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Dairy Week In Review

Dated May 13, 2010



Policy:

- Beginning Oct. 1, 2010, any dairy processor exporting to the European Union will need to certify that each farm supplying milk for those exports has below 400,000 somatic cell count. Currently the U.S. limit for somatic cells is 750,000. The EU established the 400,000 SCC requirement in the 1990s but allowed U.S. to meet the requirement with co-mingled loads. Recently they introduced the individual farm requirement, but only recently notified the U.S. that they will begin enforcing it as of Oct. 1.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (May) **	\$14.99/cwt.	▲ 0.4 %	▲ 1.6 %	▲ 29.3 %
Corn (May)	\$3.71/bushel	▲ 1.5 %	▲ 5.4 %	▼ 11.9 %
SBean Meal (May)	\$279/ton	▲ 0.7 %	▲ 1.5 %	▼ 23.1 %
Milk Margin*	\$11.25/cwt.	—	▼ 6.5 %	▲ 71.9 %

**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.*

- U.S. dairy exports were up in March, with the value of total exports up 71 percent from a year ago to \$291 million, the highest figure since September 2008, according to a recent USDA/FAS report. Butter exports are three times the volume from a year ago at 9.1 million pounds, while cheese exports are up 70 percent to 29.6 million pounds. Exports of nonfat and skim milk powder are up 63 percent to 56.4 million pounds, while exports of dry whey fell 5 percent.
- The USDA released its monthly "World Agricultural Supply & Demand Estimates" this week, projecting the All-Milk price to average \$15.70 - \$16.70 in 2011, up 30 cents from the 2010 projected price. Milk production is expected to increase in 2011, with output projected to be up 1.5 percent from the projected 190.2 billion pounds in 2010.

Industry:

- Dean Foods reported a 43-percent decline in first quarter net income, with milk volumes up 3 percent. To reduce costs, Dean will eliminate 350 – 400 jobs this year in its commodity milk business. The company's Chairman and Chief Executive Gregg Engles said sales in private-label brands are accelerating, despite an improved economy, and some of the name brand business is not bouncing back.



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