



# News & Views

The latest dairy news

## July Class III Price Down \$2.01

The Class III price for July is \$18.24, down \$2.01 from June and down \$3.14 from a year ago. The Class IV price for July is \$16.60, up 68 cents from June but down \$5.04 from the previous year.

## Ritters Named 2008 MMPA OYDC

Brad and Tonia Ritter of Byron, Mich. have been named MMPA's 2008 Outstanding Young Dairy Cooperators. The Ritters were selected by a panel of judges after the annual OYDC Conference held August 13-14. The couple represent MMPA District 6 and the Owosso Local. As MMPA OYDC, they will represent MMPA at several events including the National Milk Producers Federation Annual Meeting in Nashville, Tenn., October 28-30.

Scott and Kristie Lamb of Jeddo, Mich. were named the 2008 OYDC Runners-up. The Lambs represent MMPA District 7 and the St. Clair-Macomb Local.

Highlights of the OYDC Conference appear on page 16 of this issue. The Ritters and the Lambs will be featured in the October issue of the *Messenger*. All of the District OYDC representatives will be featured in upcoming issues of the *Messenger*.

## 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 took effect beginning with September milk for all classes, including the advanced prices that were 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 cents per pound to 20.03 cents, lowering the Class III formula price by 31 cents per hundredweight, according to NMPF's analysis. The butter make allowance goes from 12.02 cents per pound to 17.15 cents, lowering the butterfat price by 6.2 cents per pound, the Class IV price by 22 cents per hundredweight and the Class III price by 3 cents per hundredweight. The nonfat dry milk make allowance is raised from 15.7 cents per pound to 16.78 cents, lowering the Class IV formula by 10 cents. Dry whey's make allowance is raised from 19.56 cents per pound to 19.91 cents per pound, lowering the Class III formula by 2 cents. 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 cents and the Class IV price by 5 cents 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.

## Upcoming Events

### September

23 Advisory Committee – *Novi*

### October

28-30 NMPF/UDIA/NDB Joint Annual Meeting – *Nashville, Tenn.*

## **In Response to Most Recent BSE Case in Canada, NMPF Requests 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 needs 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.

## **NMPF Urges Reform of Futures Markets**

The Commodity Futures Trading Commission held a meeting July 29 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.

## **Welcome New Members**

*The MMPA Board of Directors recently accepted the following new members:*

### **Adrian Local**

Gier Dairy, Steve D. Gier, Melissa K. Gier, Hudson, MI

### **Barry-Eaton Local**

Mike Zook, Clarksville, MI

### **Clare Local**

Debra Eberhart, Clare, MI

### **Constantine Local**

Jonathan Bontrager, Topeka, IN  
Samuel Bontrager Jr., Topeka, IN  
Philip L. Miller, Goshen, IN

### **Lansing Local**

Kevin L. Baldwin, Eaton Rapids, MI

### **Mid-Michigan Local**

Judy A. Carter, Lyons, MI

### **Muskegon Local**

Oren D. Hershberger, Holton, MI

### **Sunrise Local**

Gerald J. Colvin, Jeana L. Colvin, Whittemore, MI  
Christopher Daniels, Whittemore, MI  
Laura Daniels, Whittemore, MI  
Luke Daniels, Whittemore, MI

### **West Michigan Local**

Kelli Kapenga, Holland, MI