



CENTER FOR Dairy EXCELLENCE

Dairy Week In Review

Dated Sept. 1, 2011



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Aug) **	\$23.32/cwt.	▲ 0.8%	▲ 0.9 %	▲ 28.4%
Corn (Sept)	\$7.57/bushel	▲ 3.5 %	▲ 7.4 %	▲ 43.0 %
SBean Meal (Aug)	\$380.8/ton	▲ 3.7 %	▲ 7.4 %	▲ 19.6 %
Milk Margin*	\$14.36/cwt.	—	▲ 1.8 %	▲ 18.58 %

*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 latest USDA "Ag Prices" report shows farm profitability above the historical average for August. The All-Milk price was up 10 cents from July, a new record high, while the cost of feed to produce 100 pounds of milk was up 23 cents to \$11.64. Income over feed costs was at \$10.36 per hundredweight, 13 cents below July but well above the 10-year average of \$9.09 per hundredweight.
- Consumer Confidence fell 25 percent in August, its lowest in more than two years. The conference board's index slumped to 44.5, the weakest since April 2009, from a revised 59.2 in July. It was the biggest drop since October 2009.
- Corn futures jumped to record highs with concerns about poor crop conditions. On Thursday, corn futures for the next 12 months averaged \$7.66 per bushel, down slightly from Monday's high. Soybean futures also broke through new highs, with shrinking global supplies and concerns about drier weather preventing pod-filling. Soybean futures averaged \$14.61 per bushel for the next 12 months.
- Dairy slaughter fell to its lowest level in three years, down to 207,100 in July. In the first seven months of 2011, dairy cow slaughter was 4.4 percent above a year ago.

Government/Industry:

- Earlier this week, in the wake of Hurricane Irene, President Obama declared Vermont a federal disaster area. Floodwaters have still not receded from fields, and washed-roads and bridges are still not passable. Milk pick-up remains difficult throughout the region, with some milk dumping occurring. The hurricane caused disruptions over the week, with mandatory evacuations impacting milk sales along the Eastern seaboard.



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