

Federal and State Dairy Policy:

- In early August, the U.S. Senate approved an agricultural appropriations bill with \$350 million earmarked for the USDA to boost the dairy product price support level. National Milk Producers Federation estimates that this could increase farmer incomes by \$1.3 billion. Work is now underway to reconcile this measure in the House version of the bill.
- Producers still have one week to select October as their start month for the new MILC program, which begins Oct. 1. You can do so by visiting the local FSA office by Sept. 14.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Sept.) **	\$14.38/cwt.	▼ 1.2%	▲ 8.8%	▼ 27.3%
Corn (Dec.)	\$3.01/lb.	▼ 8.6%	▼ 17.6%	▼ 43.5%
SBean Meal (Sept.)	\$322/ton	▼ 12.7%	▼ 5.1%	▼ 2.6%
Milk Margin*	\$6.72/cwt.	—	▲ 5.7%	▼ 46.6%

*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 \$2.25, which provides an estimate of what producers can expect to see on their milk check for the coming month.

- The August Class III price is \$11.20, up \$1.23 from July. The August Class IV price is \$10.38, up 23¢ from July. Both price are the highest so far this year.
- Feed costs in August dropped to their lowest in more than two years, according to USDA's Ag Prices report. Corn prices declined 29¢ to \$3.31/bushel, soybeans dropped 10¢ to \$10.70/bushel and alfalfa hay fell \$9/ton to \$111.00.

Industry:

Dairy Imports from 2005—2009 (in Metric Tons)

- A quarterly "Import Watch" newsletter published by National Milk Producers Fed-

	2005	2006	2007	2008	2009
Butter	4,386	2,765	3,301	925	2,830
Butter Subst.	2,921	3,198	3,476	615	2,931
Cheddar	9,735	9,761	9,005	4,556	9,377
Total Cheese	30,520	29,771	25,350	19,554	21,495
Casein & Caseinates	53,357	42,221	42,152	61,922	38,417
MPC	31,089	29,903	29,292	31,605	27,901

eration reports that total imports tracked by *Import Watch* for the first six months of 2009 are down 19 percent. Butter, butter substitute and cheese imports are up from 2008 but down from 2007, while total milk protein concentrate, casein and caseinate imports are at their lowest levels in five years.

- Fonterra Cooperative Group Ltd., the world's largest dairy exporter, is using "every available drop" of milk to meet orders, as whole milk powder prices jumped 25 percent, the highest since September last year.
- Total cheese production was up 2 percent from a year ago to 839 million lbs., according to the USDA's "Dairy Products" report. Butter input was down 2.2 percent, while powder production fell 9.8 percent.

