

### Federal and State Policy:

- Offers are being solicited by the Commodity Credit Corporation for 31.2 million lbs. of cheddar and mozzarella cheese for March-December delivery. Funds will come from the \$60 million set aside in the Ag Appropriations Bill. Offers are due January 12.

### Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Dec.) **	\$16.40/cwt.	▼ 1.6 %	▲ 1.0 %	▲ 35.1 %
Corn (Mar.)	\$4.21/bushel	▲ 1.2%	▲ 5.3 %	▲ 0.5 %
SBean Meal (Jan.)	\$318.0/ton	▲ 1.6 %	▼ 2.1 %	▲ 4.3 %
Milk Margin*	\$10.47/cwt.	—	▲ 4.9 %	▼ 14.5 %

\*Each issue of "Dairy Week in Review" will report on current and projected "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for. Milk margin is affected by both milk & feed prices.

\*\* The milk price reported is the Class III futures price for the next month plus a basis of \$1.75, which provides an estimate of what producers can expect to see on their milk check for the coming month.

- The All-Milk price hit a 2009 high in December, while feed costs remained below last year's levels, making December the most profitable month in nearly two years, according to the USDA's "Ag Prices" report. The All-Milk price was up \$1 to \$16.30 per cwt., while corn was down 6 cents a bushel to \$3.59 and soybeans were up 43 cents a bushel to \$9.96. Income over feed cost was \$9.55 for December, the highest since February 2008.
- The December Class III milk price is \$14.98 per hundredweight, the highest price in 2009, up 90 cents from November. The December Class IV price is \$15.01 per hundredweight, up \$1.77 from November. The average Class III price for 2009 is \$11.36 per hundredweight, down \$6.08 from 2008.
- USDA's Dairy Products Report for November shows total cheese production at 844.2 million pounds, up 1.9 percent from a year ago but down 2.1 percent from October, compared to an average month-to-month decline of 0.8 percent. American-type cheese production was down 1.8 percent from a year ago and 4.3 percent from October to 332 million pounds. November butter production fell 9.7 percent from a year ago but was up 6.9 percent from October to 120.7 million pounds. That compares to an average October - November decrease of 0.4 percent.

### Industry:

- Commodities rose to a 14-month high, led by natural gas, Bloomberg reports, as the slumping dollar and signs of accelerating global manufacturing boosted investment demand. The dollar fell to the lowest level in two weeks, making raw materials more appealing as alternative assets. Industry reports showed manufacturing expanded in China and the U.S. last month at the fastest rate in at least three years, signaling rising demand for industrial commodities.

### Events:

- The Center for Dairy Excellence and PennAg Industries will host a special VIP Dairy Showmanship contest for members of the state General Assembly on Wednesday, Jan. 13, from 4 - 4:45 p.m. in the Large Arena at the PA Farm Show.

