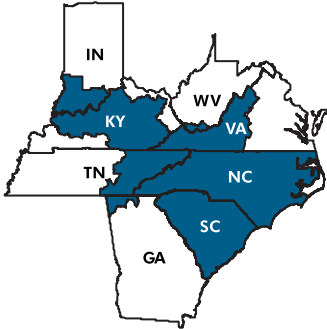


THE COURIER

Appalachian Marketing Area Monthly Newsletter



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Market Administrator



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USDA Announces Increase in Support Price Levels

On July 31, 2009, Agriculture Secretary Vilsack announced that the Obama Administration is taking immediate action to support struggling dairy farmers by increasing the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). USDA estimates show that these increases, which will be in place from August 2009 through October 2009, will increase dairy farmers' revenue by \$243 million.

"The Obama Administration is committed to pursuing all options to help dairy producers," said Vilsack. "The price increase announced today will provide immediate relief to dairy farmers around the country and keep many on the farm while they weather one of the worst dairy crises in decades."

The increase will raise the price paid for nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. This increase in the support price will have an immediate effect upon dairy farmers' bottom line. Temporarily raising the price of these dairy products increases the price that dairy farmers receive for their milk.



USDA estimates that today's announcement is expected to increase the all milk price received by dairy producers. The increase will result in the government purchase of an additional 150 million pounds of non-fat dry milk (NDM) and an additional 75 million pounds of cheese.

Support Price Levels, cont'd on pg. 3

USDA Announces Loan Program

On July 16, 2009, Agriculture Secretary Tom Vilsack announced that \$760 million from the Supplemental Appropriations Act signed by President Obama is available for approved but previously unfunded USDA direct farm ownership and operating loans throughout the country. Vilsack made this national announcement today at the Obama Administration's 'Rural Tour' Community Forum in Wisconsin.

"President Obama provided a welcome boost to rural economies around the country when he

signed the Supplemental Appropriations Act, because it has critical funds that will enable local producers to access necessary capital," said Vilsack. "USDA will deliver these loans to producers as quickly as possible to meet the capital needs of farmers and ranchers."

USDA has already provided \$400 million to state offices for direct operating loans. These funds will clear a \$150 million backlog of loans, which had already been approved for 2,200 family farmers. It will also provide additional funds for new loan applications. USDA has made the

Loan Program, cont'd on pg. 3

Appalachian Statistical Summary

	JULY 2009	JUNE 2009	JULY 2008
PRICES: (Base Zone)			
Uniform Price	\$12.92	\$12.66	\$22.31
Class I Price	13.66	13.48	24.18
Class II Price	10.87	10.79	16.81
Class III Price	9.97	9.97	18.24
Class IV Price	10.15	10.22	16.60
Uniform Skim Milk Price	\$8.78	\$8.52	\$17.07
Class I Skim Milk Price	9.43	9.31	19.10
Class II Skim Milk Price	6.73	6.61	11.31
Class III Skim Milk Price	5.82	5.78	12.82
Class IV Skim Milk Price	6.01	6.04	11.12
Uniform Butterfat Price	\$1.2699	\$1.2685	\$1.6667
Class I Butterfat Price	1.3022	1.2857	1.6426
Class II Butterfat Price	1.2508	1.2614	1.6844
Class III Butterfat Price	1.2438	1.2544	1.6774
Class IV Butterfat Price	1.2438	1.2544	1.6774

PRODUCER MILK:

Class I	340,694,568	323,693,729	330,830,757
Class II	84,447,777	85,368,942	90,412,896
Class III	31,112,583	32,105,178	21,590,635
Class IV	31,751,062	63,130,705	33,655,714
Total Producer Milk	488,005,990	504,298,554	476,490,002

PERCENT PRODUCER MILK IN:

Class I	69.81	64.19	69.43
Class II	17.30	16.93	18.98
Class III	6.38	6.36	4.53
Class IV	6.51	12.52	7.06

Prices subject to location adjustments per 1005.51 and 1005.75

June Milk Production Down 0.1%

Milk production in the 23 major States during June totaled 14.7 billion pounds, down 0.1 percent from June 2008. May revised production at 15.5 billion pounds, was up 0.5 percent from May 2008. The May revision represented an increase of 46 million pounds or 0.3 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,746 pounds for June, 10 pounds above June 2008.

The number of milk cows on farms in the 23 major States was 8.44 million head, 56,000 head less than June 2008, and 29,000 head less than May 2009.

