

**Federal and State Policy:**

- The USDA Natural Resource Conservation Service is seeking input from the farming community on an executive order that calls for higher standards to clean up the Chesapeake Bay. Despite ongoing efforts, agricultural operations are still a significant contributor of nitrogen and phosphorus, and the latest recommendations call for higher standards to drive a 200 million pound nitrogen reduction, necessary the USDA says to improve water quality standards in the bay.

**Markets:**

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Nov.) **	\$15.83/cwt.	—	▲ 3.7%	▲ 2.7%
Corn (Dec.)	\$3.94/lb.	▲ 2.8%	▲ 9.2%	▼ 2.3%
SBean Meal (Dec.)	\$288.3/ton	▼ 4.6%	▲ 0.1%	▲ 6.3%
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 \$1.75, which provides an estimate of what producers can expect to see on their milk check for the coming month.*

- The USDA has raised its 2010 price projections in its most recent "World Agricultural Supply & Demand Estimates" report. At the midpoint of the ranges, it estimates cheese at \$1.6450, butter at \$1.49, NDM at \$1.23 and whey at 35.5¢. That leads to a projected Class III price average of \$15.40 and a Class IV average of \$14.70.
- In the report, USDA reported an increase in global demand and concerns about world supplies of dairy products, which have pushed international dairy prices higher. Exports are estimated to total 14.8 billion lbs. on a milk equivalent basis this year, down 24% from a year ago. However, exports are projected to rise 16% next year, to 17.2 billion lbs.

**Industry:**

- The USDA "Dairy Products" report shows cheese production up nearly 5 percent in September, at 845.4 million lbs. from a year ago, despite a declining milk supply. Production of cheddar was up 8 percent, while mozzarella increased 4.4 percent and other varieties were up 1.7 percent.
- Production of nonfat and skim milk powder fell nearly 20 percent in September, and month-end NDM inventories are down nearly 25 percent from a year ago, according to the USDA's "Dairy Products" report. Butter production also fell to its lowest level since August 2006, down 22 percent to 94.6 million lbs. in September. This is the first time since 1979 that butter production was lower in September than in August on a daily-average basis.

**Programs and Events:**

- The Mid-Atlantic Dairy Association and the Pennsylvania Dairy Promotion Program have launched a new interactive online game, [www.operationdairy.com](http://www.operationdairy.com), to help teach kids about modern day dairy farming. Operation Dairy challenges players to explore a rich virtual farm landscape to find and "win" nine unique dairy tokens by correctly answering questions about the dairy industry.

