

# THE COURIER

Monthly Newsletter

February 2016

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## Fuel Up to Play 60 Announcement

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On February 5, 2016, Agriculture Secretary Tom Vilsack, NFL Commissioner, Roger Goodell, and Paul Rovey, dairy farmer and leader of the National Dairy Council (NDC), announced the availability of \$35 million in grants to help schools upgrade their kitchen equipment and infrastructure in order to offer students better access to nutritious foods.

Three in five students – more than 30 million children – rely on the U.S. Department of Agriculture's (USDA) National School Lunch Program and School Breakfast Program for one to two meals per day, however according to a 2014 survey, 88% of schools reported lacking at least one piece of equipment they needed in order to serve healthier foods. These grants will give millions of additional children access to more nutritious meals by providing schools with the funds to purchase additional equipment to help them meet updated national nutrition standards, and serve healthy meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat.

In 2008, USDA, NFL, NDC, and GENYOUth partnered via [Fuel Up to Play 60](#), an in-school nutrition and physical activity program to help encourage today's youth to lead healthier lives.

Together these partners share a commitment to support youth wellness through improved nutrition and by providing greater opportunities for physical activity through a public-private partnership to promote those behaviors among America's youth. This \$35 million investment will help sustain the progress that has already been made by schools across the country to ensure that America's children are greeted by healthier school environments.

*Fuel Up to Play 60 Announcement, cont'd on pg. 3* ➤

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## Dairy Outlook

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### **Recent Developments in Dairy Markets**

On December 26 and 27, a winter storm brought snow drifts of up to 10 feet in some areas of New Mexico and Texas, resulting in deaths of thousands of dairy cattle, interruptions of milk deliveries, and low yields. Disturbed lactation cycles of surviving cows may potentially contribute to lower yields for a prolonged period. The extent of the blizzard's impact is uncertain.

Dairy exports continued to decline from October to November, by 39 million pounds on a milk-fat milk-equivalent basis and by 212 million pounds on a skim solids milk-equivalent basis. Exports of cheese, milk powders, and whey product exports declined from October to November.

*Dairy Outlook, cont'd on pg. 3* ➤



Harold H. Friedly, Jr.  
Market Administrator

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## Appalachian Statistical Summary

|                                  | JANUARY 2016       | DECEMBER 2015      | JANUARY 2015       |
|----------------------------------|--------------------|--------------------|--------------------|
| <b>PRICES: (Base Zone)</b>       |                    |                    |                    |
| Uniform Price                    | \$17.03            | \$18.68            | \$19.60            |
| Class I Price                    | 19.44              | 20.11              | 21.98              |
| Class II Price                   | 14.19              | 16.71              | 16.18              |
| Class III Price                  | 13.72              | 14.44              | 16.18              |
| Class IV Price                   | 13.31              | 15.52              | 13.23              |
| <br>                             |                    |                    |                    |
| Uniform Skim Milk Price          | \$8.26             | \$8.49             | \$13.50            |
| Class I Skim Milk Price          | 9.01               | 9.45               | 14.75              |
| Class II Skim Milk Price         | 6.31               | 6.75               | 10.63              |
| Class III Skim Milk Price        | 5.85               | 4.43               | 10.65              |
| Class IV Skim Milk Price         | 5.43               | 5.54               | 7.60               |
| <br>                             |                    |                    |                    |
| Uniform Butterfat Price          | \$2.5869           | \$2.9953           | \$1.8773           |
| Class I Butterfat Price          | 3.0702             | 3.1388             | 2.2127             |
| Class II Butterfat Price         | 2.3132             | 2.9127             | 1.6925             |
| Class III Butterfat Price        | 2.3062             | 2.9057             | 1.6855             |
| Class IV Butterfat Price         | 2.3062             | 2.9057             | 1.6855             |
| <b>PRODUCER MILK:</b>            |                    |                    |                    |
| Class I                          | 346,733,270        | 338,740,643        | 345,888,303        |
| Class II                         | 59,808,267         | 68,856,988         | 68,730,375         |
| Class III                        | 20,887,308         | 28,529,674         | 16,150,786         |
| Class IV                         | 64,669,283         | 67,199,661         | 53,756,530         |
| <b>Total Producer Milk</b>       | <b>492,098,128</b> | <b>503,326,966</b> | <b>484,525,994</b> |
| <b>PERCENT PRODUCER MILK IN:</b> |                    |                    |                    |
| Class I                          | 70.46              | 67.30              | 71.39              |
| Class II                         | 12.15              | 13.68              | 14.19              |
| Class III                        | 4.25               | 5.67               | 3.33               |
| Class IV                         | 13.14              | 13.35              | 11.09              |

### F.O. 5 STATS FOR JANUARY 2016:

**The Uniform Price** for January 2016 was \$17.03 per cwt., a decrease of \$1.65 from December 2015.

**Total Class I Milk** for January 2016 was 346,733,270 pounds, an increase of 8.0 million pounds, or 2.4 percent, compared to December 2015.

