



Dairy Week In Review

Dated November 18, 2010



Happy Thanksgiving!

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Nov) **	\$17.21/cwt.	▲ 0.1 %	▼ 7.4 %	▲ 8.9 %
Corn (Dec)	\$5.25/bushel	▼ 7.9 %	▼ 7.8 %	▲ 30.5 %
SBean Meal (Dec)	\$328.0/ton	▼ 7.5 %	▲ 0.6 %	▲ 6.2 %
Milk Margin*	\$12.43/cwt.	—	▼ 2.74 %	▲ 54.22%

*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, an estimate of what you can expect to see on your milk check next month.

- Retail dairy prices increased in October, according to recent Bureau of Labor Statistics data. The Consumer Price Index for milk was up 0.8 percent from a month ago to 134.6, still well below the highs of 2007-08. Retail butter prices are approaching all-time highs, up 4.4 percent from September to 206.1, an increase of 25.4 percent from a year ago. The cheese CPI was up 1.3 percent to 208.7, the highest level since March 2009.
- Fluid milk sales are down 1.8 percent for the third quarter, according to recent Federal Order and California data. Through September, fluid milk sales in 2010 are down 1.3 percent and volume is the lowest since 2005.
- Recent USDA/FAS trade data shows imports of cheese, butterfat and most milk protein down in 2010. For the first nine months of the year, imports of cheese were down 12 percent, imports of butterfat down 33 percent, and imports of casein/caseinates down 13 percent. Imports of Milk Protein Concentrate, however, were up 20 percent from a year ago, according to the data.

Government & Industry:

- Expected margins available for the first half of 2011 through the LGM for Dairy insurance program are \$0.50 - \$1.00 below the 10-year average, using futures market data from early November. With the upcoming holiday, the Dairy Gross Margin sales period in November will be on Nov. 19 - 20.
- Policy changes to LGM for Dairy will become effective with the Dec. 17 sales period. Those changes include:
 - ⇒ Premiums for LGM-Dairy will now be due at the end of the coverage period rather than at the time of purchase.
 - ⇒ The maximum dollar deductible has been increased from \$1.50 to \$2.00.
 - ⇒ A premium subsidy will now be available for those policies that ensure multiple months during the insurance period.
 - ⇒ Feed values have been updated based on information provided by the National Milk Producers Federation.
- On Dec. 16, the PA Department of Agriculture and Farm Journal Media will host 200 Pennsylvania farm families for a workshop in Harrisburg on farm transitions and succession planning. The workshop combines resources offered through the Farm Journal Legacy Project and by the Center for Farm Transitions to offer farm families insight on making succession planning a reality.
- Last week Cooperatives Working Together accepted 11 bids to provide export assistance for 1.8 million pounds of cheese.

