



National
Milk Producers
Federation

News for Dairy Co-Ops

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Market Prices

Federal Order Formula Changes Take Effect with September Milk

USDA has announced that dairy producers in all Federal Order markets have approved the interim final rule on Class III and IV price formulas, originally published on June 20, 2008. These amendments take effect beginning with September milk for all classes, including the advanced prices that will be announced on August 22, 2008. (The August prices to be announced on September 5 will be calculated with the old formulas.)

The decision raises the manufacturing ("make") allowances for all four products whose price enters into the formula. The cheese make allowance is raised from 1.682¢ per pound to 20.03¢, lowering the Class III formula price by 31¢ per hundredweight, according to NMPF's analysis. The butter make allowance goes from 12.02¢ per pound to 17.15¢, lowering the butterfat price by 6.2¢ per pound, the Class IV price by 22¢ per hundredweight and the Class III price by 3¢ per hundredweight. The nonfat dry milk make allowance is raised from 15.7¢ per pound to 16.78¢, lowering the Class IV formula by 10¢. Dry whey's make allowance is raised from 19.56¢ per pound to 19.91¢ per pound, lowering the Class III formula by 2¢. These milk price impacts can differ by a penny in some months, due to the rounding in the Class price formulas.

The butter yield factor of the butterfat price is also raised from 1.20 to 1.211. Because this is multiplied by the butter price in calculating the butterfat value, the impact of the change depends upon the butter price. At June's average butter price, the yield factor change would raise the butterfat price by 1.5¢ and the Class IV price by 5¢ per hundredweight.

This rule is based on testimony in hearings that began in February 2007. It is an interim final rule, because the make allowance and yield factor changes are subject to comment and revision in another final rule. It is also a partial decision, because several proposals heard in the hearings, including NMPF's proposal to use energy cost indexes to adjust make allowances, will be addressed in another decision. For more information, call Roger Cryan in the NMPF office.

NMPF Urges Reform of Futures Markets

The Commodity Futures Trading Commission held a meeting July 29th of its Agricultural Advisory Committee to address recent problems in futures markets for agricultural commodities. The meeting was attended by the entire Commission, and also by NMPF staff. As a member of the Agricultural Advisory Committee, NMPF made a statement at the meeting, applauding the Commission's initial steps to examine and address these

issues, but urging further action.

Much recent growth in these markets has come from commodity index funds buying futures as a financial investment in commodities. This buying-only interest seems to inflate futures prices, which makes hedging more expensive for dairy farmers; it also causes contracts not always to converge with the underlying cash value of the commodity, adding more risk to what are supposed to be tools for reducing risk.

NMPF told the members of the Commission that farmers need futures markets that respond to fundamentals of supply and demand. While futures market speculation has had a limited effect on cash prices, it has destabilized futures prices in a way that has hurt producers' ability to manage price risks for grain and oilseeds. NMPF urged the Commission to make whatever structural changes are needed to ensure effective price discovery and hedging opportunities.

NMPF will continue to follow this issue. For more information, call Roger Cryan at the NMPF office.

In Response to Most Recent BSE Case in Canada, NMPF Requests that USDA Close Border

In light of the continuing discovery of BSE-infected cattle in Canada, combined with the recent release of a USDA report that concludes the agency has problems tracking and ensuring the health of cattle imported from Canada, NMPF is asking the USDA to close the border to imports of dairy cattle for breeding or herd replacement purposes.

Nine BSE positive animals identified in Canada have been born after the Canadian feed ban went into effect in 1997. Seven of these BSE positive animals identified in Canada were born after the USDA-determined date of effective enforcement (March 1, 1999) of the Canadian feed ban, including the most recent case confirmed on June 23 in a Holstein cow born in 2003.

The recently released USDA OIG report concludes that USDA's "control over live animal imports need to be strengthened to prevent, detect, and address the entry of live animals that do not meet import requirements."

In response to this report, NMPF President and CEO Jerry Kozak submitted a letter to Secretary Ed Schafer requesting that the Canadian border be closed to the importation of cattle for breeding or herd replacement purposes, at least until USDA can accurately track imported animals and can guarantee that they're healthy.

[Click here to view the press release that NMPF sent out on the USDA OIG report.](#)

CWT Herd Retirement Audits Underway, Export Assistance Provided

July was been a busy month for CWT. In mid-July, CWT staff reviewed the 610 bids it received as part of its fifth herd retirement, and selected 210 bids that were less than the maximum bid level per hundredweight that CWT had established. CWT staff also looked at the monthly milk production information required with each bid submitted to ensure a

consistency of milk production from month to month.

