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DairyEXCELLENCE

Dairy Week In Review



Dated April 14, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (April) **	\$18.68/cwt.	▲ 1.6 %	▼ 4.5 %	▲ 23.0 %
Corn (May)	\$7.466/bushel	▼ 2.8 %	▲ 7.4 %	▲ 113%
SBean Meal (May)	\$355.6/ton	▼ 4.5 %	▲ 2.1 %	▲ 19.7 %
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.

- U.S. dairy exports were up in January and February, with cheese exports totaling 38,728 tons, equivalent to 5.0 percent of the U.S. cheese production in those two months, the highest percentage ever. Major cheese export customers include Mexico, Korea, the Middle East and North Africa, and Japan. Export volumes of milk powder, whey, lactose, cheese and butterfat were up 41 percent from a year ago, according to recent USDA/FAS trade data, to 125,063 tons. In February exports of nonfat and skim milk powder were up 123 percent from a year ago to 35,700 tons, representing 54 percent of the U.S. powder production during the month.
- The latest "World Agricultural Supply & Estimates" report shows 2011 milk production up 1.6 percent or 3.1 billion pounds from 2010 to 195.9 billion pounds. Relatively high milk prices will be offset by high feed costs, and only slight growth in the U.S. dairy herd is expected for the remainder of the year, according to the report. Dairy product 2011 price projections were mixed in the report, with butter and cheese lower this month, but nonfat dry milk and whey higher. The Class III forecast was lowered, and the Class IV and all-milk price was increased. The all-milk price was estimated at \$18.10—\$18.65 for 2011.

Industry:

- Cooperatives Working Together accepted three bids to provide subsidies on exports of 3.0 million lbs. of cheese for delivery in May and June. CWT awards have averaged 1.6 million lbs. of cheese per week this year, down from last year's average of 1.9 million lbs. a week.
- Underwriting capacity for the Livestock Gross Margins-Dairy program has been used up, with the program not expected to be available until October 2011, the beginning of the next fiscal year. Supplemental funding will require congressional authority. Producers should contact their legislators to encourage them to authorize the program be moved from pilot status to authorize additional funding. Center for Dairy Excellence's Risk Management Program Coordinator Alan Zepp will lead his next "Protecting Your Profits" conference call on April 27 from 12 - 12:30 p.m. and will discuss what it means for dairy producers.



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