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Dairy Week In Review

Dated December 29, 2010



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$15.59/cwt.	▲ 0.6 %	▼ 9.5 %	▼ 6.5 %
Corn (Mar)	\$6.32/bushel	▲ 5.3 %	▲ 16.2 %	▲ 51.5 %
SBean Meal (Jan)	\$368.6/ton	▲ 4.7 %	▲ 10.8 %	▲ 17.7 %
Milk Margin*	\$13.85/cwt.	—	▲ 1.36 %	▲ 27.56%

* Each issue of "Dairy Week in Review" will report on projected "Milk Margin," as reported in the previous month's "PA Dairy Performance Scorecard." Milk margin is the amount remaining from 100 pounds of milk after feed costs are paid, 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 will be on the milk check next month.

- The Class I base price for January is \$15.20 per hundredweight, down \$1.76 from December but 17 cents higher than it was a year ago. This is the lowest Class I base price since May and will again be based on the Class IV price for the previous month.
- USDA's *Cold Storage* Report shows that total cheese inventories are up 2.9 percent in November to 1.006 billion lbs. as of Nov. 30, about 4.6 percent higher than a year ago. American cheese inventories fell about 2.1 percent in November, but are still at historically high levels. Butter stocks continue to shrink, down 35.6 percent from October to 70 million lbs., less than half the inventory that was there a year ago.
- About 241,200 dairy cows were sent to slaughter last month, up 15.5 percent from a year ago and the most for November since 1997, according to the USDA. In the first half of December, the slaughter rate was up about 14 percent from last year.

Government & Industry:

- Cooperatives Working Together accepted seven bids to provide assistance on exports of 1.7 million lbs. of cheese for delivery in the first quarter of 2011. Since re-activating the program in March, CWT has accepted exports bids for 77.3 million lbs. of cheese.
- With the changes to LGM for Dairy taking place earlier this month, 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 by any indemnity due to the producer.
- More than 180 processors, manufacturers and other businesses work together through the Innovation Center for U.S. Dairy, founded by dairy producers through their investment in Dairy Checkoff. The effort helped to drive additional milk sales of over 1 billion lbs. through partnerships in the past year.