



Dairy Week In Review

Dated January 28, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$15.28/cwt.	▲ 0.4 %	▼ 2.1 %	▼ 6.3 %
Corn (Mar)	\$6.58/bushel	▲ 2.5 %	▲ 4.1 %	▲ 55.0 %
SBean Meal (Mar)	\$374.4/ton	▲ 2.9 %	▲ 1.6 %	▲ 30.6 %
Milk Margin*	\$12.18/cwt.	—	▼ 6.90%	▲ 2.61%

*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.

- Class III futures prices for February – December contracts have all increased significantly over the past two weeks. MAR futures posted two days of limit-up increases, while MAR – MAY 11 contracts are all above \$17.00 per hundredweight. If these prices were to hold, they would be the highest Class III prices since October 2008.
- The latest *World Agriculture Supply & Demand Estimates* report expects U.S. milk production to increase another 1.4 percent in 2011. Milk production for 2010 totaled 192.7 billion pounds, up 1.8 percent from 2009.
- December's dairy cattle slaughter was the largest since 1997, according to USDA's "Livestock Slaughter" report, with 265,000 head slaughtered during the month, an increase of 24,000 head from November and 34,000 head from a year ago.
- Commercial butter inventories for December rose 12 million pounds or 17 percent from November, but were the lowest for December since 2005, down 38 percent from a year ago. This is the fourth time stocks increased in December in the past 10 years. Total cheese stocks were up 2 percent from November and 6 percent from December 2009, with American cheese stocks up 8 percent from a year ago.
- The February Class I base price is up 69 cents from January and up 17 cents from a year ago to \$15.89 per hundredweight. This price may be supplemented with an MILC payment, depending on what happens in the grain market. National Milk Producers Federation's Roger Cryan predicts a Milk Income Loss Contract program payment of about 55 cents, based on current commodity prices.
- The consumer confidence index rose from 53.3 to 60.6 in December, the highest since May.

Government & Industry:

- The Innovation Center for U.S. Dairy published the first U.S. Dairy Sustainability Commitment Progress Report, intended to demonstrate the industry's progress toward reducing its environmental impact. The study, along with data from other resources, validates that total U.S. dairy greenhouse gas emissions are about 2 percent of total U.S. emissions. The dairy industry's voluntary goal is to reduce GHG emissions from fluid milk by 25 percent by 2020.
- U.S. Rep. Tim Holden in the 17th District of PA was re-named to the House Agriculture Committee earlier this month.
- The Pennsylvania Dairy Summit will be held on Feb. 2 – 3 at the Lancaster Host Resort in Lancaster, Pa. Walk-in registrations are welcome, and one-day attendee options are available.

