



CENTER FOR Dairy EXCELLENCE

Dairy Week In Review

Dated Dec. 29, 2011



Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Dec) **	\$20.45/cwt.	▼ 0.2 %	▼ 6.7 %	▲ 23.8 %
Corn (Mar)	\$6.42/bushel	▲ 4.0 %	▲ 6.7 %	▲ 1.6 %
SBean Meal (Jan)	\$310.1/ton	▲ 3.6 %	▲ 6.2 %	▼ 5.8 %
Milk Margin (Oct)*	\$13.27/cwt.	—	▼ 3.56 %	▼ 1.56 %

*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.

- The January 2012 Class I base price is \$18.80 per hundredweight, up 33 cents from December and up \$3.60 from last January. The January price is based on the Class III price, which is the higher of the two.
- The latest USDA "Livestock Slaughter" report shows culling activity up 4.8 percent or 11,600 head in November to 252,800 head. For the year to date, dairy slaughter was up 4.3 percent from 2010 to 2.65 million head. Culling activity is up for the fifth time in six years, up more than 29 percent from 2005 levels, according to *CME Daily Dairy Report*.
- USDA's "Commercial Disappearance" report shows that cheese and butter sales improved in October. Butter use was up 12.7 percent for the August – October period, while cheese sales increased 1.8 percent. For the year, sales of cheese and butter were up 3.1 percent and 10.7 percent, respectively, helping to offset a decline of 1.4 percent in fluid milk sales during the first 10 months of 2011.

Government/Industry:

- China's biggest milk producer destroyed a batch of milk found to have excessive levels of a cancer-causing toxin in yet another safety scare for the country's dairy industry. Mengniu Dairy Group said the problem was discovered before the milk containing high levels of aflatoxin was sold to the public. Aflatoxin is produced by a fungus that commonly grows in grain and legume crops such as peanuts, soybeans, corn and wheat. It can be found in the milk of animals that eat the tainted crops.

Happy New Year from the Center!



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