

Federal and State Dairy Policy:

- The \$350 million allocated in the Ag Appropriations bill to bring relief to a struggling dairy industry is in limbo, with concerns over how the funds will be distributed. The current proposal allocates \$60 million for dairy product purchases & the other \$290 million in direct payments to dairy farmers.
- USDA's Fiscal Year 2010 budget includes an increase in funds for Guaranteed Operating Loans to farmers, up from \$1.15 billion in 2009 to \$1.5 billion in 2010. Direct Operating Loan funding increased \$300 million to \$1 billion, while funds for Direct Farm Ownership Loans increased more than \$250 million to \$650 million. Money for the Environmental Quality Incentive Program was decreased to \$1.18 billion.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Oct.)**	\$14.97/cwt.	▲ 4.5%	▲ 3.2%	▼ 10.6%
Corn (Dec.)	\$3.59/lb.	▲ 5.0%	▲ 13.1%	▼ 26.5%
SBean Meal (Sept.)	\$286.5/ton	▼ 0.5%	▼ 19.1%	▼ 2.7%
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.

- The September Class II price is \$11.01, up 15¢ from August; Class III is \$12.11, up 91¢; and Class IV is \$11.15, up 77¢. All prices are the highest so far this year.
- USDA released its *Dairy Products Report*, showing seasonal declines in Cheddar cheese production. It was still up 2.1 percent from a year ago at 262.8 million lbs. for August. Total cheese production was 849.5 million lbs, up 2.6 percent. August butter production declined 13.6 percent compared to a year ago, with output at 100.2 million lbs.
- Consumer confidence weakened in September, according to the Conference Board's Consumer Confidence Index, which fell unexpectedly to 53.1 after increasing in August to 54.5.

Industry:

- Cooperatives Working Together, a farmer-funded program, announced a third herd retirement for 2009. Dairy farmers have until Oct. 15 to submit their bids, which are based in milk production produced in the last 12 months. This is the fourth herd retirement in 12 months, with 226,800 cows already taken out of the nation's dairy herd.
- The Mid-Atlantic Dairy Association and Pennsylvania Dairy Promotion Program joined the Philadelphia Phillies to host Dairy Night during a sold-out game last Friday. A kids meal including milk was served, and two Philadelphia classrooms earned tickets by initiating a project to encourage peers to eat at least three servings a day of dairy.

Meetings:

- The Center for Dairy Excellence's October round of Dairy Advocacy and Resource Team meetings began this week. The meetings offer sales and service representatives an opportunity to share ideas and gain more resources to benefit their dairy farm customers and clients.

