

Dated December 9, 2009

Federal and State Policy:

- Pennsylvania Senator Mike Brubaker held a public hearing of the Senate Ag Committee on Dec. 9 to address the transparency of dairy pricing. Among those testifying were three Pennsylvania dairy producers, a representative from Dairylea Cooperative, the Deputy Market Administrator from the Mid-East Order, representatives from the Pennsylvania Milk Marketing Board and Pennsylvania acting Secretary of Agriculture Russell Redding. Testimony and video from the hearing is available on Senator Brubaker's Web site at <http://senatorbrubaker.com>.

Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (Nov.) **	\$16.51/cwt.	▼2.0 %	▲1.6 %	▲2.9 %
Corn (Dec.)	\$3.68/bushel	▼5.9 %	▼5.7 %	▲27.3 %
SBean Meal (Dec.)	\$315.8/ton	▲0.1 %	▲3.1 %	▲33.4 %
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 November Class III price is \$14.08/cwt., the highest price of the year and up more than \$4 since July. The Class IV price is \$13.25/cwt, up more than \$3 since July.
- Total cheese production was 861 million lbs. in November, up 1.3% from Oct. 2008 and 2.2% from Sept. 2009. Production of both American-type cheeses and Italian-type cheeses were also up. Butter production was down 14.3% from a year ago at 112 million lbs., an 18.3% increase from Sept. Production of nonfat dry milk fell 24.4 percent from a year ago, while skim milk powder production dropped 42%, according to the USDA "Dairy Products" report.
- Stronger demand, increased exports and lower import expectations have driven an increase in USDA Class III and IV estimates for 2009 and 2010. The Class III price forecast for 2009 is raised from last month and both Class III and Class IV prices are forecast higher for 2010. The all milk price is forecast at \$12.70 to \$12.80 per cwt for 2009 and \$16.35 to \$17.15 for 2010 .

Industry:

- The dairy industry has launched a "Raise Your Hand for Chocolate Milk" campaign to keep the nutrient-dense beverage in school lunchrooms across the country. Critics are questioning the amount of sugar in the flavored beverage. However, the National Dairy Council says a small amount of sugar is a small trade off for the dense amount of nutrients in chocolate milk.

Events:

- The Pennsylvania Dairy Task Force held its annual meeting on Dec. 9 in Harrisburg. More than 60 industry leaders and dairy farmers gathered to discuss the PA dairy industry, its ability to recover from the 2009 dairy crisis and the role the PA Dairy Task Force can play in assisting with that recovery. They also heard a review of Center for Dairy Excellence's activities in 2009.

