



Dairy Week In Review

Dated August 5, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Aug) **	\$16.69/cwt.	▲ 7.7 %	▲ 8.6 %	▲ 24.4 %
Corn (Sept)	\$4.00/bushel	▲ 6.0 %	▲ 10.0 %	▲ 18.0 %
SBean Meal (Aug)	\$311.5/ton	▲ 3.2 %	▲ 4.8 %	▼ 10.9 %
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.

- The July Class III price is \$13.74 per hundredweight, up 12 cents from June and up \$3.77 from July 2009. The July Class IV is \$15.75 per hundredweight, up 30 cents from June and up \$5.60 from 2009. This is the first time in nearly three years that Class IV was more than \$2 above Class III.
- The latest "Ag Prices" report has the All-Milk price at \$16 per hundredweight in July, up 50 cents from June. Feed costs increased 1.9 percent to \$6.93 per hundredweight, with income over feed costs at \$9.07 per hundredweight, up 37 cents from June.
- Total cheese production was up 5.2 percent in June at 881.8 million pounds, a record high on a daily basis, according to the latest "Dairy Products" report. Cheddar output was up 3.5 percent, while mozzarella was up 8.2 percent and other varieties were up 4.1 percent. Butter production was down 5.6 percent, while nonfat dry milk and skim milk powder was up 3.6 percent. Dry whey fell 7.4 percent.
- Commercial stocks of nonfat dry milk increased 18 percent (26.7 million pounds) to 174.8 million pounds in May, according to the CME Daily Dairy Report.

Government & Industry:

- Last week, CWT approved four bids to provide assistance on exports of 2.8 million lbs. of cheddar, and 10 bids on 19.6 million lbs. of butter and AMF. Delivery will take place through the end of the year (with some butterfat shipments going into January). Since re-opening the program in late March, CWT has agreed to bonuses for 41.0 million lbs. of cheese and 23.4 million lbs. of butterfat.
- The Pennsylvania State Conservation Commission began receiving applications for the FY2010-2011 Resource Enhancement and Protection Program (REAP) on August 1. Eligible farmers can find out more information about the program by contacting the commission at 717-787-8821.
- The Senate Agriculture Committee began marking up the reauthorization of the electronic reporting bill to include dairy reporting language this week. Dairy groups are asking for daily electronic reporting to improve price discovery.

