

*Dated October 21, 2009*

**Federal and State Dairy Policy:**

- The Pennsylvania Milk Marketing Board (PMMB) voted to temporarily increase the Over-Order Premium on milk produced, processed and sold in Pennsylvania to \$2.65 per hundredweight, a 50-cent increase, from Nov. 1 - Dec. 31. The decision came as a result of requests from Governor Rendell and the PA General Assembly for the PMMB to use their authority to provide aid to struggling dairy farmers.

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Oct.) **	\$15.01/cwt.	—	▲ 5.4%	▼ 11.4%
Corn (Dec.)	\$3.69/lb.	▼ 4.0%	▲ 13%	▲ 6.7%
SBean Meal (Oct.)	\$290.5/ton	▼ 2.8%	▲ 3%	▲ 6.1%
Milk Margin*	\$7.23/cwt.	—	▲ 11.2%	▼ 35.7%

*\*Each issue of "Dairy Week in Review" will report on current and projected "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for. 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 \$2.25, which provides an estimate of what producers can expect to see on their milk check for the coming month.*

**Markets:**

- The Class I milk price will increase 51 cents to \$12.86 per hundredweight in November. This is the third consecutive month of increases, up \$2.82 since August. The MILC payment for November will be about 37 cents.
- USDA's "Cold Storage" report reported stocks of both cheese and butter declined in September but are still above last year's levels. Natural cheese stocks were 970.5 million lbs., up from 834.2 million lbs. last September. Commercial butter stocks were 230.2 million lbs. in September, up from 186.9 million lbs. a year ago.

**Industry:**

- Cooperatives Working Together announced the tentative acceptance of 154 bids representing 26,412 cows and 517 million lbs. of milk for the third herd retirement round this year. In addition, 465 bred heifers were also accepted. Auditors will begin visiting farms next week. Once audited, farmers will have 15 days to remove their cows.
- About 236,500 dairy cows were sent to slaughter in September, according to the USDA's "Livestock Slaughter" report released last week. That is up 12.5 percent from a year ago and an increase from the 10-year average of 212,700 head. U.S. cow numbers have declined by 208,000 head since December 2008, a 2.2 percent loss of the nation's herd.
- Europe has stopped subsidizing Skim Milk Powder exports until January 2010, reducing the export refund on SMP to zero and cutting the butter refund to about 26 cents per pound and the Whole Milk Powder refund to about 12 cents per pound. Cheddar cheese remains at 15 cents per pound.

**Events:**

- The Professional Dairy Managers of Pennsylvania will host the November Issues Forum next week. The November 5 forum will address "Dairy's Place in the World Market," and will be held at the Pennsboro Fire Hall, with an afternoon tour of the Giant Distribution Center in Carlisle, Pa.

