



Dairy Week In Review



Dated May 19, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (May) **	\$18.18/cwt.	▼ 2.0 %	▼ 1.7 %	▲ 20.3%
Corn (May)	\$7.49/bushel	▲ 10.9 %	▲ 5.0 %	▲ 49.5 %
SBean Meal (May)	\$361.5/ton	▲ 4.9 %	▲ 4.5 %	▲ 29.5%
Milk Margin*	\$14.44/cwt.	—	▲ 23.31%	▲ 28.81%

*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 showed milk production was up 1.5 percent from a year ago to 16.662 billion pounds, with cow numbers in the 50 states up 8,000 head. Production per cow in April was at a record high of 60.5 pounds per day, up nearly a half pound from a year ago. Texas showed the greatest increase, up 7.2 percent, while Idaho was up 4.6 percent and California was up 2.6 percent. Pennsylvania was down 0.8 percent, with 2,000 more cows but 20 pounds less in monthly milk production per cow – a decrease of about 1 pound per day.
- Retail milk prices are the highest since December 2008, with the Milk Consumer Price Index up 8.3 percent from September 2010 to 144.7. Retail cheese prices are up 2.2 percent from March to 212.3, while April's CPI for butter was down 2.1 percent from March's record high to 209.0.
- Through May 15, 63 percent of the nation's corn crop was planted, up from 40 percent the previous week but still behind the five-year average of 75 percent. Corn planting in the Northeast is 25 to 34 percentage points behind last year's levels.
- The value of U.S. dairy exports reached a single-month record in March, climbing to \$415 million, according to USDA data. Combined export volume for milk powder, whey proteins, lactose, cheese and butterfat was up 41 percent from a year ago to 396,165 tons. Whey protein was up 12 percent in March, after being down the first two months of 2011. For the first quarter, U.S. exports grew 48 percent in value to \$1.09 billion. Exports of nonfat and skim milk powder were up 108 percent, while exports of cheese and butterfat were up 86 and 99 percent, respectively.

Government/Industry:

- Wet weather continues to delay crop planting in many areas. Remember that many crop insurance policies automatically proved preventative and replanting protection. Contact your Insurance agent for details and reporting requirements before evidence is destroyed.
- The National Milk Producers Federation and the U.S. Dairy Export Council asked members of Congress to support the adoption of three pending free trade agreements that have been stalled for several years, but are now ready for congressional action. The three proposed agreements, with Colombia, Panama and South Korea, are together worth hundreds of million dollars in potential U.S. dairy exports. For more details, visit www.nmpf.org.
- More than 550 health professionals and organizations have signed a letter to McDonald's Corp., asking the maker of Happy Meals to stop marketing junk food to kids and retire Ronald McDonald. The letter, which ran in the form of full-page ads in six metropolitan newspapers this week, does acknowledge that the "contributors to today's health epidemic are manifold and a broad societal response is required."

