



Dairy Week In Review



Dated June 9, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (June) **	\$20.69/cwt.	▲ 0.1 %	▲ 10.4 %	▲ 36.1 %
Corn (July)	\$7.64/bushel	▲ 2.7 %	▲ 6.2 %	▲ 44.2 %
SBean Meal (July)	\$372.8/ton	▲ 3.3 %	▲ 6.8 %	▲ 30.5 %
Milk Margin*	\$13.99/cwt.	—	▼ 0.07%	▲ 29.06%

*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.

- May's Class III milk price is \$16.52 per hundredweight, down 35 cents from April but up \$3.14 from a year ago. Class III futures prices on the Chicago Mercantile Exchange average \$18.48 for the remainder of the year. The Class IV price for May is \$20.29 per hundredweight, up 51 cents from April and up \$5.00 from May 2010. This is the highest Class IV price since November 2007. Class IV futures prices for the remainder of the year average \$20.08 per hundredweight.
- Cheese prices have risen to their highest in three years, with 40-pound cheddar cheese blocks bid to \$2.11 on the CME. Barrels closed at \$2.0675 a pound on Wednesday, June 8. Whey futures have also risen to contract highs in every month from August 2011 to 2013, with 2011 contracts averaging 56.25 cents, up 5.7 cents from a month ago.
- Global dairy product prices have been mixed since mid-March, according to the U.S. Dairy Export Council. Milk powder prices are down 9 - 12 percent and 8 - 16 percent for skim milk powder and whole milk powder, respectively. Cheese prices are firm, with butter prices down 1 - 6 percent.
- Farmers are catching up with their corn planting, with 94 percent of the acreage across the U.S. now planted, slightly behind the five-year average of 98 percent. About 79 percent of the corn crop has emerged. In Pennsylvania, 80 percent of the corn crop is planting, up from 61 percent last week but still well below the five-year average of 92 percent. 51 percent of the corn crop has emerged, down from the five-year average of 75 percent, but significantly higher than last week's 32 percent.

Government/Industry:

- The Cooperatives Working Together operating committee agreed to lower the minimum level of industry participation to continue the program. At least 70 percent of the U.S. milk supply must contribute, down from the original minimum of 75 percent. Currently 68 percent of the U.S. milk supply has pledged to the program for 2012 – 2013 at an assessment of 2 cents per hundredweight to fund export assistance. The committee will meet in November to see if it made its target.
- The annual June Dairy Month celebration will be held on the Harrisburg Capitol steps next Wednesday, June 15, at 12 NOON. During the event, which includes the building of a giant ice cream sundae, Pennsylvania Agriculture Secretary George Greig will read the annual June Dairy Month proclamation. The event is sponsored by the Pennsylvania Dairy Promotion Program and the Mid-Atlantic Dairy Association.

