

Dairy Today's e-Report

September 5, 2003

Cash cheese unchanged. Cash cheese prices on the Chicago Mercantile Exchange remained unchanged again this week. Forty-pound blocks of cheddar held at \$1.60/lb; 500-lb. barrels remained at \$1.5675. Butter gained ¼ cent for the week, with three loads selling yesterday and another 14 left on the board. Butter closed at \$1.1375/lb. for the week. On the futures market, Class III contracts through next March made modest gains this week. If you locked today, you could average \$13.24/cwt for the rest of this year. Class IV contracts were unchanged.

My Picks for this week:

	Quota	Overbase	Class 4a	Class 4b
September	\$14.22	\$12.53	\$9.78	\$14.02
October	\$13.77	\$12.07	\$9.62	\$13.01
November	\$13.12	\$11.42	\$9.62	\$12.00
Average 2003	\$12.31	\$10.61	\$9.64	\$11.08
Average 2002	\$11.93	\$10.23	\$10.40	\$9.98

New Compact? A coalition of U.S. House and Senate members is expected to introduce legislation this fall creating a new national dairy pricing system, the National Milk Producer Federation reported this week. Payments to producers would be funded through assessments on processors supplemented with federal monies. The bill would give states the option to establish regional dairy marketing areas, and a say in milk prices.

Commercial disappearance up. Commercial disappearance of dairy products was up 1.6% in the first six months of 2003, according to USDA. Butter was up 1.3%, American cheese, -1.3%, other cheese, +1.4%, non-fat dry milk, -5.5% and fluid products, +0.4%.

Payment limit report. A report on government agricultural payment limits, mandated by the 2002 Farm Act, was released Wednesday. It concluded that the current limits have little impact since relatively few farms, about 1%, ever reach the ceilings. The Commission concluded, however, that if limits are lowered, they should be lowered with the next Farm Bill, giving time for producers to adjust. The report is available at:
www.usda.gov/payments/preface_and_report_summary.htm

MPC survey. The International Trade Commission will be sending surveys of milk protein concentrate (MPC) use to 450 companies world wide. Responses will be the foundation of the ITC's report on MPC's impact on the U.S. dairy protein market, due next May. "Much of the [MPC] debate has been characterized by a lack of solid facts about these products, and this investigation promises to fill that void..." says Greg Frazier, a senior VP with the International Dairy Foods Association.

West makes huge gains. Over the past five years, western states have made phenomenal gains in milk production, according to analysis by the Federal Milk Market Order administrator in Shawnee Mission, Kan. Kansas has seen production jump 58%, New Mexico, +55%; Idaho, +53%; Oregon, +38%, Colorado and Arizona, +30%, and California, +29%.

Production crashing in Southeast. Milk production in the Southeast has dropped precipitously over the same five-year period. Arkansas has seen the biggest drop, down 41%. Alabama is down 35%; Louisiana, -30%; Mississippi, -26%; Tennessee, -19%; and Missouri, -20%.

Failure to conceive? Check for *Leptospira borgpetersenii* serovar hardjo bovis—commonly called hardjo-bovis, says Vic Cortese, Pfizer Animal Health. Surveys show it is prevalent in more than 50% of U.S. dairy herds, Cortese told producers and veterinarians at a meeting Wednesday in Minneapolis. “Cows with lepto bovis are eight times less likely to get pregnant,” Cortese says. “The primary problem is failure to conceive. These animals have long heat cycles, and some have early embryonic death loss. We see an occasional abortion, but this is not the primary sign.”

Texas vending survey. A survey of Texas schools shows contracts with vending machine companies is generating about \$54 million in revenue for the schools. The largest district, with more than 100,000 students, earns \$2.7 million. But even the smallest reporting district was earning \$25,000. Many contracts specify that vending machines be placed in “high traffic” areas, and require that mostly 20 oz. containers be sold.

Elite Producer of the Year. If you’d like all-expense paid trips to both the Elite Producer Business Conference in Las Vegas in November and the Dairy Forum in Florida in January, all you have to do is be named the Elite Producer of the Year. Nomination forms can be found by going to www.dairytoday.com, then clicking on the Elite Producer of the Year icon. Entry deadline is September 15.