

Dairy Today's e-Report

May 9, 2003

Mostly steady. Forty-pound blocks of cheddar were unchanged this week on the Chicago Mercantile Exchange, closing at \$1.1575/lb. Barrels did manage to gain two cents, closing today at \$1.1550/lb. Butter was unchanged as well, closing the week at \$1.0875/lb. On the futures market, June, July and August contracts all gained 15 to 25 cents/cwt. September and October contracts lost 11 and 16 cents, respectively. And November through June '04 contracts all made gains. Class IV contracts were mostly unchanged.

My Picks for this week:

	Quota	Overbase	Class 4a	Class 4b
May	\$11.20	\$9.50	\$9.57	\$9.44
June	\$11.25	\$9.55	\$9.41	\$9.60
July	\$11.42	\$9.72	\$9.41	\$9.87

CWT, sort of. Dairy co-ops meeting in Chicago well after midnight last night and again this morning voted to create the legal structure for the Cooperatives Working Together (CWT) self-help program. However, the program will not be implemented until 80% of the U.S. milk supply is committed, says Chris Galen, National Milk Producer Federation spokesperson. The co-ops agreed to meet again by the end of June.

U.S./Canada agreement. The United States and Canada reached agreement today on halting Canada's illegally subsidized exports of dairy products to the U.S. All milk and cream exports were already halted May 1, and cheese exports will cease by July 31. The agreement comes as a result of the World Trade Organization ruling against Canada last December. In addition to halting illegal exports to the U.S., Canada will significantly limit subsidized dairy exports to Third World countries.

Europe may double duties. The European Union announced yesterday that it may impose \$4 billion in duties and tariffs on U.S. goods January 1. The move comes in retaliation for the U.S. allowing companies to deduct up to 15% of gross income related to exports, which is illegal under WTO rules. About \$14.3 million in dairy exports could be included—mostly doughs and mixes, but some cheese and ice cream.

Cheese output drops. Total cheese output in March was down 1.3% compared to 2002, USDA reported this week. American cheese production was down 1.9%, and butter production was down 1% from year earlier. The other good news: Non-fat dry milk for human consumption was down 4.5% from year earlier.

Receipts down 16%. Farm receipts from milk marketings were down \$4.2 billion in 2002, a drop of 16% from 2001. Cash receipts totaled \$20.5 billion in 2002, or roughly the same as in 2000. Milk utilization climbed to 168.6 billion lb. in 2002, up from 164 billion lb. in 2001 and 166.2 billion in 2000.

New Pennsylvania ag secretary. Dennis Wolff, owner of the 500-head registered Holstein Pen-Col Farms, Millville, Penn. has been named his state's new Secretary of Agriculture. Wolff is known in registered circles as a genetics innovator. He has sold hundreds of bulls into A.I., and has a unique partnership with ABS Global to house bulls at his dairy while the bulls go through the four-year young sire sampling/proving program.

Manslaughter charges. Manslaughter charges have been filed against a former California dairy producer and his foreman for safety code violations that, prosecutors say, resulted in the death of two employees. Patrick J. Faria, Gustine, Calif. and his foreman, Alcino Sousa Nunes have been charged with the felonies. One employee died in 2001 as he worked on a manure pump, and a second died in a rescue attempt.

Little Wisconsin winterkill. Winterkill of alfalfa in Wisconsin has not been as great as originally feared, says University of Wisconsin Extension forage specialist Dennis Cosgrove. The southern third of state fared well. In the north, it appears that plants less than three years old were least likely to have been damaged. Older stands, particularly those from which a late cutting was taken, were most likely to be affected.

Distinguished Expo honorees. World Dairy Expo announced its 2003 industry honorees this week, naming a Who's Who in the dairy industry with this year's list. Dairyman of the Year: Tom Camerlo, president of both Dairy Farmers of America and the National Milk Producers Federation and a 500-cow Colorado dairy owner. Dairy Woman of the Year: Linda Hodorff, a partner in several dairy and heifer operations and former Holstein Association board member from Eden, Wis. Industry Person of the Year: Calvin Covington, CEO of Southeast Milk, Inc., Ocala, Fla. International Person of the Year: Peter Padfield, 800-cow registered Holstein breeder and dairy genetics importer, Essex, United Kingdom. These folks will be honored at Expo's Dinner with the Stars October 1.