



Dairy Week In Review

Dated February 2, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$15.25/cwt.	▼ 0.2 %	▼ 2.1 %	▼ 6.3 %
Corn (Mar)	\$6.66/bushel	▲ 1.2 %	▲ 8.0 %	▲ 47.0 %
SBean Meal (Mar)	\$390.0/ton	▲ 4.2 %	▲ 4.5 %	▲ 31.0 %
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.

- Class III milk futures on the Chicago Mercantile Exchange continue to soar, with the first six months of 2011 averaging \$16.89 per hundredweight.
- USDA's *Dairy Products* report shows total cheese production up 4.7 percent from a year ago and 2.4 percent above November to 904.4 million pounds in December. 2010 cheese production was 3.4 percent higher than in 2009. Butter production was at 158 million pounds, up 4.8 percent from December 2009 and 18.1 percent above November. Nonfat dry milk powder production was up 10.1 percent, while production of skim milk powder was up 20.3 percent. Whey production was up 5.3 percent.
- USDA's biannual "Cattle" inventory report shows replacement heifers in the pipeline are up 30,000 head from a year ago, with 4.56 million replacements in the US. That is the most since 1986, with 49.8 replacements for every 100 cows.
- USDA "Ag Prices" report reported a drop in "Income Over Feed Cost", down \$1.12 in January to \$7.15 per hundredweight. The All-Milk price was down 50 cents to \$16.20 per hundredweight, while corn was up 55 cents to \$5.37 per bushel and soybeans jumped \$1 to \$12.60 per bushel.

Government & Industry:

- Governor Tom Corbett announced Mr. George Greig of Linesville, as Pennsylvania's Secretary of Agriculture. Acting Secretary Greig, a former dairy farmer and current crop farmer, owns and operates a 650 acre farm in partnership with his brother in Crawford County.
- Applications are being accepted for 20 college scholarships that are awarded by America's dairy farmers, through the National Dairy Promotion and Research Board. The value of 19 of the scholarships is \$1,500. In addition, the NDB awards a \$2,500 James H. Loper Jr. Memorial Scholarship to the outstanding scholarship recipient. Applications can be downloaded from www.dairycheckoff.com.
- The U.S. Departments of Agriculture, and Health and Human Services, jointly released the new Dietary Guidelines for Americans on Tuesday. The new guidelines will continue to shift the federal government's nutritional recommendations towards menus that reduce the incidence of obesity.

