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Dairy Week In Review

Dated
February 3, 2010



Markets:

- Class III Milk future prices fell significantly this week, falling 37 cents on first half 2010 contracts and 39 cents on second half 2010 contracts. The 2010 average has lost \$1.05 in the last two weeks, settling at \$14.33 per cwt. on Monday, Feb. 1. Butter and whey prices also plunged.

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Jan.) **	\$16.23/cwt.	▼ 0.4 %	▼ 1.5 %	▲ 36.0 %
Corn (Mar.)	\$3.59/bushel	▼ 0.9 %	▼ 16%	▼ 5.9%
SBean Meal (Jan.)	\$271.8/ton	▼ 5.4 %	▼ 9.0 %	▼ 12 %
Milk Margin*	\$10.47/cwt.	—	▲ 4.9 %	▼ 14.5 %

**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, which is an estimate of what you can expect to see on your milk check for the coming month.*

Industry:

- USDA's biannual "Cattle" inventory report shows that heifer replacements are at record high levels. On Jan. 1, there were 4.52 million replacements, up from 4.41 million heifers a year ago, the most since 1986. There are 49.7 replacements for every 100 cows based on the Jan. 1 figure.
- National Milk Producers Federation has asked that New Zealand dairy products be excluded from the Trans-Pacific Partnership (TPP) trade agreement currently being negotiated. NMPF estimated that, if dairy is not excluded, the FTA could cause gross revenues for U.S. dairy farmers to plunge by \$20 billion in 10 years. Members of the Congressional Dairy Farmer caucus also sent a letter to US Trade Representative Ambassador Ron Kirk supporting the exclusion of dairy.
- An article in *The New York Times* reported the recall of frozen confections and other dairy products from store shelves in parts of China, with the action related to melamine contamination. Tainted ingredients were apparently not entirely removed from the supply chain.



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