



News & Views

The latest dairy news

September Class III Price Up \$1.23

The September Class III price is \$12.29, up \$1.23 from August, but down \$2.01 from a year ago. The September Class IV price is \$11.10, up 46 cents from last month but down \$2.65 from last September.

NMPF Pursues Energy Cost Indexing During USDA Make Allowance Hearing

The U.S. Department of Agriculture held a hearing September 14 to examine new data concerning dairy plant manufacturing costs, as the USDA decides whether and how to adjust make allowances for cheese, whey, butter, and powder products under the Federal Milk Marketing Order system.

USDA limited its review at the Cleveland meeting to new data, prepared by Cornell University, on manufacturing costs. NMPF used the hearing as an opportunity to reiterate its support for a proposal to adjust the make allowances each month either up or down as energy prices rise and fall.

Since USDA has determined that it will not consider NMPF's proposal to hold Class I and Class II harmless from make allowance changes to Class III and Class IV as a result of this hearing (and the earlier hearing held in February 2006), NMPF is preparing a petition for an emergency public hearing to establish parallel Class I and Class II pricing formulas.

President Kirkpatrick announces retirement

At the October meeting of the MMPA Board of Directors, Elwood Kirkpatrick informed Board members that he will be retiring from the Board and his position as President. His retirement will be effective on March 20, 2007, the date of the next MMPA Annual Delegate meeting.

A special election will be held at the 2007 Annual Meeting to fill the remaining two years of Elwood's term. Officer elections for the board will take place during the board reorganizational meeting held immediately after the annual meeting.

Elwood has served as President of MMPA for the past 25 1/2 years and has served on the MMPA Board since 1979. He has achieved many notable accomplishments over his career in support of dairy farmers throughout Michigan and the United States. We wish Elwood the best in the months to come as he winds down his dedicated career to the Michigan dairy industry.

Department of Animal Science 100th Anniversary Celebration!

Friday, November 10, 2006
Saturday, November 11, 2006

Please plan to join the festivities and also enjoy MSU Autumn Fest and the final regular season MSU football game. For continual updates and registration information visit our website at:

<http://www.canr.msu.edu/dept/ans/100/>



Upcoming Events

November

20 MMPA Leaders' Conference – *East Lansing*

December

7 MMPA Advisory Committee - Novi
MMPA Local Meetings begin

NMPF asks USDA to Establish New Pricing Formulas for Class I, II Products

The National Milk Producers Federation is asking the U.S. Department of Agriculture to hold an emergency hearing on a proposal to adjust the Federal Milk Marketing Order pricing formulas for Classes I and II.

At issue is a proposal, sent October 2 to the USDA, that would establish a direct relationship between dairy product prices and the Class I and II price. Because the cost of supplying Class I (fluid milk) and II (ice cream, yogurt) milk have risen, NMPF's request would also add up to 73 cents per hundredweight to the prices that move, or support, Class I and II prices — resulting in higher for dairy farmers.

NMPF's action comes at a time when the USDA is considering updating the pricing formulas for Class III and IV products. The USDA is expected to increase the manufacturing allowances for those formulas, which could result in lower farm-level milk prices in all four milk pricing classes.

“Because the USDA has not accepted our argument that it should hold Class I and II prices harmless until they review all aspects of the make allowance pricing issue, we are now asking for a separate hearing to address our concerns,” said Jerry Kozak, President and CEO of NMPF. “America's dairy producers will face substantial economic hardship if, as anticipated, USDA's decision to increase Class III and IV make allowances results in reduced in Class I and Class II prices.”

The current Class I and II prices are equal to manufacturing milk prices, plus several cost and competitive factors, based on data from 1998 and earlier. Class II products are priced off of a Class IV (butter and powder product) price, and Class I is priced off either Class III (cheese and whey products) or Class IV, whichever price is higher in a given month.

NMPF tried to propose independent consideration of the Class I and II milk prices in a hearing process that began last January, but was overruled. NMPF's new proposal accounts for those additional competitive factors, increasing the Class I price by an estimated 73¢ per hundredweight.

“Under our proposal, month to month, Class I and II prices would move up and down with the Class III and IV prices, just as they do today,” Kozak said. “However, because the Class I and II formulas would stand on their own, future adjustments to the Class III and IV formulas would be made either without impacts on Class I and II, or only after full consideration of the Class I and II formulas.”

Michigan Department of Agriculture Animal Identification Update

As of September 30, 2006, there were 2,680 producers who placed tag orders for the new 840 tag, totaling 252,175 tags. In addition, there are 2,179 producers in the Upper Peninsula and Modified Accredited Zone (northern Lower Peninsula) currently using the RFID tags. Another 250,000 plus tags have been ordered and delivered.

Michigan Department of Agriculture (MDA) reminds producers to order their tags well ahead of the start up date of March 1, 2007. Several points for clarification:

1. Only animals sold or entering commerce need to have an RFID ear tag.

2. Animals that are raised on a pasture down the road or another

facility but return to the home facility do not need an RFID ear tag (MDA does encourage producers to properly ID their animals).

3. Add value to the fall feeder calves if they are tagged with an RFID ear tag.

4. Animals for personal consumption do not need to be tagged.

5. All animals exhibited at fairs or breed shows after March 1, 2007, are required to be tagged with a RFID ear tag.

6. Yes, you will need a special applicator to apply the ear tags.

There are only five months left before March 1, 2007. The signage at the auction markets say it very clearly, “No RFID Tag – No Unload.”

Producers scoring 95 percent or more on Grade A Surveys and Federal Check Ratings

MMPA Northeastern

September 2006

Emil & Juliannne Soik*

Lyle Schultz*

Ervin Lee Yoder*

Jamey Allen*

Larry, Paulette & Jeremy Werth

John & Janelle Herrick

Sauer Dairy Farms Inc.

Todd Hemmingson

Jospeh J. Yoder Jr.

Owen D Beachy

Nelson R. & Mary M. Yoder

*scored 100 percent