CWT farm auditors are now in the field visiting each of the dairies selected, verifying recent milk production records, and tagging each animal with CWT ear tags. The producer has 15 days to move the cows to a meat processor. It is expected that all selected farms will have been audited no later than August 12th.

CWT has also seen an increase in requests for export assistance after nearly a year of relative inactivity. Since June 1st, CWT has helped member cooperatives export 1.6 million pounds of cheese, 1.3 million pounds of anhydrous milkfat and 30.6 million pounds of 82% milkfat butter. CWT's export obligations are now the milk equivalent of more than 700 million pounds on a milkfat basis. CWT requires that all products be shipped to export countries within six months of the bid acceptance date.

WTO Talks Collapse in Geneva; No Resumption of Negotiations Seen in Near Future

Ministers from around the world met for a week and half, beginning July 21, in Geneva, Switzerland to try to hammer out a new world trade agreement by completing the seven-year-old Doha round of talks.

The effort fell short, however, when developing countries like China and India insisted on securing a right to put in place tariffs even higher than their current levels if certain easily triggered import safeguard levels were met. The U.S. rightly opposed such a demand, refusing to take the world trading system for agricultural products backwards rather than forwards through this agreement. Given the impasse on this issue, as well as developing countries' reluctance to cut their tariffs on agricultural and industrial products, the talks collapsed.

NMPF staff and NMPF's Chairman of the WTO Task Force were in Geneva throughout these talks to represent NMPF and voice dairy producers' goals and concerns to our negotiators. NMPF has long been actively involved in working with our negotiators on securing progress towards achieving these objectives, but applauded U.S. negotiators for refusing to accept a bad deal for America's farmers.

Any other action that takes place with the WTO will not likely happen in the near future, especially with the presidential election in the fall and a new administration taking office early next year. NMPF will continue to remain dedicated to creating balanced trade agreements that will represent new export opportunities and net benefits for U.S. dairy producers.

NMPF's full statement on the negotiations can be found on the NMPF website at www.nmpf.org/latest_news/press_releases/WTO_talks072908.

Animal Handling Guidelines Poster En Route to Producers

As the month of August begins, the barn-safe, bilingual "Top 10 Considerations for Culling and Transporting Dairy Animals to a Packing or Processing Facility" poster is making its way into the hands of dairy producers around the country.

Shipments of the poster, created by NMPF, Dairy Management Inc. (DMI) and the American Association of Bovine Practitioners (AABP), are en route to dairy cooperatives for distribution to producers. They are scheduled to arrive within the next few weeks.

Producers who do not belong to a cooperative may contact NMPF to obtain their own copies of the poster. To order a maximum of five extra posters, please call 703-224-1381 or email poster@nmpf.org. An electronic PDF version of the poster is available for use on the NMPF homepage: www.nmpf.org.

Kevin Harvatine Receives National Milk Producers Federation Richard M. Hoyt Award

At the American Dairy Science Association (ADSA) Annual Meeting in Indianapolis, IN on July 11, Kevin Harvatine was awarded the National Milk Producers Federation Richard M. Hoyt Award in recognition of research efforts with direct application to problems of the U. S. dairy industry.

Harvatine, who has a PhD from Cornell University, focused his research on dairy cattle lipid nutrition and milk fat synthesis. The research provided the first demonstration of different feeding behavior responses to saturated and unsaturated fatty acids in dairy cows. Harvatine was also the first to demonstrate that the reduction in milk fat induced by diet or by conjugated linoleic acid involved a coordinated down-regulation of genes for key enzymes involved in mammary lipid synthesis.

In order to receive the NMPF Richard M. Hoyt Award, an applicant must be enrolled in - or have completed within the preceding year - a program leading to an advanced degree in a department of dairy science, dairy production, dairy processing, food science, or department with a similar curriculum in an accredited college or university in the U.S. The applicant must also be a member of ADSA or its Student Affiliate Division.

National Dairy Producer Johne's Survey Complete, Feedback Needed on Participation

The direct mail portion of the National Dairy Producer Johne's survey is complete, but additional feedback is needed to help identify barriers to and incentives for participation in the Voluntary Bovine Johne's Disease Control Program. Dairy producers are encouraged to visit the website <https://online.survey.psu.edu/johnesdisease/> to provide their input on the program.

Data from these surveys will be used to help improve program operation for the future, so that it will best serve producer needs. Additional information about the survey, as well as a link to the survey site, is available at <http://vetextension.psu.edu> and <http://www.jdip.org/>.

Preparations for 2008 Joint NDB/NMPF/UDIA Annual Meeting Underway

In just a few short months, NMPF and the National Dairy Promotion and Research Board (NDB) and the United Dairy Industry Association (UDIA) will host their Annual Meeting October 28-30 at the Gaylord Opryland Resort & Conference Center in Nashville, TN.