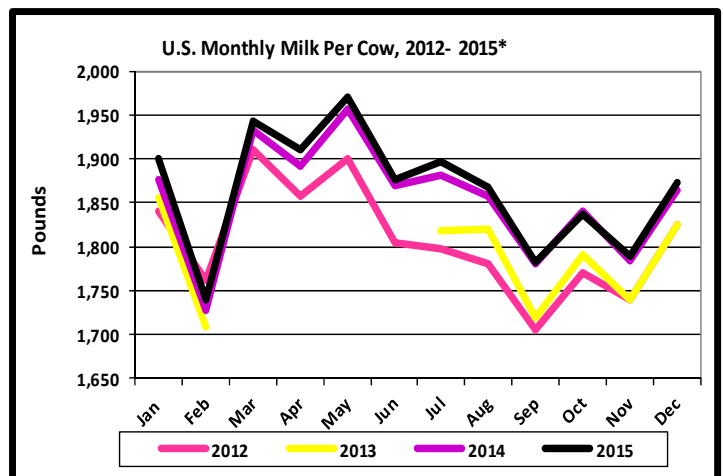
**Class I Utilization** was 70.46 percent for January 2016, an increase of 3.2 percentage points from December 2015.

**Total Producer Milk** for January 2016 was 492,098,128 pounds, a decrease of 11.2 million pounds, or 2.2 percent, compared to December 2015.

## December Milk Production Up 0.7%

Milk production in the 23 major States during December totaled 16.4 billion pounds, up 0.7 percent from December 2014. November revised production at 15.6 billion pounds, was up 0.7 percent from November 2014. Production per cow in the 23 major States averaged 1,894 pounds for December, 6 pounds above December 2014. This is the highest production per cow for the month of December since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.64 million head, 29,000 head more than December 2014, and 1,000 head more than November 2015.



\*Based on entire U.S. production

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## Fuel Up to Play 60 Announcement, continued from page 1

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"Success at all ages begins with a healthy meal, and that is why at USDA we have worked to overhaul school meal standards to ensure kids have access to nutritious foods. This commitment from our partners will ensure schools have the equipment they need to provide kids with a well-balanced meal, promoting childhood health and wellness," said Vilsack. "We applaud our Fuel Up to Play 60 partners for their continued commitment to child nutrition. This collaboration enables us to expand our efforts and have a broader positive impact on our youth."

Since 2009, USDA has awarded \$215 million in school nutrition equipment grants, including \$30 million being announced today. USDA provides this funding to states, which then competitively award grants to school districts in order to purchase necessary equipment, giving priority to high-need schools where 50 percent or more of the enrolled students are eligible for free or reduced price meals. This year, Fuel Up to Play 60, who has provided more than \$22 million in funds to schools throughout the country, is joining USDA's effort by providing an additional \$5 million through a separate, but concurrent, grant application process.

"This announcement not only helps further showcase our collective commitment to youth and community wellness, but also the powerful results that can be achieved through public-and-private partnerships," said Alexis Glick, CEO, GENYOUth. "I am excited that the USDA and the NFL continue to join with us and America's dairy farmers to positively impact today's, and tomorrow's youth by empowering them to live healthier lives."

Release No. 0034.16

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## Dairy Outlook, continued from page 1

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Ending stocks for butter and cheese for November were notably higher than November 2014, by 23.4 percent and 12.6 percent, respectively. While ending cheese stocks for November were about the same as October at 1.456 billion pounds, butter stocks fell from 178.8 million pounds in October to 132.7 million pounds in November.

