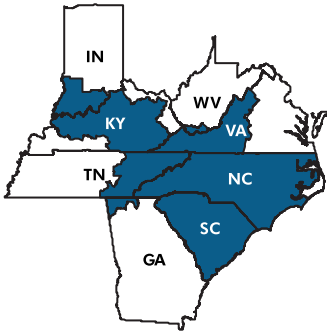




THE COURIER

Appalachian Marketing Area Monthly Newsletter



New Dairy Economic Loss Assistance Payment Program

On December 17, 2009, Agriculture Secretary Tom Vilsack announced the implementation of the new Dairy Economic Loss Assistance Payment (DELAP) program. The 2010 Agricultural Appropriations Bill authorized \$290 million for loss assistance payments to eligible dairy producers.

averaging \$16.80 per hundredweight (cwt.) in the fourth quarter of 2008 and averaging \$12.23 per cwt. in the first quarter of 2009, a 27-percent decline. On average, the price U.S. dairy producers received for milk marketed in the summer of 2009 was about half of what it cost them to produce milk.

Harold H. Friedly, Jr.
Market Administrator



“Through this program, eligible dairy producers will receive economic assistance that will help stabilize their operations during these tough economic times,” said Vilsack. “I have personally heard from hundreds of struggling dairy farmers from all across our country who have been hit hard by declining prices over the past year, and now, we’ll be able to offer them help.”

“The dedicated employees of the Farm Service Agency deserve a great deal of credit for acting quickly to provide this critical assistance to America’s dairy farmers,” said Jim Miller, Under Secretary of USDA Farm and Foreign Agricultural Services.

Milk prices declined substantially through early-to-mid-2009, with the national price for milk

Eligible producers will receive a one-time direct payment based on the amount of milk both produced and commercially marketed by their operation during the months of February through

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Secretary Vilsack Announces Cheese Purchase of \$60M

On December 18, 2009, Agriculture Secretary Tom Vilsack announced that approximately \$60 million in cheese and cheese products will be purchased by the Commodity Credit Corporation (CCC) for use in domestic feeding programs through USDA’s Food and Nutrition Service. USDA is expediting this cheese purchase to help provide much-needed support for low-income families struggling to put nutritious food on their tables, and to deliver timely assistance to dairy farmers who have been challenged by high feed costs and low dairy prices.

Along with providing market benefits for U.S. dairy producers, commodity purchases provide much-needed food aid - in the form of high-protein cheese - to food banks across our nation. The purchase continues USDA’s long history of delivering nutritional assistance through domestic and international feeding programs, including 15 domestic nutrition programs that touch the lives of one in every five people in America each day.

“This purchase will provide food to people in need, while helping dairy producers who are facing economic challenges by increasing demand for dairy products,” said Secretary Vilsack. “The Obama Administration continues to lend assistance in any way we can to support struggling agricultural industries.”

This aid comes at a time when demand on the nation’s food banks has reached an all-time high. As Americans across the country work to recover from tough economic times, food banks will continue to see a record demand for nutritious meals. The USDA cheese purchase announced today is part of a broad effort to address that urgent problem by providing ongoing support for

Cheese Purchase, cont'd on pg. 3

Appalachian Statistical Summary

DECEMBER 2009 NOVEMBER 2009 DECEMBER 2008

PRICES: (Base Zone)

Uniform Price	\$16.99	\$15.89	\$16.23
Class I Price	17.39	16.26	18.83
Class II Price	14.25	13.24	11.21
Class III Price	14.98	14.08	15.28
Class IV Price	15.01	13.25	10.35
Uniform Skim Milk Price	\$12.11	\$11.36	\$11.38
Class I Skim Milk Price	12.71	12.10	12.89
Class II Skim Milk Price	9.14	8.38	6.88
Class III Skim Milk Price	9.93	9.27	11.12
Class IV Skim Milk Price	9.96	8.41	6.01
Uniform Butterfat Price	\$1.5151	\$1.4093	\$1.4987
Class I Butterfat Price	1.4650	1.3092	1.8265
Class II Butterfat Price	1.5503	1.4726	1.3068
Class III Butterfat Price	1.5433	1.4656	1.2998
Class IV Butterfat Price	1.5433	1.4656	1.2998

PRODUCER MILK:

Class I	363,064,019	345,942,198	361,683,533
Class II	68,021,503	89,847,072	75,944,849
Class III	29,606,997	27,830,872	21,495,121
Class IV	43,851,774	22,124,431	63,608,305
Total Producer Milk	504,544,293	485,744,573	522,731,808

PERCENT PRODUCER MILK IN:

Class I	71.96	71.22	69.19
Class II	13.48	18.50	14.53
Class III	5.87	5.73	4.11
Class IV	8.69	4.55	12.17

F.O. 5 STATS FOR DECEMBER 2009:

➔ **The Uniform Price** for December 2009 was \$16.99, an increase of \$1.10 from November 2009 and \$0.76 higher than December 2008.

➔ **Total Class I Milk** for December 2009 was 363,064,019 pounds, an increase of 17.1 million pounds, or 4.9 percent compared, to November 2009.

➔ **Class I Utilization** was 71.96 percent for December 2009, an increase of 2.8 percentage points from December 2008.

