



Dairy Week In Review

Dated December 1, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Nov) **	\$17.21/cwt.	▲ 0.2 %	▼ 7.9 %	▲ 8.7 %
Corn (Dec)	\$5.30/bushel	▲ 0.4 %	▼ 9.4 %	▲ 26.2 %
SBean Meal (Dec)	\$338.2/ton	▼ 0.8 %	▲ 0.1 %	▲ 5.9 %
Milk Margin*	\$13.85/cwt.	—	▲ 11.78%	▲ 36.78%

*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 *Ag Prices* report shows rising feed costs decreasing farmer profitability in November. Corn prices for the U.S. were up 25 cents from October and 94 cents from last November to \$4.59 per bushel, the highest level since September 2008. In Pennsylvania, corn prices were up 33 cents from October and more than \$2 from last November to \$5.77/bushel, the highest price for all 18 states surveyed. Soybean prices averaged \$11.20/bushel in the U.S., up \$1.00 from October and the highest since June 2009. Alfalfa hay dropped \$1/ton to \$117. The All-Milk price for November was down 60 cents from October to an estimate of \$17.90 per hundredweight. The Income Over Feed Cost fell 95 cents to \$9.84/cwt.
- USDA's *Livestock Slaughter* report shows that 231,500 cows were sent to slaughter in October, up 2.1 percent from a year ago. Slaughter in the first two weeks of November was up 10.1 percent to 118,200 cows, according to *Daily Dairy Report*.

Government & Industry:

- Senator Debbie Stabenow, a Democrat from Michigan, has been named the next chairman of the Senate Agriculture Committee, following the election loss in November of current chair Sen. Blanche Lincoln. Sen. Stabenow has served on the Agriculture Committees in the Michigan legislature, U.S. House of Representatives, and currently the U.S. Senate. She will assume the post in the next Congress, starting in January.
- Last week Cooperatives Working Together accepted eight bids to provide assistance on 1.4 million lbs. of cheese exported, with delivery through next May.
- Mike Brown, an economist with Glanbia Foods, Inc., which processes 22 million pounds of milk a day in Idaho and New Mexico, calls this year's agriculture boom a bust for U.S. dairy farmers in a recent article published on Bloomberg. While the 27 percent jump in wheat prices, 33 percent jump in corn prices, and 48 percent gain in cotton prices may send farm income to a record, dairies will lose money in 2011 for the second time in three years, according to Brown. Farmers lost \$2.50 to \$4 on average for every 100 lbs. of milk produced last year, and the deficit may be \$1 to \$3 in the first half of 2011, Brown said.
- Policy changes to LGM for Dairy will become effective with the Dec. 17 sales period. 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.

