



CENTER FOR Dairy EXCELLENCE

# Dairy Week In Review

Dated Jan. 5 2012



## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$20.45/cwt.	▼ 7.9 %	▼ 6.7 %	▲ 23.8 %
Corn (Mar)	\$6.55/bushel	▲ 2.0 %	▲ 6.7 %	▲ 1.6 %
SBean Meal (Jan)	\$317.5/ton	▲ 0.3 %	▲ 6.2 %	▼ 5.8 %
Milk Margin (Oct)*	\$13.27/cwt.	—	▼ 3.56 %	▼ 1.56 %

\*Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data in the latest "PA Dairy Industry Performance Scorecard." 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, an estimate of what you can expect to see on your milk check next month.

- The latest USDA *Dairy Products* report shows more milk moving into the butter/powder channels, with butter production up 14.2 percent to 152.5 million pounds. Nonfat and skim milk powder production was up 17.5 percent to 159.7 million pounds. Dry whey production, however, fell 2.5 percent from a year ago to 77.5 million pounds. Cheese production in November was up 0.3 percent from a year ago to 886.5 million pounds, with cheddar production down 1.7 percent and mozzarella production down 1.5 percent. Production of other cheese varieties was up 3.4 percent.
- The December Class III price is \$18.77 per hundredweight, down 30 cents from November but up \$4.94 from last year. The Class IV price for December is \$16.87 per cwt., down \$1 from November but up \$1.84 from a year ago. The California 4b (cheese milk) price for December is \$15.14, \$3.63 below the Federal Order Class III price, which is the largest gap in at least nine years. Higher whey values are raising Federal Order Class III prices but have little effect on California.
- The latest USDA *Ag Prices* report, shows farm profitability down slightly for December with "income over feed costs" down 22 cents to \$9.27 per hundredweight. This is slightly above the 10-year average IOFC of \$9.09 per cwt. The All-Milk price was estimated at \$19.80 for the month, down 60 cents from November, while feed costs fell about 3.5 percent.
- According to the *Daily Dairy Report*, 2011 saw record-high milk production, record-high exports and record-high milk prices. Milk production was up 1.7 percent to around 196.1 million pounds, with most of the growth in the Western region. Butter production was up 17 percent in the first 10 months of 2011, while production of nonfat and skim milk powder was up 7 percent. Cheese production was up 1.6 percent, still on pace for a new all-time high. U.S. dairy exports in the first 10 months of the year were worth about \$3.96 billion, up 29 percent from last year. The largest gains were in nonfat and skim milk powder, up 15 percent, cheese, up 31 percent, and butterfat, up 17 percent. For the first time, the All-Milk price average will be above \$20, with an average of \$20.10, up 24 percent from 2010. The Class III price averaged \$18.36, up 27 percent and the Class IV price averaged \$19.06.



Published weekly by the Center for Dairy Excellence with information from the CME Daily Dairy Report, NMPF Daily News Alerts and other resources. For more information, call 717-346-0849.