



201 S. Main St., Suite 302, N. Syracuse, NY, 13212 – 2166  
Ph.315-452-6455 Fx.315-452-1643 - [www.nedairyfoods.org](http://www.nedairyfoods.org)

## May 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: Friday, May 29, 2009

Dear Members,

Part of our association's duties is to try to provide you with timely, accurate and factual information that will help you and your business. During the past 6 months our association has gone through our expansion into 7 additional states. To say the least it has been a great experience and we continue to learn and evolve into a new better organization to serve you.

We have changed our traditional association newsletter into this report. We'll continue to expand this newsletter and appreciate your patience while we re-work it to serve you better. Let me know how we can make it better for you. In addition, please add our association to your communication department's news release list. We like to know what you are up to and will in turn add your information to our news. Thank you, Bruce W. Krupke, Executive Vice President

## Economic Report

### **JUNE ADVANCED PRICES:**

The June Federal Order Class I price mover @ 3.5% butterfat decreased (\$0.89) per cwt. This was the result of a combination of a decrease in the advanced Class I skim of (\$1.10) per cwt and an increase in the advanced Class I butterfat of + \$0.0498 per pound. The advanced Class II skim value increased +\$0.12 per hundredweight, from \$6.49 to 6.61.

[http://www.fmmone.com/Northeast\\_Order\\_Prices/Advance\\_prices/adv0906.pdf](http://www.fmmone.com/Northeast_Order_Prices/Advance_prices/adv0906.pdf)

### **APRIL MONTHLY CLASS PRICES:**

April monthly Class III skim increased +\$0.19 per cwt. The April monthly Class IV skim also increased by +\$0.03 per cwt. Monthly butterfat for April increased +\$0.0459 per pound.

[http://www.fmmone.com/Northeast\\_Order\\_Prices/Class\\_prices/cp0904.pdf](http://www.fmmone.com/Northeast_Order_Prices/Class_prices/cp0904.pdf)

The decrease in the June Class I value was due to lower NASS cheese prices used in USDA formulas. Cheese prices at the CME have been inching lower during April and May after climbing earlier in the year.

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

[http://www.nass.usda.gov/Charts\\_and\\_Maps/Cheddar\\_Cheese\\_Prices/index.asp](http://www.nass.usda.gov/Charts_and_Maps/Cheddar_Cheese_Prices/index.asp)

U.S. LATEST MONTHLY CHEESE PRODUCTION:

[http://www.nass.usda.gov/Charts\\_and\\_Maps/Dairy\\_Products/cheese\\_e.asp](http://www.nass.usda.gov/Charts_and_Maps/Dairy_Products/cheese_e.asp)

## **BUTTER & POWDER:**

One bright spot for dairy producers has been butter prices. Butter continues to steadily climb and is contributing to higher butterfat values across the board.

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

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

NASS SUMMARY: <http://usda.mannlib.cornell.edu/usda/current/DairProdPr/DairProdPr-05-22-2009.pdf>

## **MILK PRODUCTION REPORT:**

USDA's latest Milk Production Report showed a very slight increase of 0.1 percent for April in the 23 major milk producing states. Average production per cow averaged just one pound from April of last year. The number of cows had dropped 3,000 head from April 2008 and 2,000 head from March 2009. It is clear, the steady growth in cow numbers has ended for a while. Worth noting is that CA, the nation's largest milk producing state, was down 2.3 percent for April.

March milk production in the major northeast states:

NY (0.5) % NY was down in the number of head, but steady in production per cow.

PA (1.9) % PA was steady in the number of head, but down in production per cow.

VT (5.0) % VT was down in both number of head and in production per cow.

<http://usda.mannlib.cornell.edu/usda/current/MilkProd/MilkProd-05-18-2009.pdf>

## **OUTLOOK:**

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

The May report was a bit gloomier for dairy, with USDA hinting that significant price recovery for producers may not take place until 2010. High input costs and low milk prices continue to pressure producers. Production per cow is expected to remain weaker for the rest of '09. Contraction of the U.S. herd will continue throughout the rest of 2009 and into 2010. The drop in U.S. exports, and lower domestic demand as a result of the economy, has created a surplus supply imbalance. USDA's summary for dairy can be found on

page 9 of the report. Their latest dairy forecast is on page 23.

