



CENTER FOR Dairy EXCELLENCE

Dairy Week

Dated April 7, 2011

In Review



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Mar) **	\$18.38/cwt.	▼ 13.4 %	▼ 14.1 %	▲ 21.1 %
Corn (May)	\$7.63/bushel	▲ 13.2 %	▲ 9.1 %	▲ 114%
SBean Meal (May)	\$355.6/ton	▼ 1.5 %	▲ 2.2 %	▲ 33.8 %
Milk Margin*	\$11.60/cwt.	—	▲ 2.47%	▼ 4.53%

*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 March Class III milk price is \$19.40 per hundredweight, up \$2.40 from February and \$6.62 above last year. The March Class III price is the highest since June 2008. The March Class IV price is \$19.41, up \$1.01 from February and \$6.49 above last March. The Class IV price is the highest since November 2007. Currently Class III futures for the remainder of 2011 average \$17.00 per hundredweight, while Class IV prices for the remainder of the year average \$18.68 per hundredweight.
- Corn prices jumped significantly this week in response to the USDA "Grain Stocks" report, which indicated lower stocks than anticipated. Corn stocks as of March 1 totaled 6.52 billion bushels, down 15 percent from a year ago. Indicated disappearance from December through February was up 9 percent from a year ago to 3.53 billion bushels. Soybean stocks totaled 1.25 billion pounds, down 2 percent from March 2010. Soybean disappearance was down 4 percent from a year earlier.
- Butter production in February was 150.1 million pounds, up 6.4 percent from a year ago and the most ever for that month. Cheese production was 807.1 million pounds, up 4.1 percent, according to the latest USDA "Dairy Products" report. Cheddar input was down 0.6 percent, while mozzarella was up 5.8 percent and production of all other varieties was up 6.7 percent. Production of nonfat dry milk and skim milk powder was 145.8 million pounds, up 4.3 percent from a year ago, up dry whey production was 81.8 million pounds, up 4.6 percent.

Government/Industry:

- Nearly half of all dairies in China are being shut down after having their licenses revoked, in the government's latest attempt to clean up the scandal-plagued dairy industry. The government's quality inspection agency ordered a full-scale review of dairy licenses last year after more contaminants appeared in milk supplies despite periodic cleanup campaigns.



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