52	16.35
Class III Skim Milk Price	11.12	9.64	16.14
Class IV Skim Milk Price	6.01	6.26	14.67
Uniform Butterfat Price	\$1.4987	\$1.8116	\$1.4401
Class I Butterfat Price	1.8265	1.8728	1.4430
Class II Butterfat Price	1.3068	1.7800	1.4418
Class III Butterfat Price	1.2998	1.7730	1.4348
Class IV Butterfat Price	1.2998	1.7730	1.4348

## PRODUCER MILK:

Class I	361,683,533	332,721,286	340,811,368
Class II	75,944,849	82,664,709	67,108,426
Class III	21,495,121	26,681,714	29,122,292
Class IV	63,608,305	45,460,070	62,518,854
<b>Total Producer Milk</b>	<b>522,731,808</b>	<b>487,527,779</b>	<b>499,560,940</b>

## PERCENT PRODUCER MILK IN:

Class I	69.19	68.25	68.22
Class II	14.53	16.96	13.43
Class III	4.11	5.47	5.84
Class IV	12.17	9.32	12.51

### F.O. 5 STATS FOR DECEMBER 2008:

⇒ **The Uniform Price** for December 2008 was \$16.23.

⇒ **Total Class I Milk** for December 2008 was 361,683,533 pounds, 29 million pounds higher than November 2008, and 21 million pounds higher than December 2007

⇒ **Class I Utilization** for December 2008 was 69.19 percent, up 0.94 percent from last month, and up 0.97 percent from last year.

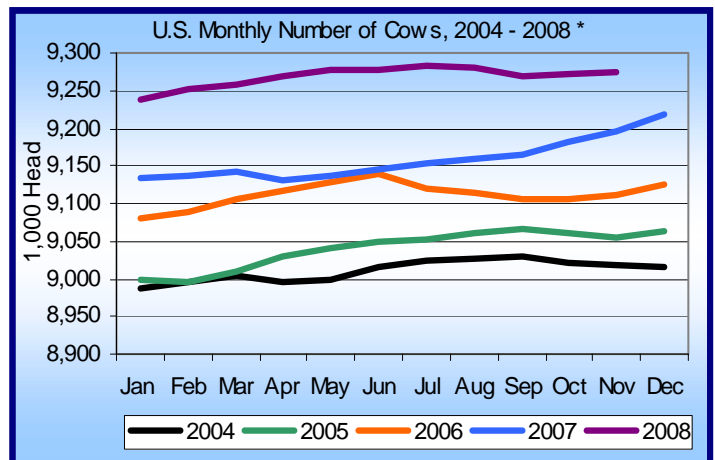
⇒ **Total Producer Milk** for December was 522,731,808 pounds, up 35 million pounds, or a 7.2 percent increase compared to last month, and up 23 million pounds, or an increase of 4.6 percent over December 2007.



## November Milk Production Up 1.4%

Milk production in the 23 major states during November totaled 14.0 billion pounds, up 1.4 percent from November 2007. October revised production at 14.4 billion pounds, was up 1.6 percent from October 2007. The October revision represented an increase of 16 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,657 pounds for November, 3 pounds above November 2007.

The number of milk cows on farms in the 23 major states was 8.47 million head, 99,000 head more than November 2007, and 6,000 head more than October 2008.



\* Based on entire U.S. production.

## MILC Program, continued from page 1

October 1, 2007, through September 30, 2008. The production limit per operation increases to 2.985 million pounds for each fiscal year from October 1, 2008, through August 31, 2012. The production limitation reverts back to the original limit of 2.4 million pounds per fiscal year in September 2012.

The 2008 Act adjusts the trigger price of \$16.94 cwt., depending on the extent to which feed costs increase. The feed cost adjustment takes effect when the monthly National Average Dairy Feed Ration Cost (calculated from the "entire month" prices published by the National Agricultural Statistics Service) is greater than \$7.35 per cwt. beginning January 1, 2008, through August 31, 2012. Calculations from January 1, 2008, through August 31, 2012, will be made at 45 percent of the percentage that the National Average Dairy Feed Ration Cost exceeds \$7.35 per cwt.

Beginning with fiscal year 2009 marketings, which started October 1, 2008, the 2008 Act made changes to the provisions for payment eligibility to add an adjusted gross income (AGI) limit. If the individual or entity has annual non-farm AGI for the relevant base period greater than \$500,000, the individual or entity is not eligible for MILC benefits. The base period will be set pursuant to AGI regulations yet to be issued. That rule will also define what is considered to be non-farm income.

During the signup application period, participating dairy operations must select the

month of the fiscal year to start receiving payments for eligible production. Producers submitting a contract application within 30 days of the beginning of the application period can select any preceding month as the start month. Producers submitting contract applications after January 21, 2009, will not have the option of selecting an earlier month as the payment start month for the dairy operation for a fiscal year; and will be limited to applicable start month selection rules. Those general rules are that the start month must either be the month the contract is submitted or some later month. Changes in the month may be made from year to year so long as the designation is made by the fourteenth of the month proceeding the new start month. Pound limits run from the start month and all pounds for which payment is received count against the limit for that fiscal year.

Eligible dairy producers are those who commercially produce milk in the United States. To receive program approval, producers must enter into a MILC contract with CCC and provide monthly milk marketing data. Dairy producers can apply for MILC at local FSA offices.

All payments in the program are subject to limits in the contract, regulations, and to changes in statutory provisions for payment.

More information on MILC is available at local FSA offices.

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## Two Market Administrators Retire, Two New Appointees, cont'd from pg. 1

of Assistant Market Administrator in 1985; moved to the Tulsa, OK, office in 1994; and then to Lenexa, KS, in 2000. He has served as the Assistant Market Administrator of the Central Order since then.

Cary J. Hunter has been appointed as Market Administrator of the Southwest Milk Marketing Order. Mr. Hunter graduated from Texas A & M with a Bachelor of Science degree in Dairy

Science in 1987 and with a Master's degree in Agricultural Economics in 1991. While attending Texas A & M, he managed his family farm. He began working for the Federal Milk Marketing Order in July 1990 as a Marketing Specialist with the Southwest Order and was promoted to the position of Assistant to the Market Administrator in August 1996. He was subsequently promoted to Assistant Market Administrator in January 2002.



**APPALACHIAN MARKETING AREA  
FEDERAL ORDER 5**

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KRS 7-1-1



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

Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,870	847	45.3	17.09
<b>5 Appalachian</b>	<b>488</b>	<b>333</b>	<b>68.3</b>	<b>18.75</b>
6 Florida	251	210	83.8	21.25
7 Southeast	561	381	68.0	19.21
30 Upper Midwest	2,625	365	13.9	15.85
32 Central	1,075	347	32.3	15.61
33 Mideast	1,300	551	42.4	16.32
124 Pacific Northwest	621	183	29.4	15.29
126 Southwest	954	345	36.2	16.89
131 Arizona	336	116	34.4	15.83
<b>All Orders <sup>1</sup></b>	<b>10,080</b>	<b>3,678</b>	<b>36.5</b>	<b>16.64</b>

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



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