<http://www.ers.usda.gov/Publications/LDP/2009/05May/ldpm179.pdf>

CWT: (Cooperatives Working Together)

Earlier this month, the Cooperatives Working Together (CWT) program announced the largest herd buyout ever. This is the seventh buyout since the start of the program. CWT plans to remove nearly 103,000 cows, nearly 2 billion pounds of milk. This is the equivalent production of about 200 million pounds of cheddar cheese according to their estimates. Interestingly, 79% of the cows, and 81% of this targeted milk supply, will come out of the west and southwest regions.

[http://www.cwt.coop/about/news\\_releases/news\\_release\\_052009.pdf](http://www.cwt.coop/about/news_releases/news_release_052009.pdf)

## **ENERGY OUTLOOK:**

EIA ENERGY OUTLOOK:

Gas and diesel prices, while admittedly down significantly from last year, are continuing to slowly inch up in recent weeks. <http://tonto.eia.doe.gov/oog/info/gdu/gasdiesel.asp>

EIA's Short Term Energy Outlook: <http://www.eia.doe.gov/emeu/steo/pub/contents.html>

PLASTICS & RESINS: <http://www.ides.com/resinprice/resinpricingreport.asp>

<http://theplasticsexchange.com/default.aspx>

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

Academia expects raw milk market prices to increase after June.

Bob Cropp, Prof. U of WI-Madison, [http://future.aae.wisc.edu/outlook/cropp\\_May\\_09.pdf](http://future.aae.wisc.edu/outlook/cropp_May_09.pdf)

It is official, Dr. Ken Bailey is leaving Penn State his replacement provides this report.

Jim Dunn, Prof. Penn State: (Forecast page 5.)

<http://dairyoutlook.aers.psu.edu/reports/Pub2009/DairyOutlookmay09.pdf>

## **News Update**

NY Bottle Bill to Include Water is Stalled, Mr. Kennedy's Opinion:

[http://www.nytimes.com/2009/05/28/opinion/28kennedy.html?\\_r=1&em](http://www.nytimes.com/2009/05/28/opinion/28kennedy.html?_r=1&em)

CT: Dairy farmers meet with lawmaker for help.

<http://www.wfsb.com/money/19583123/detail.html>

NY: Senator Chuck Schumer has "ideas" for dairy.

<http://www.uticaod.com/archive/x862901105/Schumer-Rural-areas-have-opportunities>

NY: Non-dairy alternatives. There are an abundance of non-dairy milks on the market.

<http://www.examiner.com/x-11683-Baltimore-GlutenFree-Examiner~y2009m5d26-NonDairy-Milk-Alternatives>

NY: Local dairy farmers struggle with prices....dipping into savings.

<http://www.wptz.com/news/19577482/detail.html>

(Note, U.S. Senator Kirsten Gillibrand hosted an economic round table in Plattsburg over the weekend.)

NY: Dairy glut hurts farmers, helps “middlemen”. Analysts say “middlemen” are getting the profits, while farmers are being pushed to bankruptcy. Local lawmakers are pushing for a change.

<http://www.wetmtv.com/news/local/story/Dairy-Glut-Hurts-Farmers-Helps-Middlemen/Q09AAa0YCkaPsM-VNfoEyQ.csp>

NY: U.S. Senator Kirsten Gillibrand pushes high-tech jobs on a recent Mohawk Valley tour. Some show up with concerns about dairy. Gillibrand said she already was working on setting up a hearing to address the dairy-farm issues. <http://www.uticaod.com/archive/x313657814/Gillibrand-High-tech-jobs-infrastructure-key-to-region>

NY: U.S. Senator Kirsten Gillibrand on a Mohawk Valley tour said she gets some of her best ideas at local eateries. U.S. Rep. Michael Arcuri accompanies her on tour .

<http://www.wktv.com/news/local/46112052.html>

NY: Once available only in gourmet markets, Greek-style yogurt is now taking American supermarkets by storm. <http://www.examiner.com/x-9933-DC-Mens-Health-Examiner~y2009m5d26-Greek-yogurt-packs-protein-and-taste>

- 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!

Bruce W. Krupke, Executive Vice President - [bk@nedairyfoods.org](mailto:bk@nedairyfoods.org)

Gary Latta, Dir. of Industry Relations - [gl@nedairyfoods.org](mailto:gl@nedairyfoods.org)

Phone (315) 452-6455 Fax (315) 452-1643