



Dairy Week In Review

Dated January 13, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$15.27/cwt.	▲ 2.3 %	▼ 1.5 %	▼ 5.7 %
Corn (Mar)	\$6.31/bushel	▲ 2.9 %	▲ 1.5 %	▲ 63.9 %
SBean Meal (Mar)	\$379.8/ton	▲ 1.9 %	▲ 7.5 %	▲ 26.3 %
Milk Margin*	\$13.93/cwt.	—	▲ 1.38%	▲ 27.56%

*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.

- USDA's "World Agricultural Supply & Demand Estimates" report forecasts the 2011 milk price to be slightly higher than 2010, with Class III prices predicted to average \$14.35 - \$15.15 for the year. The Class IV price is expected to average \$14.90 - \$15.80 per hundredweight, and the All-Milk Price is projected at \$16.10 - \$16.90. Milk production is expected to increase 1.4 percent from 2010 to 194.5 billion lbs. For 2010, the Class III milk price averaged \$14.41 per cwt., while Class IV prices averaged \$15.09, and the All-Milk Price averaged \$16.30.
- The WASDE report increased expected ethanol use in 2011, cutting projected 2010/11 corn yields, production and ending stocks. The year-end stock-to-use ratio for corn is expected to be 5.5 percent, down from 13.1 percent in 2009/10 and the lowest in 13 years.
- Butter prices are about \$2 per pound this month, although butter prices are historically lower in January, averaging \$1.27 per pound over the past 10 years. The previous high price for January was \$1.58 in 2005. November 30 stocks-to-use of butter was at 16 days, about half the average of the previous four years.
- Fluid milk sales were down 2.6 percent from the prior year during the August-October 2010 period, according to Federal Order and California data reported by the Daily Dairy Report. Sales were down 1.7 percent during the first 10 months of the year.

Government & Industry:

- The USDA Dairy Industry Advisory Committee met on Wednesday and Thursday, Jan. 11 - 12, in Washington, D.C., to review final report recommendations. The purpose of the committee is to advise US Secretary of Agriculture Vilsack on policy issues impacting the dairy industry. Erick Coolidge from Tioga County and Robert Schupper from Giant of Carlisle represent Pennsylvania on that committee.
- The USDA National Resources Conservation Service is offering technical assistance and funding through the EQIP Farm bill Program for the development and implementation of Feed Management plans for cattle operations in Pennsylvania for Fiscal Year 2011. Applications are currently being accepted at local USDA NRCS Service Centers.
- With the recent increase in milk futures prices, expected margins for the next Dairy Margin sales period on Jan. 28 - 29 are above the 10-year average for all of the upcoming 10 months.
- Registration for the 2011 Pennsylvania Dairy Summit is now open. The annual event will be held Feb. 2 - 3 at the Lancaster Host Resort in Lancaster, Pa.

