



Dairy Week In Review

Dated January 21, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$15.22/cwt.	▼ 0.4 %	▼ 1.8 %	▼ 6.1 %
Corn (Mar)	\$6.41/bushel	▲ 1.6 %	▲ 6.6 %	▲ 74.2 %
SBean Meal (Mar)	\$383.8/ton	▲ 1.1 %	▲ 9.0 %	▲ 34.1 %
Milk Margin*	\$12.18/cwt.	—	▼ 6.90%	▲ 2.61%

*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.

- USDA's "Milk Production" report shows milk production up 2.5 percent in December, estimated at 16.164 billion pounds. The nation's herd grew 16,000 head to end the year at 9.136 million head. Daily production per cow was 57.1 pounds a day, up 1 pound, or 1.8 percent, from a year ago. Pennsylvania's milk production was up 1.8 percent to 889 million pounds, with cow numbers up 3,000 head to 542,000. Daily milk production per cow is up 1 pound from a year ago to 61 pounds.
- The latest Federal Order and California data shows fluid milk sales in the September – November period down 1.3 percent from 2009, with fluid milk sales in the first 11 months of the year down 1.4 percent. This marks the biggest decline in milk sales since 1982. Organic milk sales grew 12.2 percent, while conventional milk was down 1.8 percent.
- Retail dairy prices were higher in December. The Milk Consumer Price Index was 136.1, up 0.5% from November, according to the Bureau of Labor Statistics. The Cheese CPI was down 0.4% to 207.4, and the Butter CPI was down 3.4% to 196.0.
- Exports of dairy products in November were down 8 percent from a month ago but up 28 percent from a year ago, with 125, 610 tons of milk powder, whey, lactose, cheese and butterfat exported, according to recent USDA/FAS data. Cheese exports for the month were up 38 percent from a year ago to 13,186 tons. Year to date, export volume in the products listed above was up 39 percent from 2009 and up 13 percent from 2008's record highs.

Government & Industry:.

- The USDA Dairy Industry Advisory Committee met last week and issued a series of draft recommendations to Secretary Vilsack about the future direction of dairy policy. To see those recommendations, go to http://www.fsa.usda.gov/Internet/FSA_File/list_pass_recommends_011211.pdf
- USDA issued a proposal to update nutrition standards for school meals, restricting milk offerings to low-fat and fat-free choices. All flavored milks would have to be fat-free. Schools would also be required to limit the level of fat, sodium and calories in meals, which could restrict the use of some cheeses.
- Learn more about the LGM for Dairy milk insurance program and how it can protect against shrinking margins during a "Mastering the Dairy Business" call next Thursday, Jan. 27, from 12 p.m. - 1:30 p.m. Call the center at 717-346-0849 to register.
- Registration for the Pennsylvania Dairy Summit is now open. The annual event will be held Feb. 2 - 3 at the Lancaster Host Resort in Lancaster, Pa. Call 877-326-5993 for details.

