



Dairy Week In Review



Dated July 27, 2011

Markets:

| Dairy Prices | Price | Chge. from Week Ago | Chge. from Month Ago | Chge. from Year Ago |
|----------------------|---------------|---------------------|----------------------|---------------------|
| Milk Price (July) ** | \$23.09/cwt. | ▲ 0.5 % | ▲ 9.2 % | ▲ 32.9 % |
| Corn (Sept) | \$6.91/bushel | ▲ 0.2 % | ▼ 1.0 % | ▲ 83.7 % |
| SBean Meal (Aug) | \$355.8/ton | ▼ 1.7 % | ▲ 5.1 % | ▲ 15.3 % |
| Milk Margin* | \$14.00/cwt. | — | ▲ 4.9 % | ▲ 19.05 % |

*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 latest "Cold Storage" report shows that American cheese stocks have fallen below a year-ago levels for the first time in three years. Total cheese stocks were at 1.051 billion pounds, up slightly from May and up 1.3 percent from last June, while American cheese stocks fell 1 percent from a year ago to 619 million pounds. American cheese stocks are at their lowest level for June since 2007. Butter stocks are starting to grow, up 12 percent from a month ago to 190.6 million, still down 4 percent from a year ago.
- USDA's latest "Livestock Slaughter" report shows dairy cow slaughter up 6.4 percent from a year ago, with 1.46 million dairy cows sent to slaughter from January to June, the highest figure for that time period since 1996.
- Plenty of dairy replacements are out there to replace the cull cows. The biannual "Cattle" report shows that 4.2 million dairy replacements were on hand at mid-year, the most since 1989. There are 45.7 replacements for every 100 cows in the herd, up 1.4 head from last year.
- Total cheese consumption was up 3.8 percent in the three-month period from March to May, according to USDA data cited by *Daily Dairy Report*. The increased consumption was driven by a 36.4 percent increase in cheese exports, with domestic sales up 2.5 percent. Butter consumption increased 13.1 percent, with exports up 65.7 percent and domestic use up 8.6 percent. Disappearance of nonfat and skim milk powder was down 5.6 percent, with exports of nonfat and skim milk powder up 13.7% and domestic use down 18.6% .
- The Class I base price for August is \$21.43 per hundred-weight, up \$5.66 from a year ago and 40 cents from July. It is highest price since November 2007, with the Class IV price again being the driver of the base price. With July's Class III price for July trading up at \$21.34 on the CME, and the Class IV price trading down from a month ago at \$20.51, this may be the last month that the Class IV is the driver.

Government/Industry:

- 13 percent of the nation's total milk solids were shipped overseas in 2010, according to a report from the U.S. Dairy Export Council. Imports only amounted to an equivalent of 2.8 percent of the nation's total milk volume. USDEC reported that strong global demand growth is being driven by imports in China, Russia, Southeast Asia, Mexico and the Middle East. World dairy trade grew 8 percent in 2010 to nearly 46 million tons milk equivalent.
- Save the date for the final center "Open House and Dairy Tour," being held in York County on Thursday, Aug. 11.

