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## April 2009 Dairy Economic & News Update

To: All Northeast Dairy Foods Association, and NDA, Inc. Members

From: Gary Latta, Dir. of Industry Relations/ Economist, Bruce W. Krupke Exec. VP

Date: Tues. April 28, 2009

### **MAY ADVANCED PRICES:**

The May Federal Order Class I price mover @ 3.5% butterfat increased + \$0.61 per cwt. This was the result of an increase in the advanced Class I

skim of + \$0.45 per cwt and an increase in the advanced Class I butterfat of + \$0.0519 per pound. The advanced Class II skim value increased

+\$0.02 per hundredweight, from \$6.47 to 6.49.

[http://www.fmmone.com/Northeast\\_Order\\_Prices/Advance\\_prices/adv0905.pdf](http://www.fmmone.com/Northeast_Order_Prices/Advance_prices/adv0905.pdf)

### **MARCH MONTHLY CLASS PRICES:**

March monthly Class III skim increased +\$0.93 per cwt. March monthly Class IV skim decreased (\$0.04) per cwt. Monthly butterfat for

March increased +\$0.0653 per pound.

[http://www.fmmone.com/Northeast\\_Order\\_Prices/Class\\_prices/cp0903.pdf](http://www.fmmone.com/Northeast_Order_Prices/Class_prices/cp0903.pdf)

The increase in the May Class I value was due to higher NASS cheese and butter prices used in USDA formulas.

However, cheese prices at the CME have reversed and dropped over the last few weeks.

[http://www.ams.usda.gov/mnreports/dywacheese\\_cmebl.pdf](http://www.ams.usda.gov/mnreports/dywacheese_cmebl.pdf)

## **BUTTER & POWDER:**

Butter prices at the CME continue to rise and are contributing to higher Class butterfat values.

[http://www.ams.usda.gov/mnreports/dywabutter\\_cme.pdf](http://www.ams.usda.gov/mnreports/dywabutter_cme.pdf)

NASS nonfat dry milk prices have been steady at \$0.8200 per pound. Whey prices have been increasing and will have an impact on Class III.

LATEST NASS SUMMARY REPORT:

<http://usda.mannlib.cornell.edu/usda/current/DairProdPr/DairProdPr-04-24-2009.txt>

LATEST CME WEEKLY RECAP: [http://www.ams.usda.gov/mnreports/md\\_da999.txt](http://www.ams.usda.gov/mnreports/md_da999.txt)

## **MILK PRODUCTION:**

USDA's latest Milk Production Report showed a decrease in March of 0.2% for

the 23 major milk producing states. Average production per cow dropped 6 pounds from March of last year.

There were 15,000 more head than last March, but 4,000 less than the previous month of February.

March milk production in the major northeast states:

NY (1.7) %

PA (0.3) %

VT (4.5) %

Both cow numbers and output per cow were down in NY and VT. PA was reported up slightly in cow numbers, but also showed a drop in output per cow.

<http://usda.mannlib.cornell.edu/usda/current/MilkProd/MilkProd-04-17-2009.pdf>

CWT: Cooperatives Working Together

In an April 16<sup>th</sup> release, CWT officials indicated that buyout interest in their 7<sup>th</sup> phase of herd reduction is high. Over 1,600 individuals have used their online bid calculator.

[http://www.cwt.coop/about/news\\_releases/news\\_release\\_041609.pdf](http://www.cwt.coop/about/news_releases/news_release_041609.pdf)

## **OUTLOOK:**

USDA's APRIL LIVESTOCK, DAIRY, and POULTRY OUTLOOK:

This month's report continued to indicate that the U.S. dairy herd is contracting. Much of it because of ongoing CWT buyout programs, particularly in the mountain western states. USDA indicates that herd liquidation is well underway, and that it appears strongest in those regions of the country that expanded most rapidly in recent years. USDA expects the contraction to continue and we will likely see 300,000 fewer head by the end of '09 vs. the end of '08. Higher feed costs will continue to pressure profits, and output per cow will increase only slightly because of poor returns. Total milk production for the year is expected to decline from 190.0 billion pounds in '08 to 187.1 pounds in '09. USDA believes lower consumer prices will eventually stimulate domestic sales. Higher demand, and lower milk production, should help increase farm prices later this year. Details can be seen on page 15 in the report below. USDA's latest forecast is on page 24.

<http://www.ers.usda.gov/Publications/LDP/2009/04Apr/ldpm178.pdf>

## **ENERGY OUTLOOK:**

While gas and diesel remain well below last year at this time, prices have been inching up over the last several weeks. State and regional data is available is below.

[http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_gnd\\_a\\_epmr\\_pte\\_cpgal\\_w.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_gnd_a_epmr_pte_cpgal_w.htm)

Energy forecasts: <http://www.eia.doe.gov/oiaf/forecasting.html>

## **WHAT THE PROFESSORS ARE SAYING:**

ACADEMIA MARKET OUTLOOKS:

Prof. Bob Cropp believes the poor economy and lower exports are the primary reasons for low prices right now. He expects the producer price situation to improve by the second half of this year.

<http://webstar.postbulletin.com/agrinews/305547624037865.bsp>

## **IN OTHER NEWS**

**Attend our Dairy Plant/Employee Liability, Fraud and Energy Conservation/Savings Workshop Wed. May 13<sup>th</sup>!**

**Click here for registration and workshop info: <http://www.nedairyfoods.org>**

CT: Farmers, food store owners and consumers have banded together to try and stop the state from removing raw milk from retail store shelves.

<http://www.rep-am.com/articles/2009/04/27/news/411745.txt>

China: Don't consume Chinese dairy products.

<http://english.cri.cn/6909/2009/04/26/189s478943.htm>

Organic: After a decade of rapid expansion, with growth rates between 20 to 25 percent a year, organic dairy farmers are now being splashed in the face with cold milk.

<http://www.gourmet.com/foodpolitics/2009/04/food-politics-tension-organic-dairy-farmers>

PA: Senators Specter and Casey dairy bill would standardize pricing and set standards, has been referred to as the Senate Committee on Agriculture, on which Sen. Robert Casey, D-Pa., serves.

[http://www.standardspeaker.com/articles/2009/04/27/news/hz\\_standspk.20090427.a.pg1.hz27\\_carboncounty\\_s1.2472108\\_top2.txt](http://www.standardspeaker.com/articles/2009/04/27/news/hz_standspk.20090427.a.pg1.hz27_carboncounty_s1.2472108_top2.txt)

NY: The Bristritzky brothers are having quality troubles with their recently-purchased NY plants. <http://www.watertowndailytimes.com/article/20090426/NEWS04/304269937/-1/NEWS>

VT: Dairy In Crisis.

<http://www.rutlandherald.com/article/20090427/OPINION01/904270307/1038/OPINION01>

(VT's problem is they have too few fluid milk consumers)

NY: Hudson Valley Fresh and Sam Simon filming on Thursday with actor Michael J. Fox .

<http://www.poughkeepsiejournal.com/article/20090425/NEWS01/904250321>

Worldwide demand for milk-based drinks is growing.

<http://www.fnbnews.com/article/detnews.asp?articleid=25280&sectionid=1>

Australia has a different opinion of CWT-style herd reduction programs. Note the last 5-6 paragraphs... [http://www.weeklytimesnow.com.au/article/2009/04/24/72435\\_dairy.html](http://www.weeklytimesnow.com.au/article/2009/04/24/72435_dairy.html)

- Check out our website and visit in the news for up to date dairy industry information, events listing and articles at <http://www.nedairyfoods.org>

Thank you!

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