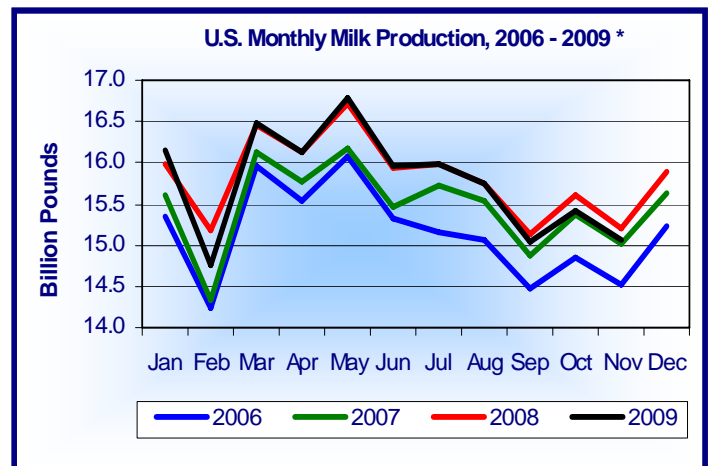
➔ **Total Producer Milk** for December 2009 was 504,544,293 pounds, down 18.2 million pounds, or 3.5 percent, compared to December 2008.



November Milk Production Down 1.0%

Milk production in the 23 major States during November totaled 14.0 billion pounds, down 1.0 percent from November 2008. October revised production at 14.3 billion pounds, was down 1.2 percent from October 2008. The October revision represented a decrease of 12 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,679 pounds for November, 25 pounds above November 2008.

The number of milk cows on farms in the 23 major States was 8.31 million head, 209,000 head less than November 2008, and 6,000 head less than October 2009.



* Based on entire U.S. production.

DELAP Program, continued from page 1

July 2009. Production information from these months will be used to estimate a full year's production for an operation to calculate the payments, using a 6-million pound per dairy operation limit.

Dairy producers who have production records at the USDA Farm Service Agency (FSA) county office because they participated in another FSA dairy program do not need to apply for the program. FSA will use existing production records for February through July 2009 to calculate and issue their payments.

Producers who have not provided production data for those months to FSA, and have not already been contacted by FSA to provide such data, have 30 days, until Jan. 19, 2010, to apply. FSA officials estimate that more than 95 percent of eligible producers will receive benefits without having to fill out a new application.

A national per hundred weight payment rate will be determined by dividing the available funding of \$290 million, less a reserve established by FSA, divided by the total pounds of eligible milk

production approved for payment. Based on current information, FSA estimates that 875 million cwt. of milk production will be eligible for payment. The reserve will cover new applicants and appeals. The expected payment rate is approximately \$0.32 per cwt.

To be eligible for DELAP, the dairy producer and the dairy operation in which the producer has a share:

Must have produced milk in the United States and marketed milk commercially at any time from February through July 2009; Must have milk production data for those months; Must certify to all milk production produced and marketed by the dairy operation during that time. Also, any dairy producer who has an annual average adjusted gross nonfarm income of more than \$500,000 for calendar years 2006 through 2008 is not eligible for DELAP.

For more information and eligibility requirements on the new DELAP program, please visit your local FSA county office or www.fsa.usda.gov. Release No. 0619.09

Cheese Purchase, continued from page 1

those organizations across America struggling to meet demand every day.

The 2010 Agricultural Appropriations Act authorized \$60 million for the purchase of cheese and cheese products. This cheese purchase marks the second of two steps announced by USDA to utilize a total of \$350 million authorized under the Act. Vilsack announced the Dairy Economic Loss Assistance Payment Program, which provides \$290 million for one-time payments to eligible dairy producers.

Throughout the year, U.S. dairy farmers have struggled against worsening markets. Milk prices declined substantially through early-to-mid-2009, with the national price for milk averaging \$16.80 per hundredweight (cwt.) in the fourth quarter of 2008 and averaging \$12.23 per cwt. in the first quarter of 2009, a 27-percent decline. On average, the price U.S. dairy producers received for milk marketed in the summer of 2009 was about half of what it cost them to produce milk.

"USDA is committed to helping dairy producers weather current challenges in the market, and this cheese purchase serves as one more example in a long line of USDA efforts this year to provide support," said Jim Miller, Under Secretary for Farm and Foreign Agriculture Services.

USDA took a number of steps in 2009 to provide relief to dairy farmers around the country. These steps include:

On December 17, Agriculture Secretary Vilsack announced the implementation of the new Dairy Economic Loss Assistance Payment (DELAP) program, which will provide \$290 million for loss assistance payments to eligible dairy producers. USDA spent approximately \$1 billion in fiscal year 2009 on purchases of dairy products under the Dairy Price Support Program and payments to producers under the Milk Income Loss Contract. USDA reactivated the 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. USDA increased the amount paid for dairy products through the Dairy Product Price Support Program. USDA estimates that these increases, which were in place from August 2009 through October 2009, increased dairy farmers' revenue by approximately \$243 million. In March, USDA transferred approximately 200 million pounds of nonfat dry milk to USDA's Food and Nutrition Service, which not only removed surplus inventory from the market, but also supported low-income families struggling to put nutritious food on their tables. Release No. 0624.09

**APPALACHIAN MARKETING AREA
FEDERAL ORDER 5**

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Federal Milk Marketing Order Statistics - November 2009



Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	1,818	842	46.3	15.02
5 Appalachian	486	346	71.2	15.89
6 Florida	249	211	84.9	17.80
7 Southeast	561	395	70.3	16.28
30 Upper Midwest	2,422	364	15.0	14.12
32 Central	949	354	37.3	13.86
33 Mideast	1,308	576	44.0	14.11
124 Pacific Northwest	632	188	29.8	13.92
126 Southwest	496	358	72.1	15.03
131 Arizona	319	123	38.6	14.38
All Orders 1	9,239	3,756	40.6	14.64

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

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