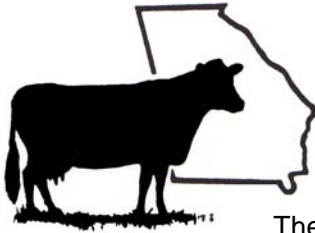


GEORGIA MILK REVIEW

March / April 2009



93 CENT RECOVERY IN APRIL CLASS I MILK PRICE

The April Federal order Class I milk price saw a 93 cent recovery Friday morning as the Agriculture Department announced the base price at \$10.36 per hundredweight, but that's still \$8.25 below April 2008. The Class I average so far in 2009 is just \$11.56, down from \$18.99 at this time a year ago.

The Class III advanced pricing factor was the higher of in driving the Class I value, and Alan Levitt predicts the MILC producer payment will be around \$1.46, not including the feed cost adjustor.

The NASS-surveyed butter price averaged \$1.1211 per pound, up 4.8 cents from March. Nonfat dry milk averaged 81.52 cents, virtually unchanged from March. Cheese averaged \$1.2545, up 11.3 cents, and dry whey averaged 16.32 cents, up almost a penny.

When will you receive your MILC payments for February?? Based on preliminary milk and feed prices, the MILC program will kick in, with an estimated payment of about \$1.62 per hundredweight on February milk production for most U.S. dairy farmers.

Estimated MILC Program Payments

Month	Trigger Price	Class I Price	Estimated Payment
Feb '09	\$17.58	\$13.97	\$1.62
Mar '09	\$16.94	\$12.68	\$1.92
Apr '09	\$16.94	\$13.58	\$1.51
May '09	\$16.94	\$14.06	\$1.30
Jun '09	\$17.26	\$14.53	\$1.23
Jul '09	\$17.29	\$15.10	\$0.99
Aug '09	\$17.27	\$16.35	\$0.41
Sep '09	\$17.40	\$17.56	NA
Oct '09	\$17.36	\$18.08	NA

However, dairy farmers won't see those payments for another month, since the 2008 Farm Bill instructed USDA to calculate MILC payments based on monthly revised feed prices, which in this case will be announced March 30.

Latest projections from National milk's, Roger Cryan, indicate fiscal year 2009 MILC program payments will peak on March milk production, at about \$1.92 per hundredweight. Cryan projects an average MILC payment of \$1.25 over the last eight months of the fiscal year. His projections do not include feed cost adjusters. (Source: Dairyline.com)

DAIRY CLASSIFIEDS

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2009 GEORGIA GENERAL ASSEMBLY UPDATE

By the time this newsletter reaches your mailbox, the 2009 Georgia legislative session will be nearing an end. Overall it's been a quiet session for agriculture, most of the focus for agriculture has been on food safety legislation which has been the result of the recent peanut butter recalls.

There is always the chance that something could be tossed in at the last minute and we appreciate Georgia Farm Bureau and Georgia Agribusiness Council for representing Agriculture on a daily basis at the State Capitol.



Here are a few bills that may be of interest:

HB 529 - Introduced by Ag Committee Chairman Tom McCall, prohibits local governments from enacting ordinances to regulate generally accepted agricultural & animal husbandry practices. The bill is designed to head off misguided attempts by local governments to decide the "proper" way for farmers to run their operations, and is a direct response to California's Proposition 2 which regulates the sizes of animal pens, etc. HB 529 *does not* infringe on local governments' zoning authority. This has passed the House with a vote of 164 - 3.

HB 381 - Georgia Food Act Enforcement - This bill authorizes county health officials to act as agents of the Commissioner of Agriculture to inspect food establishments and report potential violations. It passed the House 163-0.

SB 75 - Landowners Protection Act of 2009 - This bill assists agri-tourism operators by limiting their liability in the event that paying guests, 16 years of age and older, are injured, provided the landowner is not negligent and posts limited liability signs at the entrance of the property. This liability protection is also extended to landowners who allow guests to hunt and fish on their property. It passed the Senate, 51 - 0.

SB 67 - Driver's License Examinations - This bill would make all written and oral driver's license examinations administered in English only. There are exemptions for those who are in the country legally, but only for a limited number of years. It passed the Senate 37-14.

SB 80 - Food Processing Plant Inspections - The bill sets additional testing requirements for food processing plants and requires that if contamination is detected, the processor must report it to the Georgia Department of Agriculture. It also allow for processors to submit a "food safety plan" to the Commissioner for approval to enhance food safety.

WEB SITE FEATURES GA GROWN PRODUCTS



The state's Creative Economies Initiative, which is designed to galvanize art-centric businesses and promote Georgia Made Georgia Grown products, now has it's official website ready for public use. The initiative provides regional, customized business development for local artists, entertainers, agribusinesses, craft enthusiasts and related business owners/operators Listings on the website are free. Visit the web site to register at gamadegrownproducts.org.

