



Dairy Week In Review

Dated November 3, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Oct) **	\$18.68/cwt.	▲ 0.2 %	▲ 3.5 %	▲ 20.7 %
Corn (Dec)	\$5.80/bushel	▲ 0.7 %	▲ 13.0 %	▲ 37.3 %
SBean Meal (Dec)	\$338.5/ton	▲ 0.7 %	▲ 10.3 %	▲ 15.1%
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.

- USDA's Dairy Products report shows butter production up 16.7 percent from a year ago to 110.5 million pounds. Total cheese production in September was 878.6 million pounds, up 4.3 percent across the U.S. For the year, cheese output is 3 percent higher than 2009. Production of nonfat and skim milk powder was up 25.5 percent to 126.0 million pounds.
- USDA's Ag Prices report indicated strain on milk margins created by higher feed costs. The All-Milk price for October was estimated at \$18.30 per hundredweight, up 60 cents from September. However feed costs increased 10 percent, with corn up 70 cents per bushel to \$4.78. The cost of feed to produce 100 pounds of milk was estimated at \$8.21, leaving a margin of \$10.09, according to the report.

Government & Industry:

- The Cooperatives Working Together committee voted to focus all resources on export assistance and stop conducting herd retirements. CWT conducted its 10th and final herd retirement this summer which took 34,442 cows out of the marketplace. The program will continue for the next two years at a funding rate of 2 cents per hundredweight, providing that it has participation from at least 75 percent of the nation's milk production. Currently dairy farms participating in the program invest 10 cents per hundredweight into CWT.
- The USDA announced last week that the remaining \$17 million from last year's emergency direct payment program will be disbursed in the coming weeks. Last fall, Congress appropriated \$290 million in direct aid, along with \$60 million for cheese purchases. The USDA had initially paid out \$273 million, and will disperse the remaining monies this fall.
- The U.S. Environmental Protection Agency will hold a listening session in Harrisburg, Pa., on Nov. 17 from 2 - 5 p.m. to seek feedback on provisions in a proposed stormwater rule that will affect the Chesapeake Bay Watershed. The use of fertilizer and pesticides will be a topic of discussion at this session.
- The Women in Dairy 2010 Conference will be held at the Radisson Penn-Harris Hotel and Conference Center on next Tuesday, Nov. 9, from 9 a.m. - 4 p.m. Debbie Crave, vice president of Crave Brothers Farmstead Cheese, will share a "Behind the Scenes Look at Crave Brothers Farmstead Cheese." The cost to attend is \$95 per person, with a 50 percent discount available for Pennsylvania dairy producers and their employees. To learn more, visit www.das.psu.edu/dairy-alliance or call 1-888-373-7232.

