



# Dairy Week In Review



Dated June 30, 2011

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (June) **	\$20.98/cwt.	▲ 0.4 %	▲ 13.1 %	▲ 26.8 %
Corn (July)	\$6.98/bushel	▲ 4.5 %	▼ 6.0 %	▲ 49.3 %
SBean Meal (July)	\$337.9/ton	▼ 2.7 %	▼ 6.9 %	▲ 16.7 %
Milk Margin*	\$13.32/cwt.	—	▲ 0.9 %	▲ 16.23 %

\*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.

- According to the USDA Ag Price Report, farm profitability improved in June, with the All-Milk price estimated at \$21, up \$1.40 from May and the highest since December 2007. The cost of feed to produce 100 pounds of milk increased 15 cents from May to \$11.48. Income Over Feed Costs increased \$1.25 to \$9.52 per hundredweight. IOFC has averaged \$9.09 per hundredweight over the past 10 years.
- USDA's Cold Storage Report shows butter inventories at 170.4 million lbs. on May 31, up 20 percent from April but down 20 percent from a year ago. The May inventories are likely to be the highest of the year, with stocks declining on average about 136 million pounds over the six-month period from May to November. Total natural cheese stocks were up 1 percent from April and 2 percent from a year ago to 1.048 billion pounds on May 31. Disappearance during the three-month period from February to April of cheese was up 5.1 percent from a year ago, with American cheese use up 4.2 percent. Butter disappearance was up 19 percent. Use of nonfat and skim milk powder down 7 percent, with export increases offset by declines in domestic sales.
- Dairy cow slaughter in May was at 220,000 head, up 11,000 head from last year but down 18,000 head from April. From January to May, dairymen sent 1.24 million cows to slaughter, up 7.2 percent from last year and the most since 1997, according to the latest USDA Livestock Slaughter Report.
- USDA's monthly milk cost of production estimates show higher costs in May compared to April and 2010. Feed costs per hundredweight of milk sold were \$11.46 per hundredweight, up 54 cents from April and \$1.69 from May 2010. Operating costs also increased, up 56 cents from April to \$14.93 per hundredweight, while allocated overhead costs, including labor, averaged \$8.23 per hundredweight. Total costs averaged \$23.17 per hundredweight for May 2011, up 55 cents from April and \$2.18 more than May 2010.

## Government/Industry:

- A new Senate bill introduced last week contains comprehensive reform of the nation's immigration laws. The Comprehensive Immigration Reform Act of 2011 (S.1258) contains several important provisions, including the AgJobs measure and a reform of the H-2A visa program. National Milk Producers Federation is supporting the legislation.
- The Pennsylvania Milk Marketing Board extended the \$2.15 per hundredweight over-order premium for Class I milk paid to Pennsylvania dairy farmers, as well as a price add-on for fuel costs. The decision covers a six-month period beginning July 1, 2011.