LOWER MILK PRICES MEAN REVISITING FEED COSTS



With the big drop in milk price since mid-2008, profitability is going to be a challenge in 2009. With feed costs representing 40-50 percent of the costs of producing milk, now is a good time to revisit your feed costs.

A simple form can help you compute feed cost per cow per day. It's available on a Minnesota dairy extension web site at <http://www.extension.umn.edu/dairy>. Click on "dairy

management," then "nutrition" and look for "Feed Cost Calculator." It's a free downloadable spreadsheet.

Once feed cost per head per day has been determined, we can calculate daily milk income and income over feed cost or IOFC. We expect to see the IOFC in a range of \$5 to \$7 per cow per day. Additionally, we still have to account for the feed costs of dry cows and heifers. This makes the margin shrink even more.

Where will IOFC be for you in 2009? What is your strategy for dealing with the lower milk price in 2009? One of the first things we usually look at is purchased feeds. Is there anything we can cut out? If so, why have we been feeding it in the first place? Most likely, it is there for a reason.

Maybe some of the ingredients were used for a specific feeding problem that has now changed. But reducing feed cost will not necessarily increase IOFC if it reduces milk production. The lowest cost ration may not necessarily be the most profitable. What can you do to either reduce costs, increase milk production or both? Here are some things to consider:

1. Always strive for maximizing dry matter intake. One more mouthful may mean another pound of milk. This means fresh, palatable feeds, feed pushed up often so they can reach it, no sorting, mangers cleaned daily, cool comfortable cows, and the list goes on.
2. Watch days in milk. Really work at getting cows pregnant. Our target for days in milk is 150. Late lactation cows just don't milk as much. With margins squeezed, we may want to cut vet checks and breeding programs, but that can come back to haunt us.
3. Concentrate on feeding high quality forages. That may start with your cropping plans. What is your cost for corn silage and haylage? Should you look at a different forage mix? Work with your nutritionist as you consider different options.
4. Look at all other costs and purchases in addition to feed. Are there other costs that are out of line?

Source: Jim Paulson is a dairy educator with University of Minnesota Extension.

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CWT ACHIEVES SUPERMAJORITY MEMBERSHIP GOAL

Cooperatives Working Together announced on March 11, 2009, that it has reached its goal of signing up a supermajority of the nation's milk supply for two years, which will enable the self-help program to focus on reducing the current devastating imbalance in milk supply and demand.

According to CWT officials, 67% of the nation's milk supply has now committed to pay the 10 cent per hundredweight membership assessment for a full two years, from Jan. 2009 through Dec. 2010, and more memberships are still being received that will further boost that figure. This membership investment will allow the farmer-run program to take actions to reduce dairy supplies.



"March is shaping up to be one of the toughest months ever for America's dairy farmers, given the painfully low milk price, combined with elevated input costs," said Jerry Kozak, President and CEO of NMPF, which manages CWT. "But the good news is that CWT will continue to be engaged in efforts to improve the difficult economic situation that dairy producers are facing." Kozak said he's also optimistic that CWT membership will expand, as farmers recognize the program's importance to the dairy business.

Kozak said that both cooperatives and individual dairy farmers still may join CWT with a 24-month membership commitment, retroactive to January. Membership participation is required if a farmer wishes to participate in future herd retirement programs, he said. For more information on the CWT Program, go to www.cwt.coop.

When asked by *Dairyline.com* of when the next herd removal will take place, Tillison said, "Now that we've achieved the minimum participation, we're moving forward with finalizing arrangements for the line of credit that we're seeking and are taking a hard look at what needs to be done to get something going as quickly as possible."

He added that, "If we can get a significant herd retirement underway, relatively soon, we can shorten the time period that dairy farmers are suffering," and, when you're losing \$3-\$4 per hundredweight and you're talking about six months worth of milk production, that's a significant impact for producers so we're moving forward as fast as we can and we'll be making an announcement in the relative near future."

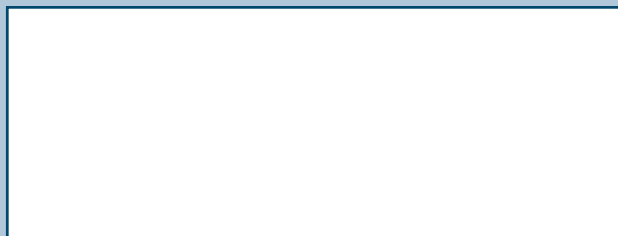
UPCOMING EVENTS

March 31- April 1
Nutrient Management
Specialist Training
Houston Co Ext.
Office in Perry, GA

April 9-11
UGA Spring Dairy
Show and State 4-H
Dairy Judging
Athens, GA

April 16, 2009
Southern Invitational
Show at GA National
Fairgrounds in Perry,
GA

April 18, 2009
Southern Invitational
Sale at GA National
Fairgrounds in Perry,
GA



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