

Federal and State Policy:

- The USDA announced last week that it will use all of the \$60 million provided in the FY 2010 Agriculture Appropriation for dairy products for the procurement of consumer-ready cheddar and mozzarella cheese for domestic food assistance programs. Deliveries will be made March 16 through December 31, 2010, and will include white and yellow cheddar regular and reduced fat two-pound and one pound chunks; reduced-fat one pound shreds; and lite and low-moisture part-skim one pound chunks and shreds.
- The Pennsylvania Milk Marketing Board held an Over-Order hearing to set the level of the Over-Order Premium for January through June 2010. Cooperatives and the Farm Bureau want the current premium of \$2.65/cwt. to continue.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Nov.) **	\$15.83/cwt.	▲ 0.2 %	▲ 2.1 %	▼ 1.5 %
Corn (Dec.)	\$3.91/bu.	▲ 1.1 %	▲ 0.3 %	▲ 15.5 %
SBean Meal (Dec.)	\$318.0/ton	▲ 0.8 %	▲ 10.8 %	▲ 26.9 %
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.

- The All-Milk price in November was \$15 per hundredweight, a 2009 high and up 80 cents from October, according to USDA's "Ag Prices" report. Feed cost increased slightly, with corn up 3 cents per bushel and soybeans up 4 cents per bushel. Alfalfa hay was up \$1 a ton, putting income over feed costs at \$8.15 per hundredweight.
- Milk production in Australia fell 3.9 percent in the third quarter of 2009, while poorer weather conditions in New Zealand caused a decrease in production there as well. The declines in Oceania are driving up international spot prices for dairy.

Industry:

- Only 79 percent of the nation's corn crop was harvested by Nov. 29, according the USDA's weekly "Crop Progress" report. The national harvest is three weeks behind, with the five-year average for the end of November at 97 percent. Illinois is behind by five weeks, with only 72 percent of the crop harvested. Pennsylvania has harvested 81 percent of its corn crop, about nine points below the five-year average for this time of year, according to the report.

Events:

- The Center for Dairy Excellence will offer five scholarships for Pennsylvania dairy producers to attend the Dairy Managers Academy, hosted by the Professional Dairy Producers of Wisconsin on Jan. 19 - 21, 2010, in Seattle, WA. Dr. David Kohl from Virginia Tech will be the facilitator for the two-day event. Call 717-346-0849 for more information.
- Mark your calendars, the Pennsylvania Dairy Summit will be held on Feb. 3 - 4 at the Lancaster Host Resort in Lancaster, Pa. Program details are online at www.padairysummit.org.

