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Dairy Week In Review

Dated February 17, 2011



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Feb) **	\$18.44/cwt.	▲ 1.3 %	▲ 20.7 %	▲ 15.8 %
Corn (Mar)	\$6.98/bushel	▲ 1.2 %	▲ 9.6 %	▲ 92.3 %
SBean Meal (Mar)	\$387.7/ton	▲ 6.1 %	▲ 2.1 %	▲ 37.8 %
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.

- The latest USDA/FAS data shows exports of milk powder up 46 percent from a year ago in December, with 132,060 tons exported. U.S. exports of Nonfat Dry Milk and Skim Milk Powder were up 55 percent in 2010 to 847 million pounds. Cheese exports reached a record high in December, at 19,989 tons, up 63 percent from a year ago, while butterfat exports were up 4 percent and whey product exports were up 23 percent.
- The latest World Agriculture Supply and Demand Estimate Report has raised its projected All-Milk Price to \$17.50 - \$18.40 per hundredweight, the third highest All-Milk price ever. The increased forecast was attributed to strong international demand and improving domestic demand.
- In Australia, milk production was down 1.7% in December, due to severe flooding in the region. Fonterra CEO Andrew Ferrier was quoted by Bloomberg News saying commodity prices will likely stay above historical levels for the foreseeable future. "Higher prices are the new normal," he said.
- USDA released its annual "Farms, Land in Farms and Livestock Operations" summary, showing that one-third of the U.S. milk production was produced by 760 dairies, each with more than 2,000 cows. Five years ago only 21.7 percent of production came from the largest dairies. Another 15.5 percent of the 2010 output came from the 920 dairies with in between 1,000 – 1,999 cows. Operations with less than 100 cows accounted for 15 percent of the U.S. milk supply last year.
- The projected expected margins for Dairy Gross Margin Insurance on Feb. 15 were at an all time high. Contact a crop insurance agent early if you are interested in protecting your potential profits. The first monthly "Protecting Your Profit" conference call on Feb. 23 will review LGM margins available and what current markets are doing. Call 717-346-0849 for more details.



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