



# Dairy Week In Review

Dated June 2, 2010



## Markets:

Dairy Prices	Price	Chge. From Week Ago	Chge. from Month Ago	Chge. From Year Ago
Milk Price (May) **	\$15.12/cwt.	▲ 0.1 %	▼ 0.8 %	▲ 34.5 %
Corn (July)	\$3.48/bushel	▼ 6.1 %	▼ 1.7 %	▼ 14.5 %
SBean Meal (July)	\$271/ton	▼ 2.6 %	▼ 6.0 %	▼ 21.2 %
Milk Margin*	\$10.76/cwt.	—	▼ 4.0 %	▲ 66.6 %

\*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 \$1.75, which is an estimate of what you can expect to see on your milk check for the coming month.

- Total cheese production was up 1.8 percent from a year ago in April, according to the latest USDA "Dairy Products" report, at 862.8 million lbs. Mozzarella cheese production was up 6.6 percent, while cheddar output was up slightly and production of other varieties fell 0.9 percent. April marked the ninth straight month butter production was down from a year ago, down 2.5 percent in April to 138.6 million lbs. Production of non-fat and skim milk powder was up 0.4 percent to 166.7 million lbs. Dry whey was up 9.1 percent to 90.8 million lbs.
- USDA's "Ag Prices" report shows an improvement in farm profitability for May, with the All-Milk Price up 40 cents to \$15.00 per cwt., while the cost of feed to produce 100 lbs. of milk was up only 2 percent to \$6.82 per cwt. Income over Feed Costs was \$8.18 per cwt, up 28 cents from April. The average Income over Feed Cost for the past nine years was \$9.09 per cwt.
- Recent USDA data shows that total cheese use in the first quarter was up 2 percent from a year ago. American cheese use was down 3.2 percent, while use of other varieties was up 5.8 percent. Cheese exports were up by 33 percent, while domestic use of all cheese was up 1.3 percent. Butter use in the first quarter was up 2 percent. Exports were up by 83 percent, while domestic use was down 0.5 percent.

## Industry:

- CWT will conduct its 10th round of herd retirements this summer. Bids will be accepted through June 25. Maximum bid is \$3.75 per hundredweight. CWT has no set target for the volume of milk or the number of cows to be removed.
- CWT approved three bids to provide bonuses on exports of 422,000 lbs. of cheddar. Delivery will take place in June and July.
- The Center for Dairy Excellence is launching a pilot project called "Transformation Teams" to aid 10 dairy farms planning significant business transformations. The center will help the chosen farms establish a team of experts to facilitate the business changes, and will offer access to funding and other resources to support planning costs. Applications are due June 25.

