



Dairy Week In Review

Dated September 16, 2010

Markets:

Dairy Prices	Price	Chge. from Week Ago	Chge. from Month Ago	Chge. from Year Ago
Milk Price (Sept) **	\$18.07/cwt.	▲ 9.2 %	▲ 7.1 %	▲ 21.5 %
Corn (Dec)	\$4.95/bushel	▲ 25.3 %	▲ 25.3 %	▲ 40.0 %
SBean Meal (Oct)	\$294.5/ton	▼ 1.7 %	▼ 5.2 %	▼ 8.7 %
Milk Margin*	\$11.64/cwt.	—	▲ 1.02 %	▲ 70.67 %

*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.

- USDA's *Crop Production* report trimmed yield estimates for this year's corn crop by 2.5 bushels/acre to 162.5 bushels/acre. Production for the 2010 - 2011 year is now forecast at 13.16 billion bushels, down 205 million from the August report. Ending stocks are forecast at 1.116 billion bushels, down 195 million from the August estimate. Stocks are estimated to be the lowest as a percentage of total use since 1995/96, with corn projected to average \$4.00 - \$4.80 a bushel this year.
- The All-Milk price is forecast at \$16.25 - \$16.45 per hundredweight in 2010, according to the latest *World Agricultural Supply and Demand Estimates* report. In 2011, it is expected to average \$15.85 - \$16.85. The USDA raised its projected 2010 - 2011 milk price, both up from last year's average of \$12.81 per hundredweight, due to stronger projected demand for cheese and butter. U.S. dairy exports are also expected to average 20.2 billion pounds in milk equivalent this year, up 34 percent from a year ago. Milk production in the US is expected to grow 1.8 percent next year to 196.2 billion pounds.
- The latest USDA/FAS trade data shows butter exports jumping to 16 million pounds in July, with cheese exports up 65 percent from a year ago to 34.5 million pounds. Shipments of whey were up 30 percent from a year ago to 72.7 million pounds. Both cheese and whey exports were down from June 2010, posting decreases of 8.4 and 26.5 percent, respectively. The value of US dairy exports in July was \$308.8 million, down from June and the first decrease in export value since December 2009.

Government & Industry:

- The U.S. House of Representatives passed legislation this week to improve the transparency of dairy pricing. The Mandatory Price Reporting Act of 2010 includes mandatory weekly electronic reporting for dairy products and re-authorizes for five years other price reporting programs run by the USDA, including mandatory reporting for wholesale pork cuts. The House action follows a similar action in the Senate earlier this summer, with the legislation now awaiting President Obama's signature.
- The USDA Dairy Industry Advisory Committee will meet on Sept. 23—24 in Washington, D.C. This meeting is open to the public. Comments can be submitted for the committee's consideration at www.fsa.usda.gov.

