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Dairy Week

Dated March 10, 2011

In Review



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Mar) **	\$21.38/cwt.	▲ 0.7 %	▲ 15.9 %	▲ 31.9 %
Corn (Mar)	\$6.95/bushel	▼ 1.7 %	▼ 0.5 %	▲ 51.1 %
SBean Meal (Mar)	\$348.0/ton	▼ 3.1 %	▼ 10.3 %	▲ 26.7 %
Milk Margin*	\$10.23/cwt.	—	▼ 15.94%	▼ 14.11%

*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 milk price is \$17.00 per hundredweight, up \$3.52 from January and \$2.72 from February 2010. The Class IV price is \$18.40 per cwt., up \$1.98 from January and \$5.50 from a year ago. The Class III price is the highest since October 2008, and the Class IV price is the highest since December 2007. For 2011, Class IV prices averaged 19.03/cwt., as of March 9, 2010.
- Butterfat supplies are tight worldwide, according to the *Daily Dairy Report*. Domestic butter stocks increased in January, with butter production up 2.7 percent, but remain well below historical levels. Holdings at the end of January were equivalent to just 27 days of use, nine days less than normal. With Easter season approaching, butter use is typically 10 percent higher in March than February. Exports are also on the rise, with butterfat exports averaging 11.2 million lbs. per month for the past 10 months, equivalent to more than nine percent of the nation's butter production.
- Inventories of nonfat dry milk are also at their lowest level in more than a year, according to the latest USDA "Dairy Products" report, with stocks down 46.9 million lbs. from December to 97.6 million lbs. on Jan. 31. In 2010, U.S. exports of Nonfat Dry Milk and Skim Milk Powder were equivalent to 47 percent of the year's powder production, the highest percentage ever.

Government/Industry:

- The Dairy Industry Advisory Committee (DIAC) voted to approve its final federal policy recommendations report to USDA Secretary Tom Vilsack. The report offers 23 public policy recommendations. An electronic version of the report can be obtained at www.fsa.usda.gov/DIAC.
- Dairy farmers can find out what meeting baseline environmental compliance will mean with the new Watershed Implementation Plan during a "Mastering the Dairy Business" call on Thursday, March 17, at 12 NOON. Call the Center for Dairy Excellence at 717-346-0849 to register.



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