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# Dairy Week In Review

Dated Nov. 17, 2011



## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Nov) **	\$20.86/cwt.	▲ 1.0 %	▲ 5.0 %	▲ 21.2 %
Corn (Dec)	\$6.43/bushel	▼ 2.7 %	▼ 1.4 %	▲ 22.4 %
SBean Meal (Jan)	\$296.4/ton	▼ 3.4 %	▼ 8.1 %	▼ 9.8%
Milk Margin*	\$15.09/cwt.	—	▲ 5.08 %	▲ 15.9 %

\*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.

- Consumer price indexes for fluid milk and butter were both down in October. The Milk CPI was down 1 percent from September to 149.4, while the Butter CPI was down 1.1 percent to 213.3. The Cheese CPI was up 0.1 percent to 227.3.
- Recent USDA/FAS trade data shows shipments of U.S. butterfat exports were down significantly in September, just 5.7 million pounds, less than a third of the volumes shipped earlier in the year. Exports represented 4.1 percent of U.S. butter production in September, down from an average of 9.2 percent of production in the January – August period. Exports of nonfat and skim milk powder exports in October were at 85.2 million lbs., the highest of the year.
- USDA increased its forecast of the 2012 All Milk price in its latest *World Agricultural Supply & Demand Report* to \$18.05 - \$18.95, up about 30 cents from October's forecast but still down \$1.65 from this year's record high price. Total U.S. milk production is expected to be about 198.4 billion pounds next year, up about 1 percent from this year. Exports are expected to fall about 4 percent next year, but domestic use is expected to increase.
- USDA projects carryout stocks of corn to be just 843 million bushels next year, only 6.7% of use. However, the stronger dollar is expected to slow U.S. corn exports.
- Domestic cheese prices are up, driving a resurgence of milk price futures after being down the past few weeks. On the other hand, international cheese prices are moving in the opposite direction, with Oceania cheddar down 50 cents over the past 10 weeks.

## Government/Industry:

- According to Hoard's Dairyman, the Cooperatives Working Together export assistance program has achieved more than 70 percent participation and will be renewed for 2012/13 at 2 cents per cwt. In the first ten months of 2011, CWT has assisted members in selling 78.9 million lbs. of cheddar, Monterey Jack and Gouda cheese to 25 countries in Asia, the Middle East, North Africa and Central America. That volume of cheese is equal to 789 million lbs. of milk, the annual production of 37,600 cows.



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