



Dairy Week In Review

Dated December 21, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$15.49/cwt.	▼ 0.7 %	▼ 10.0%	▼ 7.0 %
Corn (Mar)	\$5.99/bushel	▲ 7.1 %	▼ 14.1 %	▲ 50.1 %
SBean Meal (Jan)	\$351.5/ton	▼ 0.8 %	▼ 7.2 %	▲ 16.9 %
Milk Margin*	\$13.85/cwt.	—	▲ 1.36 %	▲ 27.56%

*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.

- Milk production in the US was up 2.7 percent in November to 15.47 billion lbs., according to the latest USDA "Milk Production" report. Cow numbers remained unchanged from October at 9.121 million head, while production per cow was up 1.3 lbs. or 2.3 percent to 56.5 lbs. per day. The nation's herd grew 30,000 head since November 2010, with milk production up 2.3 percent from a year ago. Production in Pennsylvania and New York was up 4.0 percent, with production in the commonwealth at 865 million lbs., with 541,000 cows and 61 pounds per cow per day.
- Retail milk prices are up, with the Milk Consumer Price Index (CPI) up 0.6 percent in November to 135.5, the highest in nearly two years. The Cheese CPI was down 0.3 percent from October to 208.1, while the Butter CPI fell 1.6 percent to 202.8.
- October 2010 U.S. dairy exports were estimated at \$350 million, down 1 percent from September 2010 but up 54 percent from last year. Imports were up 10 percent from September and 4 percent from October 2009 to \$222 million. Exports were up 69 percent year-to-date in 2010 to \$3.127 billion through October. Imports were up 2 percent to \$2.09 billion through October.
- The latest "Pennsylvania Dairy Industry Performance Scorecard," released by the center, shows somatic cell counts in the state now at 248,000, the lowest in 24 months, based on DHIA data collected in the state. The scorecard is available at www.centerfordairyexcellence.org.

Government & Industry:

- Congress approved a tax reform bill last week that included a measure exempting the first \$5 million of a person's estate, with a 35-percent tax rate on estates larger than \$5 million. If Congress had not acted on the death tax, it would have reverted back to a pre-2001 level of 55 percent on property above \$1 million.
- With the changes to LGM for Dairy taking effect last week, premiums for the insurance program will be due at the end of the insurance period. The premium billing date is the first business day of the month following the end of the insurance period. Premiums owed by a producer will be offset from any indemnity due to the producer.
- Cooperatives Working Together accepted 17 bids last week to provide assistance on exports of 2.9 million pounds of cheese. Since the program was re-activated in March, CWT has agreed to assist with 75.6 million pounds of cheese exports.

Happy Holidays from 
The Center for Dairy Excellence

