

Federal and State Dairy Policy:

- The National Milk Producers Federation projects that MILC payments could go into hiatus after November. Based on yesterday's futures prices, the December Class I price in Boston would be \$17.41, above the \$16.94 trigger, NMPF says. From February through October, MILC payments averaged \$1.49 per hundredweight.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Oct.) **	\$15.00/cwt.	▲ 0.2%	▲ 5.0%	▼ 7.6%
Corn (Dec.)	\$3.81/lb.	▲ 5.8%	▲ 19.1%	▼ 11.3%
SBean Meal (Sept.)	\$325/ton	▲ 11.2%	▲ 10.7%	▲ 23.5%
Milk Margin*	\$6.72/cwt.	—	▲ 5.7%	▼ 46.6%

*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 \$2.25, which provides an estimate of what producers can expect to see on their milk check for the coming month.

- Cheese imports are up 3.1 percent year-to-date, while imports of MPCs are down 10.7 percent from a year ago, according to the latest USDA Foreign Agriculture Service (FAS) data. For the month of August, cheese imports were up 3.3 percent, while MPC imports were up 3.9 percent. U.S. cheese exports have averaged 17-21 million lbs. per month since the global economy crashed last fall.
- On the other hand, U.S. dairy exports were valued at \$193.2 million in August, the highest level of the year but still 44 percent below last year. Year-to-date exports are down 49.1 percent from a year ago. Shipments of Skim Milk Powder (SMP), the largest dairy export category, in August were down 21.4 percent, while cheese exports were down 23.8 percent. Dry whey exports were down 22.8 percent, while butterfat exports were down 93.9 percent.
- Fluid milk sales are up this year after declining in 2008. In the June-August period, packaged milk sales were 13.28 billion lbs., up 2.2% from last year, according to Federal Order and CA data reported in the CME *Daily Dairy Report*.

Industry:

- Animal welfare legislation was passed in two states this week. In California, Governor Arnold Schwarzenegger has signed a bill banning the practice of tail docking, while Michigan Governor Jennifer Granholm signed legislation requiring farm animals confined in cages to have enough room to turn around and fully extend their limbs.

Events:

- This week in Syracuse, NY, National Milk Producers Federation CEO Jerry Kozak and Dairy Management Inc. CEO Tom Gallagher, and other industry leaders met with the Northeast Dairy Leadership Team (NEDLT) to discuss different proposals for Federal Dairy Policy Reform. The NEDLT is comprised of dairy producers and other industry leaders, including Pennsylvania acting Secretary of Agriculture Russell Redding and his counterparts in New York and Vermont.

