



# Dairy Week In Review

Dated August 11, 2010

## Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Aug) **	\$16.86/cwt.	▲ 1.0 %	▲ 3.0 %	▲ 24.8 %
Corn (Sept)	\$3.95/bushel	▼ 1.2 %	▲ 7.3 %	▲ 11.5 %
SBean Meal (Aug)	\$310.5/ton	▼ 0.5 %	▲ 8.3 %	▼ 15.4 %
Milk Margin*	\$12.21/cwt.	—	▲ 6.54 %	▲ 91.98 %

\*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, an estimate of what you can expect to see on your milk check next month.

- U.S. dairy exports continued to be strong in June, according to recent USDA/FAS trade data. Cheese shipments were up 85 percent from a year ago to 37.7 million pounds, a record high. Exports of skim milk powder were down slightly from May but up 78 percent from a year ago. Butterfat sales overseas were up 244 percent, while exports of whey proteins were up 44 percent. In the first half of 2010, U.S. dairy exports were valued 66 percent higher than a year ago at \$1.725 billion.
- The *Daily Dairy Report* reported that mozzarella production is up 7.0 percent from last year, reaching a record high in June for a daily-average output in any single month. The article attributes the increased production to a surge in the pizza business, with several pizza companies discounting pizzas and Dairy Checkoff-funded programs encouraging use of more cheese on the pies. Pizza Hut and Domino's had increased same-store sales of 8 percent and 9 percent, respectively, in the second quarter of 2010.
- Butter inventories have been dropping since mid-May, with stocks at a five-year low and butter consumption up 15 – 20 percent from 2005, according to the *Daily Dairy Report*.

## Government & Industry:

- Last week, Cooperatives Working Together approved six bids to provide assistance on exports of 1.4 million pounds of butter and AMF. Deliveries will take place through the end of 2010. Since late March when the program reopened, CWT has approved bonuses for 41 million pounds of cheese and 24.8 million pounds of butterfat.
- The full Senate last week approved legislation authorizing the mandatory electronic price reporting of dairy products, following action earlier by the Senate Agriculture committee to approve the price reporting bill. Although preferring daily reporting, the dairy industry largely support this bill, along with a companion bill that the House Ag committee approved in July. The full House is expected to take up that measure, H.R. 5852, after lawmakers return to Washington in September.
- Last week the Senate also approved the Healthy, Hunger-Free Kids Act (S. 3307), which provides an additional \$4.5 billion over 10 years to federal child nutrition programs. The House of Representatives has not yet acted on its version of the child nutrition legislation.

