

22-Dec-09

Monthly Market Indicators for November

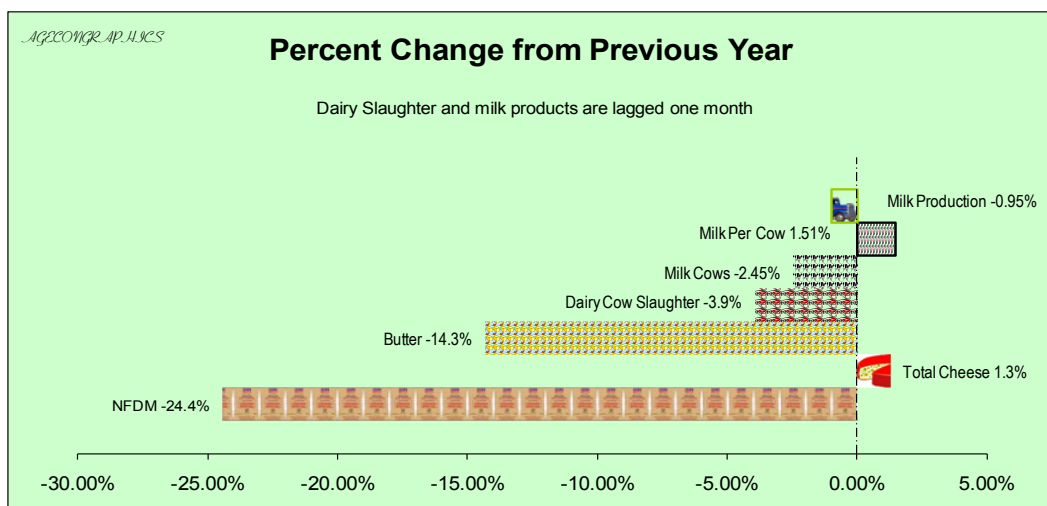
Production	Current	Year Ago	Prices	November	Previous Month	Year Ago
Milk Prod. 23 St. (Mill. Lb.)	13,955	14,089	Milk, Class III (\$/cwt.)	14.08	12.82	15.51
Idaho (Mill. Lb.)	977	981	Milk, Class IV (\$/cwt.)	13.25	11.86	12.25
Oregon (Mil. Lb.)	178	179	CME Cheese 40# (Lb.)	1.5788	1.4709	1.7099
Washington (Mill. Lb.)	451	451	CME Cheese Barrels (Lb.)	1.4825	1.4499	1.6975
Per Cow Production – 23 St. (Lb.)	1,679	1,654	CME Butter (Lb.)	1.5008	1.2830	1.6165
Idaho (Lb.)	1,790	1,770	NFDM West (LB.)	1.3947	1.2330	0.9242
Oregon (Lb.)	1,560	1,555	NFDM Cent. & East (Lb.)	1.3189	1.2278	0.9353
Washington (Lb.)	1,870	1,840	Whey Powder Western(LB.)	0.2156	0.2699	0.3193
Cow Numbers – 23 St. (Thou HD)	8,310	8,519	WPC-Central & West (LB.)	0.8237	0.7395	0.3968
Idaho (Thou HD)	546	554				
Oregon (Thou HD)	114	115	Springer Heifers (\$/HD)	1,205.00	1,157.00	1,616.50
Washington (Thou HD)	241	245	Cull Cows (\$/cwt.)	44.75	48.05	45.00
			Milk - Feed Ratio	2.19	2.09	2.01
Total Cheese (Mil. Lb.)	861,192	850,203	Premium Hay (\$/Ton)	105.33	101.55	197.45
Italian Cheese (Mil. Lb.)	360,591	348,051	Fair Hay (\$/Ton)	71.01	74.27	157.94
Butter (Mil. Lb.)	111,918	130,633	Y. Corn #2, Omaha (BU)	3.61	3.41	3.65
NFDM (Mil. Lb.)	91,524	121,071	S Meal 48% Cent. IL(Ton)	330.68	325.38	263.80
Dry Whey - Total (Mil. Lb.)	88,673	87,708	Iowa DDG 10% mstr (Ton)	76.00	76.88	119.38

Milk production in the 23 major States during November totaled 14.0 billion pounds, down 1.0 percent from November 2008. October revised production at 14.3 billion pounds, was down 1.2 percent from October 2008. The October revision represented a decrease of 12 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,679 pounds for November, 25 pounds above November 2008.

Still room for improvement...

The number of milk cows on farms in the 23 major States was 8.31 million head, 209,000 head less than November 2008, and 6,000 head less than October 2009.

