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Dairy Week In Review



Dated March 24, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Mar) **	\$21.21/cwt.	▼ 0.7 %	▲ 11.5 %	▲ 31.4 %
Corn (May)	\$6.81/bushel	▲ 1.9 %	▼ 1.4 %	▲ 45.1 %
SBean Meal (May)	\$360.8/ton	▼ 5.4 %	▼ 2.6 %	▲ 34.9 %
Milk Margin*	\$11.60/cwt.	—	▲ 2.47%	▼ 4.53%

*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 "Milk Production" report shows U.S. milk production up 2 percent from a year earlier to 15.05 billion pounds. Cow numbers are at 9.16 million head, the same as in January. Production per cow was up 0.7 pounds from a year ago to 58.7 pounds per day. Texas and Florida had the largest gains in milk production, up 8.8 and 12.2 percent, respectively. Pennsylvania's milk production was down 0.2 percent, despite an increase of 2,000 head.
- The April Class I Mover is \$19.43 per hundredweight, up \$1.20 from March and \$6.11 higher than in April 2010. This is the highest Class I Mover price since July 2008 and is based on March's Class IV price.
- Retail dairy prices were mostly higher in February, according to CPI data. The Butter Consumer Price Index was up 3.6 percent from January to 209.9, the highest level ever. The Milk CPI was up 0.5 percent, while the Cheese CPI was down 0.2 percent. Both domestic butter sales and export interest remain strong, despite the higher index.
- Butter stocks remain at a six-year low, with inventories on Feb. 28 at 138.7 million lbs., down nearly a third from 2010 levels, according to the latest "Cold Storage" report. Butter inventories increased 17 percent from January to 138.7 million pounds, but are still at historic lows. Cheese stocks decreased in February, down 2 percent from January to 1.035 billion lbs. American Cheese inventories fell by 2 percent in February this year, compared to an average month-to-month increase of 3 percent over the past 10 years.

Industry:

- The U.S. Court of Appeals for the Fifth Circuit recently addressed provisions of an EPA rule addressing Clean Water Act permits for concentrated feeding operations. The court concluded that EPA cannot require a CAFO that "proposes to discharge" pollutants to navigable waters to apply for a permit or require any CAFO to obtain a permit before there is an actual discharge. EPA can require CAFOs discharging pollutants to apply for permits, the court said.



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