



Dairy Week In Review

Dated August 26, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Aug) **	\$16.90/cwt.	▲ 0.2 %	▲ 9.0 %	▲ 16.2 %
Corn (Sept)	\$3.95/bushel	▲ 2.2 %	▲ 5.0 %	▲ 18.7 %
SBean Meal (Aug)	\$299.7/ton	▼ 3.5 %	▲ 0.7 %	▼ 21.7 %
Milk Margin*	\$11.64/cwt.	—	▲ 1.02 %	▲ 70.67 %

*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.

- Total milk production in the U.S. jumped 2.9 percent in July from 2009 to 16,480 billion pounds. This is the largest increase in July since 2007. Production per cow is up from June to 1,802 pounds. The nation's herd grew 19,000 head in July, but is still down 42,000 head from July. In Pennsylvania, milk production grew 1.7 percent, with daily milk production per cow up 1 pounds and cow numbers down 4,000 head.
- The September Class I base price is \$15.50 per hundred-weight, down 27 cents from August, but \$4.57 higher than last September's price. Class IV prices again were the mover of the Class I base.
- USDA's "Cold Storage" report shows butter inventories are down 24 percent from 2009 to 199.6 million pounds on July 31, remaining at a five-year low. Cheese inventories reached than annual peak, with cheese stocks at 1.049 billion pounds, up 5 percent from a year ago. American cheese inventories were up 6 percent to 638.6 million pounds.
- USDA's "Commercial Disappearance" report shows that total cheese usage was up 3.8 percent in the second quarter, with American cheese usage up 0.3 percent and usage of other types of cheeses up 4.8 percent. About half of the increase came from new domestic sales, and the other half came from a gain in exports. Butter disappearance was up 2.1 percent in the first half of 2010, with butter exports up 150 percent. Disappearance of nonfat dry milk and skim milk power was up 10.3 percent, with exports of NMP and SMP up 44.6 %.
- Federal Order and California data shows that fluid milk sales were down 1.4 percent from a year ago in the second quarter of 2010, with the first quarter milk sales down 0.8 percent.

Government & Industry:

- Six bids were accepted into Cooperatives Working Together's export assistance program last week, with a total of 364,000 lbs. of cheese and 3.2 million lbs. of butter accepted into the program. Deliveries will take place from September through February. Since re-opening the program in late March, CWT has agreed to bonuses for 32.8 million lbs. of butterfat.
- Mexico raised tariffs on U.S. cheese exports last week in response to a long-standing dispute over access by Mexican trucks to U.S. roads. According to the Mexican government, this action is being taken as part of Mexico's ongoing effort to seek U.S. compliance with its NAFTA obligation to provide Mexico with cross-border trucking access into the U.S.