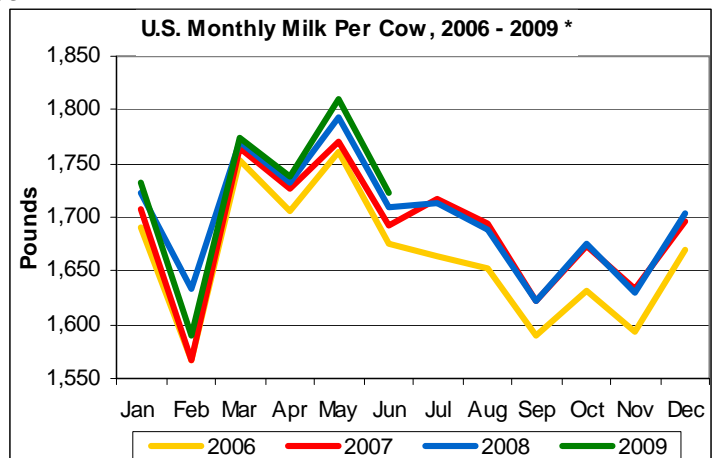
F.O. 5 STATS FOR JULY 2009:

➔ **The Uniform Price** for July 2009 was \$12.92, an increase of \$0.26 from June 2009.

➔ **Total Class I Milk** for July 2009 was 340,694,568 pounds, an increase of 17.0 million pounds, or 5.3 percent, compared to June 2009.

➔ **Class I Utilization** was 69.81 percent for July 2009, an increase of 5.6 percentage points from June 2009.

➔ **Total Producer Milk** for July 2009 was 488,005,990 pounds, up 11.5 million pounds, or 2.4 percent, compared to July 2008.



* Based on entire U.S. production.

USDA Announces Increase in Support Price Levels, continued from pg. 1

USDA has taken several steps to provide support for dairy farmers, including the following:

- In March, USDA transferred approximately 200 million pounds of nonfat dry milk to USDA's Food and Nutrition Service, which will not only remove inventory from the market, but also support low-income families struggling to put nutritious food on their tables.
- USDA expects to spend more than \$1 billion in fiscal year 2009 on purchases of dairy products (Dairy Product Price Support Program) and payments to producers (Milk Income Loss Contract (MILC)).
- On March 22, 2009, USDA reactivated USDA's Dairy Export Incentive Program (DEIP), to help U.S. dairy exporters meet prevailing world prices in addition to encouraging the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.
- Since March 22, USDA has encouraged the export of 20,000 tons of nonfat dry milk.
- From July 2008 through June 30, 2009, DEIP has announced allocations of 68,201 metric tons of nonfat dry milk; 21,097 metric tons of butterfat; 3,030 metric tons of various cheeses and 34 metric tons of other dairy products.
- USDA is working with the Department of State to identify foreign assistance programs such as U.S. Agency for International Development (USAID) and McGovern-Dole International Food for Education and Child Nutrition Program to make the following available:
 - At least 1 million pounds on a competitive basis, for the production of casein;
 - About 500,000 pounds for use in the McGovern-Dole International Food for Education and Child Nutrition Program; and
 - About 1 million pounds for use by the U.S. Agency for International Development, based on anticipated requests from the State Department.
- USDA is currently reviewing federal dairy policy to determine what changes are needed to reduce price volatility and enhance farmer profitability.

USDA Announces Loan Program, continued from pg. 1

remaining \$360 million available for direct farm ownership loans to be distributed directly by USDA's Farm Service Agency (FSA). There are currently 1,800 family farmers with approved but unfunded loans for \$322 million. FSA makes direct farm loans with government funds. The agency services these loans and provides direct loan customers with individual financial planning and expertise so they have a better chance for success.

Producers can use Direct Farm Ownership loans to buy farmland, construct or repair buildings and other fixtures, and promote soil and water conservation.



Operating Loans may be used to purchase items such as livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating Loans can also be used to pay for minor improvements to buildings, costs associated with land and water development, family subsistence, and to refinance debts under certain conditions. The maximum amount for either type of loan is \$300,000.

Producers interested in applying for direct loans or other FSA products should visit their local FSA county offices. For more information, visit www.fsa.usda.gov.

April - June Milk Production Up 0.1 Percent

Milk production in the U.S. during the April - June quarter totaled 48.8 billion pounds, up 0.1 percent from the April - June quarter last year.

The average number of milk cows in the U.S. during the quarter was 9.26 million head, 53,000 head less than the same period last year.

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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Federal Milk Marketing Order Statistics - June 2009

**BACK TO
SCHOOL**



Federal Order		Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1	Northeast	2,002	825	41.2	11.93
5	Appalachian	504	324	64.2	12.66
6	Florida	221	197	88.7	14.96
7	Southeast	605	370	61.2	12.83
30	Upper Midwest	2,759	340	12.3	10.29
32	Central	1,189	326	27.5	10.70
33	Mideast	1,431	528	36.9	10.99
124	Pacific Northwest	671	180	26.9	10.70
126	Southwest	993	327	32.9	11.64
131	Arizona	335	111	33.2	10.95
All Orders 1		10,710	3,528	32.9	11.26

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