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# Dairy Week In Review

Dated Jan. 26, 2012



## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$18.84/cwt.	▲ 0.1 %	▼ 7.9 %	▲ 23.2 %
Corn (Mar)	\$6.34/bushel	▲ 6.7 %	▼ 1.2 %	▲ 3.7 %
SBean Meal (Mar)	\$321.1/ton	▲ 2.9 %	▲ 3.5 %	▼ 16.5 %
<b>Milk Margin (Dec)*</b>	<b>\$13.49/cwt.</b>	—	▼ 3.23 %	▲ 14.3%

\*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 February Class III price is \$17.03 per hundredweight, down \$1.77 from January and the lowest since February 2011, when it was \$15.89 per cwt.
- The latest USDA *Cold Storage* report shows American cheese stocks up by 16.7 million pounds in December, the greatest increase in six years. Inventories on Dec. 31 were 600.7 million lbs., up 7.4 percent from the five-year average. Total natural cheese stocks were up 1 percent from November, but down 6 percent from a year ago. Butter inventories were down 12 percent from the five-year average to 105.2 million lbs. on Dec. 31.
- Milk production in the U.S. was up 2.5 percent in December to 16.559 billion pounds, according to the latest USDA *Milk Production* report. Cow numbers were up 80,000 head from a year ago to 9.221 million in December. Milk production per cow was also up 1.6 percent to 1,796 pounds for the month of December. Total milk production in the U.S. in 2011 was up 1.8 percent to 196.2 billion pounds. States with the greatest increases in milk production in December were Colorado, Indiana, Michigan, Texas, Utah and Washington. California and Wisconsin were up 3.8 and 2.6 percent, respectively. New York was up 0.2 percent, while Pennsylvania fell 0.2 percent. In the commonwealth, December's milk production fell to 889 million lbs., with 4,000 fewer cows but 10 pounds more milk per cow.
- Retail dairy prices fell in December, with the consumer price index for milk down 0.1 percent to 148.7. The Cheese CPI was down 1 percent to 223.4, while the Butter CPI fell 0.5 percent to 199.6, according to the Bureau of Labor Statistics.

## Government/Industry:

- Fonterra reported record-high exports of 246,000 tons in December, about 17% more than a year earlier. Favorable weather in the 2011/12 season "helped create a wave of milk in the Oceania states, up about 10% on a daily basis during the peak flow in late September through to November," said Gary Romano, Fonterra's trade and operations managing director. Southeast Asia, China, the Middle East and North Africa continue to drive export growth, the company reported to the *Daily Dairy Report*.
- Cooperatives Working Together accepted bids to provide export assistance on sales of 4.0 million lbs. of cheese for delivery through June. CWT-assisted exports have averaged about 3.3 million lbs./month since May 2010.



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