



CENTER FOR Dairy EXCELLENCE

Dairy Week In Review

Dated Jan. 11, 2011



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$18.89/cwt.	▼ 8.2 %	▼ 7.5 %	▲ 19.2 %
Corn (Mar)	\$6.51/bushel	▲ 1.4 %	▲ 11 %	▲ 3.1 %
SBean Meal (Jan)	\$310 /ton	—	▲ 10.7 %	▼ 22 %
Milk Margin (Oct)*	\$13.27/cwt.	—	▼ 3.56 %	▼ 1.56 %

**Each issue of "Dairy Week in Review" will report on current "Milk Margin," or the dollars remaining per one hundred lbs. of milk after feed is paid for, based on data in the latest "PA Dairy Industry Performance Scorecard." 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 World Agriculture Supply & Demand Estimates report has corn production estimated up 48 million bushels higher, with a 0.5 bushels per acre increase in yield and a 45,000 acre increase in harvested area. Corn use for 2011/12 was raised with exports projected to be 50 million bushels higher. The season average farm price for corn was lowered by 20 cents to \$5.70 to \$6.70 per bushel. Ending stocks are projected to be down by 2 million bushels to 846 million bushels. Within the first few hours after the report came out on Jan. 12, the corn price on the Chicago Mercantile Exchange fell 40 cents to 6.11 per bushel.
- Soybean meal prices were raised \$10 to \$290 - \$320 per ton, while the all milk price for 2012 was increased to \$18.30 - \$19.10 per hundredweight. The milk production forecast for 2011 was lowered slightly with lower expected cow numbers in the fourth quarter. Forecasts for 2012 were unchanged. Higher whey prices are expected to offset lower cheese prices in 2012, resulting in a higher forecasted Class III price.

Government/Industry:

- Cooperatives Working Together accepted bids to provide export assistance on sales of 6.4 million lbs. of cheese for delivery through June. Last year CWT assisted on 91.5 million lbs. of cheese exports. Nearly three quarters of a million dairy futures and options contracts were traded on the Chicago Mercantile Exchange in 2011, an average of almost 3,000 trades per day. Among dairy futures, 429,260 contracts were traded, up 39 percent from 2010 activity, according to the *Daily Dairy Report*.



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