



CENTER FOR DairyEXCELLENCE

Dairy Week In Review



Dated Oct. 13, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Oct.) **	\$19.65/cwt.	▲ 0.4 %	▼ 5.1 %	▲ 5.5 %
Corn (Dec)	\$6.52/bushel	▲ 7.3 %	▼ 9.3 %	▲ 18.8 %
SBean Meal (Oct)	\$320.1/ton	▲ 6.1 %	▼ 11.8 %	▲ 1.9 %
Milk Margin*	\$14.71/cwt.	—	▲ 5.15 %	▲ 16.93 %

*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 *World Agricultural Supply and Demand Report* forecast the all milk price to fall \$1.50 to \$2.00 in 2012, compared to 2011. The all-milk forecast was lowered this month to \$20 - \$20.10 per cwt. for 2011 and \$17.75 - \$18.65 per cwt. for 2012. Milk production forecasts in the report were increased for 2011 but lowered for 2012 when lower milk prices and weakening milk-feed ratios are expected to increase declines in cow numbers. Corn prices are expected to average \$6.20 - \$7.20 in the coming year, with world corn ending stocks at their smallest level since 2006/07. Soybean prices are forecasted to range between \$12.15 - \$14.15 a bushel, with soybean meal averaging \$335 - \$365 per short ton.
- The corn production forecast fell one percent in the latest USDA *Crop Production Report* to 12.4 billion bushels. Yields are expected to average 148.1 bushels per acre, down 4.7 bushels from 2010 and the lowest average yield since 2005. Soybean production was also decreased by 1 percent from the September estimate to 3.06 billion bushels, down 8 percent from last year's harvest. Yields are expected to average 41.5 bushels per acre, which would be the second lowest average yield since 2003.
- World dairy prices are falling due to a record spring flush in New Zealand, where milk production was up 12.1 percent in the January – July period. According to Fonterra Cooperative Group, plant intakes are running 13 percent ahead of a year ago.

Government/Industry:

- Three free trade agreements (FTAs) with South Korea, Panama and Columbia passed through Congress this week. According to National Milk Producers Federation, the FTAs will expand U.S. dairy exports and potentially create thousands of export-supporting jobs in dairy. South Korea was the number one export market for U.S. cheese in the April-July period.



Published weekly by the Center for Dairy Excellence with information from the CME Daily Dairy Report, NMPF Daily News Alerts and other resources. For more information, call 717-346-0849.