



# Dairy Week In Review

Dated September 9, 2010

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Sept) **	\$17.94/cwt.	▲ 6.0 %	▲ 6.4 %	▲ 24.7 %
Corn (Sept)	\$4.47/bushel	▲ 3.4 %	▲ 13.2 %	▲ 48.5 %
SBean Meal (Sept)	\$307.3/ton	▲ 1.5 %	▲ 1.1 %	▼ 4.8 %
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.

- The August Class III milk price is \$15.18 per hundredweight, up \$1.44 from July and up \$3.98 from August 2009. The August Class IV price is \$15.61/cwt., down 14 cents from July, but up \$5.23 from last August.
- The USDA *Dairy Products Report*, released last week, showed that total cheese production in July was up 0.2 percent from June to 882 million pounds, up 4.7 percent from last July. So far in 2010, total cheese production is up 2.8 percent from 2009. Much of the increase in total cheese production came from the Italian-style cheeses, with Mozzarella cheese production up 6.9 percent for the year. Butter production in July was 111 million pounds, down 5.3 percent from June and 2.9 percent below July 2009. In the first seven months of the year, butter production fell 5.9 percent from 2009 production levels.
- The expectations for Friday's USDA *Crop Production* report are causing corn prices to soar, settling at \$4.47 per bushel on Wednesday evening. With Russia extending its export ban on wheat until 2011 and expectations of trimmed yield estimates, there's uncertainty on the condition of global grain supplies.

## Government & Industry:

- October 1 marks the start of Fiscal Year 2011 for USDA's Milk Income Loss Contract (MILC) program. Any producer who expects to market more than 2.985 million pounds of milk in the coming 12 months should soon select the month in FY 2011 (October 2010 – September 2011) when they wish to start their payments. Most farmers started with October 2009 last year.  
Any producer wanting to change their start date for FY 2011 must do so by **September 14**. Based on current milk futures prices, MILC payments are predicted to start in February 2011 with a 5-cent payment but increase each month as futures prices decline to peak at a 53-cent payment in July. To change your start date, you must visit your local Farm Service Agency office.
- National Milk Producers Federation's National Dairy FARM Program is now accepting producer enrollment in the Animal Care Program. This officially launches the second phase of the implementation process, which includes the start of on-farm evaluations for participating producers.
- Cooperatives Working Together approved four bids to provide assistance on 1.8 million pounds of cheese exports last week. The producer-led effort also announced it would stop accepting bids for export assistance on butterfat, since domestic butter prices have risen above Oceania prices for the first time in nearly a year. Since March, the program has agreed to bonuses on 43.8 million pounds of cheese and 33.1 million pounds of butterfat.

