



Dairy Week In Review

Dated September 30, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Sept) **	\$18.03/cwt.	▼ 0.2%	▲ 6.6 %	▲ 21.6 %
Corn (Dec)	\$5.05/bushel	—	▲ 22.8 %	▲ 32.3 %
SBean Meal (Oct)	\$303.7/ton	▲ 1.0 %	▲ 1.3 %	▲ 5.2 %
Milk Margin*	\$12.73/cwt.	—	▲ 5.12 %	▲ 78.54 %

*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.

- The USDA's Livestock Slaughter Report shows that culling is down 4.5 percent from a year ago, with 1.826 million cows sent to slaughter in the first eight months of 2010. Although down from last year, culling levels are higher than any of the five years prior to 2009.
- The Consumer Price Index for Milk held steady in August, with prices for the first eight months of the year up 2.4 percent. The CPI price for cheese has remained the same, while butter prices have jumped more than 15 percent since March, now at a six-year high according to the Bureau of Labor Statistics.
- Last week the USDA released its "Overview of the U.S. Dairy Industry," reporting that the number of dairies in the U.S. fell nearly a third from 2001 to 2009, while milk production increased by 15 percent. The number of dairies with more than 2,000 cows doubled, from 325 farms in 2001 to 740 farms in 2009. The production from those farms now accounts for 31 percent of the nation's milk supply. Production per cow increased nearly 7 pounds during the eight-year period to 56.4 pounds per day.
- USDA's Commercial Disappearance data shows commercial use of cheese up 1.9 percent from 2009 to 876 million pounds in July. American cheese usage was up 1 percent from a year ago to 358.5 million pounds in July, while butter disappearance totaled 116.8 million pounds, down 2.1 million pounds from July 2009.
- Consumer confidence in September fell to 48.5, down from 53.2 in August and the lowest it has been since February.

Government & Industry:

- Last week, Cooperatives Working Together approved bids to provide assistance on exports of 507,000 pounds of cheese for delivery in October. Since re-opening the program in late March, CWT has agreed to bonuses for 44.5 million pounds of cheese and 33.1 million pounds of butterfat.
- The National Milk Producers Federation released a self-certification template to help farmers comply with petroleum-related regulations under the Spill Prevention, Control & Counter Measures Act. The form can be found on www.nmpf.org.
- Join the Center for Dairy Excellence for a "Mastering the Dairy Business" conference call on Oct. 7 from 12 - 1:30 p.m. with Dr. Gordon Jones from Central Sands Dairy.