### ***Expected Supply, Use, and Prices for Dairy in 2015***

While dairy product prices and Federal milk marketing order class prices are known for 2015, supply and use data are still incomplete, and the all-milk price for December has not yet been reported. Based on recent data, the expected number of milk cows in the fourth quarter has been increased by five thousand cows and milk per cow has been raised by 10 pounds. Recent data shows that the largest changes from last month's projections in supply and use were in commercial exports on a skim-solids basis (-0.4 billion pounds) and domestic commercial disappearance (+0.3 billion pounds on both milk-fat and skim-solids bases).

The Class III and Class IV milk prices for 2015 were \$15.80 and \$14.35 per cwt, respectively. The expected all-milk price for 2015 is \$17.08 per cwt, substantially lower than \$23.97 in 2014.

### ***Dairy Forecasts for 2016***

Feed price forecasts have been lowered from last month. The corn price for 2015/16 is forecast at \$3.30-\$3.90 per bushel, a reduction from last month's forecast of \$3.35-\$3.95. The 2015/16 soybean meal price forecast is \$270-\$310 per short ton, a reduction from last month's forecast of \$290-\$330. The national average price for alfalfa hay decreased from \$156 to \$150 per short ton from October to November.

For 2016, the butter price forecast has been raised to \$1.890-\$2.000 per pound due to relatively strong demand and lower expected production. The cheese price forecast has been lowered to \$1.545-\$1.625 per pound due to expected high beginning cheese stocks, the recent fall in prices, and expected lower exports. NDM and whey prices have been lowered to \$0.865-\$0.925 and \$0.240-\$0.270 per pound, respectively, due to weaker expected exports. With lower expected cheese and whey prices, the 2016 Class III milk forecast has been lowered to \$14.05-\$14.85 per cwt. The Class IV milk forecast has been lowered to \$13.35-\$14.25 per cwt, as the projected reduction in the NDM price more than offsets the increase in the butter price. With lower expected Class III and IV prices, the all-milk price forecast for 2016 has been lowered to \$15.35-\$16.15 per cwt, a reduction from the \$15.95-\$16.75 forecast last month.

**APPALACHIAN MARKETING AREA  
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**October - December  
Milk Production Up 0.6%**

Milk production in the United States during the October - December quarter totaled 51.2 billion pounds, up 0.6 percent from the October - December quarter last year.

The average number of milk cows in the United States during the quarter was 9.32 million head, 6,000 head more than the July - September quarter, and 33,000 head more than the same period last year.

**Federal Milk Marketing Order Statistics - December 2015**

| Federal Order                 | Producer Deliveries<br>Million Pounds | Class I Producer Receipts<br>Million Pounds | Class I Utilization<br>Percent | Statistical Uniform Price<br>\$/cwt |
|-------------------------------|---------------------------------------|---|--------------------------------|-------------------------------------|
| <b>1 Northeast</b>            | <b>2,192.2</b>                        | <b>778.9</b>                                | <b>35.5</b>                    | <b>17.27</b>                        |
| <b>5 Appalachian</b>          | <b>503.3</b>                          | <b>338.7</b>                                | <b>67.3</b>                    | <b>18.68</b>                        |
| <b>6 Florida</b>              | <b>238.1</b>                          | <b>202.9</b>                                | <b>85.2</b>                    | <b>20.99</b>                        |
| <b>7 Southeast</b>            | <b>456.8</b>                          | <b>340.0</b>                                | <b>74.4</b>                    | <b>19.34</b>                        |
| <b>30 Upper Midwest</b>       | <b>3,079.0</b>                        | <b>308.2</b>                                | <b>10.0</b>                    | <b>14.86</b>                        |
| <b>32 Central</b>             | <b>1,329.1</b>                        | <b>422.1</b>                                | <b>31.8</b>                    | <b>15.75</b>                        |
| <b>33 Midwest</b>             | <b>1,575.0</b>                        | <b>547.5</b>                                | <b>34.8</b>                    | <b>16.13</b>                        |
| <b>124 Pacific Northwest</b>  | <b>738.6</b>                          | <b>173.3</b>                                | <b>23.5</b>                    | <b>15.68</b>                        |
| <b>126 Southwest</b>          | <b>1,191.9</b>                        | <b>373.2</b>                                | <b>31.3</b>                    | <b>16.51</b>                        |
| <b>131 Arizona</b>            | <b>424.7</b>                          | <b>115.6</b>                                | <b>27.2</b>                    | <b>16.24</b>                        |
| <b>All Orders<sup>1</sup></b> | <b>11,728.7</b>                       | <b>3,600.5</b>                              | <b>30.7</b>                    | <b>16.31</b>                        |

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