

**Federal and State Policy:**

- Secretary Russell Redding testified before a hearing held by U.S. Congressman Tim Holden (D-PA) this week to review the regulatory and legislative strategies being utilized to improve water quality in the Chesapeake Bay Watershed. The hearing was held in regards to the expanded regulatory authority given to the EPA under the Chesapeake Bay Reauthorization Act.
- In Secretary Redding's remarks, he emphasized that measures the Pennsylvania agriculture community has taken in recent years have helped achieve 46% reductions in Nitrogen, 64% in Phosphorus and 88% in sediment. "And, while we have made important gains, there is more to do," he told the Congressmen assembled at the hearing.

**Markets:**

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Dec.) **	\$16.60/cwt.	▲ 0.6 %	▲ 2.1 %	▲ 13.1 %
Corn (Mar.)	\$4.06/bushel	▼ 10.1 %	▼ 2.4 %	▲ 8.3 %
SBean Meal (Jan.)	\$316.9/ton	▲ 0.4 %	▲ 2.7 %	▲ 21.7 %
Milk Margin*	\$9.55/cwt.	—	▲ 18.5%	▼ 23.4%

\*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 \$1.75, which provides an estimate of what producers can expect to see on their milk check for the coming month.

- U.S. dairy exports picked up in October, the highest this year, according to the USDA. NDM/SMP shipments were 64.5 million lbs., up 19% from a year ago. Dry whey exports were 47.0 million lbs., up 12.8%. Cheese exports were 20.4 million lbs., down just 5.5%. Butterfat exports were 8.8 million lbs., down 39.7%, but still more than double the average monthly volume in the first three quarters of the year. In total, U.S. dairy exports in October were valued at \$224.7 million, the highest figure of the year and 26% more than the pace set in the January-September period, USDA says.

**Industry:**

- A senior economist at Wells Fargo & Co. says rising milk, beef, pork and chicken prices will double the pace of U.S. food inflation next year, as livestock supplies shrink and rebounding economies boost demand. Food prices may jump as much as 6 percent in 2010, according to Wells Fargo & Co., while USDA in November forecasted a 3 – 4 percent food inflation next year, up from an estimated 1.5 – 2.5 percent in 2009.

**Events:**

- Registration materials for the 2010 PA Dairy Summit, being held on Feb. 3-4 at the Lancaster Host Resort in Lancaster, Pa., are now available online at [www.padairysummit.org](http://www.padairysummit.org).

**Happy Holidays**

From Everyone at the Center for Dairy Excellence.

