



Dairy Week In Review

Dated January 5, 2011

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Jan) **	\$14.93/cwt.	▼ 4.3 %	▼ 13.3 %	▼ 9.0 %
Corn (Mar)	\$6.13/bushel	▼ 3.1 %	▲ 15.6 %	▲ 45.6 %
SBean Meal (Mar)	\$372.6/ton	▲ 1.1 %	▲ 10.2 %	▲ 14.6 %
Milk Margin*	\$13.93/cwt.	—	▲ 1.38 %	▲ 27.56 %

* 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.

- According to the latest USDA "Dairy Products" report, cheese production is up 6 percent from a year ago to 889.6 million pounds in November, a record high daily production of 29.65 million pounds. American type cheese production was up 5.6 percent from a year ago to 350 million pounds in November. Production of cheddar cheese was up 6.1 percent, while mozzarella cheese production was up 7.4 percent. Butter production was up 9.8 percent to 133 million pounds, up 9.2 percent above October 2010. Production of nonfat and skim milk powder was up 8.8 percent.
- The Milk-to-Feed Ratio was back below 2.00 in December, with on-farm profitability slipping, according to the latest "Ag Prices" report. The All-Milk price for December is estimated at \$16.80 per hundredweight, down \$1.10 from November. Feed costs are up 6 percent from a month ago, with corn up 39 cents a bushel to \$4.94 and soybeans up 60 cents a bushel to \$11.70. The cost of feed to produce 100 pounds of milk was \$8.53, leaving Income Over Feed Costs at \$8.27 per hundredweight, down \$1.57 from November and the lowest since May.
- The December Class III price is \$13.83, down \$1.61 from November and down \$1.15 from a year ago. The price is more than \$3 under the October 2010 price. The December Class IV price is \$15.03 per hundredweight, down \$1.65 from November but up 2 cents from last December. The Class IV price was the lowest since April.

Government & Industry:.

- Join the Center for Dairy Excellence for a "Mastering the Dairy Business" conference call on Thursday, Jan. 13, from 12 - 1:30 p.m. on "Thinking like a Chief Financial Officer on Your Dairy." Dr. Michael Boehlje from Purdue University will lead the call. To register, call the center at 717-346-0849 or e-mail info@centerfordairyexcellence.org.
- Policy changes to LGM for took place in December to make the program easier to use. For more information about LGM for Dairy or about your risk management options, contact Alan Zepp at 717-346-0849 or azepp@centerfordairyexcellence.org. The changes include.
 - ⇒ Premiums for LGM-Dairy will now be due at the end of the coverage period rather than at the time of purchase.
 - ⇒ The maximum dollar deductible has been increased from \$1.50 to \$2.00.
 - ⇒ A premium subsidy will now be available for those policies that ensure multiple months during the insurance period.

