



Dairy Week In Review



Dated July 7, 2011

•Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (July) **	\$22.73/cwt.	▲ 8.3 %	▲ 9.8 %	▲ 33.9 %
Corn (July)	\$6.48/bushel	▼ 7.2 %	▼ 15.2 %	▲ 75.1 %
SBean Meal (July)	\$341.7/ton	▲ 1.1 %	▼ 8.4 %	▲ 11.1 %
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's "Dairy Products" report, total cheese output was 915 million pounds in May, 3.9 percent above May 2010 and 3.8 percent about April. This was the first time since 2005 that May's production was higher than April's. American-type cheese production was down 0.1 percent from May, while Italian-type cheese production was up 2.2 percent from April. Cheddar production was up 1.8 percent. Butter production was 156 million pounds, 18.3 percent above May 2010 but 1.8 percent below April. Butter production is significantly higher this year, with production over the first five months of the year up 12.5 percent. Commercial stocks are still below recent year levels. Powder production is down from a year ago, with nonfat dry milk powder down 4.6 percent and skim milk powder falling 108 percent. Stocks of nonfat dry milk powder are building, up 70 percent in four months to 166.2 million pounds on May 31.
- USDA's "Acreage and Grain Stocks" reports show that farmers have planted 92.3 million acres of corn, up from the estimate in the World Agricultural Demand and Supply report of 90.7 million. This is the second highest account of acreage planted since World War II. Corn stocks are estimated at 3.67 billion bushels, 15 percent below a year ago but higher than previous forecasts. In the past month, corn futures have fallen more than \$1.00.
- The June Class III price is \$19.11, \$5.49 above a year ago and \$2.59 above May. The Class IV price for June is \$21.05, up \$5.60 from a year ago and 76 cents above May. The June Class IV price is the highest since November 2007.

Government/Industry:

- U.S. and Mexican officials signed an agreement this week allowing each country's trucks to traverse the other's highways, implementing a key provision in the North American Free Trade Agreement after two decades of bickering. National Milk Producers Federation is encouraging Congress and the Obama Administration to quickly approve the three pending free trade agreements with South Korea, Columbia and Panama.
- The National Milk Producers Federation is conducting a six-week cross-country tour to educate dairy producers about the "Foundation for the Future" dairy policy reform proposal. There is no cost to attend the meetings, but pre-registration is requested. A meeting will be held in Harrisburg, Pennsylvania, at the Holiday Inn Harrisburg East on August 8 from 1 - 4 p.m. For more information or to register, visit www.futurefordairy.org or call 703-243-6111.