Total cheese output (excluding cottage cheese) was 861 million pounds, 1.3 percent above October 2008



(Continued on page 2)

and 2.2 percent above September 2009. Italian type cheese production totaled 361 million pounds, 3.6 percent above October 2008 and 2.9 percent above September 2009. American type cheese production totaled 347 million pounds, 1.2 percent above October 2008 and 2.3 percent above September 2009.

Butter production was 112 million pounds, 14.3 percent below October 2008 but 18.3 percent above September 2009. Dry Milk Powders: (comparisons with October 2008) Nonfat dry milk, human --- 91.5 million pounds, down 24.4 percent.

Skim milk powders --- 10.2 million pounds, down 42.0 percent. Whey products: (comparisons with October 2008) Dry whey, total --- 88.7 million pounds, up 1.1 percent. Lactose, human and animal --- 64.1 million pounds, up 6.7 percent.

Whey protein concentrate, total --- 35.7 million pounds, down 0.4 percent.

Although forage costs remain moderate concentrate costs led by soy meal and corn prices have firmed up. Uncertainties about the harvest in terms of both quantity (will the last 10% make it

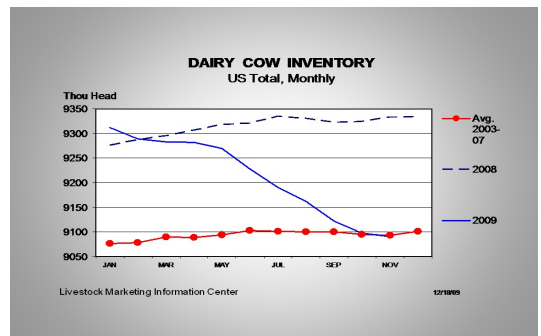
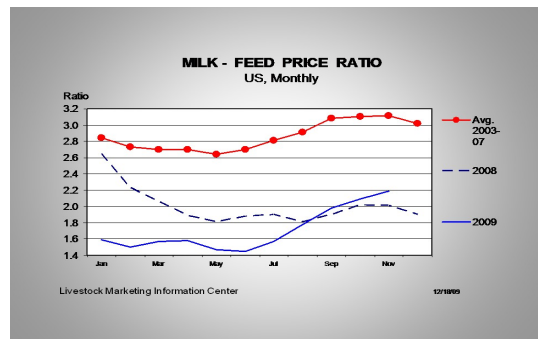
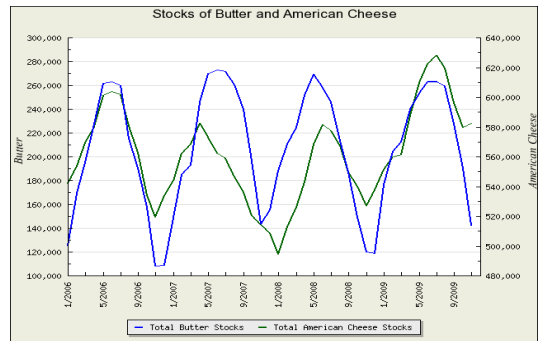
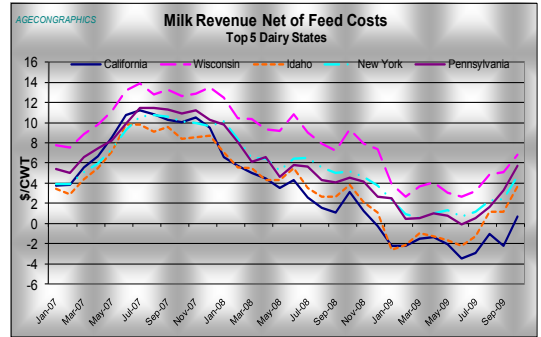
"Retail-food costs by December 2010 will be up 4 percent to 5 percent, marking the highest rate of increase since the 26-year high of 5.8 percent in 2008. Dairy prices will rise as much as 20 percent, leading the increase in food costs."

~~ Bill Lapp,
Advanced Economic Solutions LLC,
Omaha, Nebraska.

to the bin?) and quality (how much mold and mycotoxins is in the crop and who's holding it?) have kept prices near year ago levels for December. Replacement costs remain modest and the milk-feed ratio is the highest since February of 2008. Butter and cheese stocks remain ample and with holiday purchasing past prices will retreat some for the next month or so. With cow numbers continuing to decline, especially in the west, milk production will continue to decline giving support to milk prices longer term. The latest USDA announced payment scheme has a cap at 6 million pounds which will limit a payment to no more than \$19,200. Other rules also apply. Cheese, butter and powder prices are all above this time a year ago which will keep the milk price at better levels.

We wish you all Merry Christmas
and a more prosperous 2010.

PNW Dairy Monitor



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