



Dairy Week In Review



Dated June 2, 2011

Markets:

| Dairy Prices | Price | Chge. from Week Ago | Chge. from Month Ago | Chge. from Year Ago |
|----------------------|---------------|---------------------|----------------------|---------------------|
| Milk Price (June) ** | \$20.69/cwt. | ▲ 13.4 % | ▲ 11.5 % | ▲ 27.0 % |
| Corn (July) | \$7.41/bushel | ▼ 0.1 % | ▲ 3.0 % | ▲ 46.9 % |
| SBean Meal (July) | \$360.7/ton | ▲ 0.5 % | ▲ 7.7 % | ▲ 33.0 % |
| Milk Margin* | \$13.99/cwt. | — | ▼ 0.07% | ▲ 29.06% |

*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.

- USDA's Dairy Products Report shows butter production up 19.4 percent in April to 158.8 million pounds, with the first four month's production up 11.2 percent. Cheese output was up 2.1 percent, with cheddar production down 3.3 percent, mozzarella up 4.1 percent and all other varieties up 4.9 percent. Production of nonfat dry and skim milk powder was up 3.5 percent.
- Dairy profitability fell in May, according to USDA's "Ag Prices" report, with the income over feed costs at \$8.25 per hundred-weight, about 10 percent below the 10-year average. Alfalfa hay prices reached record highs, while corn prices slipped 10 cents and soybeans fell a dime. The feed costs to produce 100 pounds of milk hit a new high of \$11.15, up 44 cents from April. The All-Milk price was \$19.40 per hundredweight, down 20 cents from April but \$4.40 higher than May 2010.
- Retail dairy prices are forecast to increase 5 – 6 percent this year, according to USDA's Economic Research Services. That projection is increased from last month's estimate of 4.5 – 5.5 percent.
- Pennsylvania is still significantly behind in corn planting, with only 61 percent of the corn crop planted, compared to a five-year average of 86 percent. Nationally, 86 percent of the corn crop is planted, compared to a five-year average of 95 percent.

Government/Industry:

- The U.S. Department of Agriculture released a new graphic as part of its updated Dietary Guidelines for Americans. The new icon, MyPlate, is designed to remind Americans to adopt healthier eating habits and to eat a more plant-based diet. One half of the plate is filled with fruits and vegetables, with whole grains and lean protein on the other half. Low-fat dairy, such as a cup of skim milk or yogurt, is on the side.
- The Senate Agriculture Committee held its first official 2012 farm bill hearing in Washington, featuring testimony from Agriculture Secretary Tom Vilsack and former Secretary Dan Glickman. The committee also held its first field hearing in Michigan this week.
- Cooperatives Working Together accepted 10 request for export assistance from Darigold and Dairy Farmers of America to sell a total of 5.686 million pounds of Cheddar, Gouda and Monterey Jack cheese to customers in Asia, South America and the Middle East. The product will be delivered June through November.

