

Dairy Today's e-Report

November 29, 2002

Prices stable.

Class III futures didn't move much during this short holiday week. November, January and March futures remain unchanged from yesterday, with March hanging on at \$11.05/cwt. April jumped four cents to \$11.38. June milk was unchanged at \$12.10. September dipped slightly to close at \$13.14. Class IV futures closed unchanged, with prices for November through March in the \$10.50-\$10.55/cwt. range. Cash cheddar cheese blocks remained unchanged at \$1.125/lb., up slightly from last week's \$1.103 average. Barrels closed up at \$1.10, above last week's average of \$1.0865. Cash butter closed at \$1.105/lb., down from the week's average of \$1.1075.

My picks for this week:

	Quota	Overbase	Class 4a	Class 4b
December	\$11.63	\$9.93	\$10.47	\$9.39
January '03	\$11.47	\$9.77	\$10.16	\$9.13
February '03	\$11.36	\$9.67	\$10.16	\$8.94

Government cash.

Since October 1, USDA has issued payments of \$621 million in Milk Income Loss Contract Payments. USDA has also paid out another \$100 million in drought assistance payments to dairy producers. Because of slumping milk prices, USDA projects it will pay out another \$2 billion in MILC payments in fiscal year 2003.

December MILC \$1.42.

The Class I price for December was announced at \$10.52/cwt., making the Boston Class I price \$13.77. That puts the November Milk Income Loss Contract (MILC) payment at \$1.42/cwt. (Recall the payments is the difference between \$16.94 and the Boston price times 45%.) The November MILC payment was \$1.39. That means the MILC payment will average \$1.46/cwt for the last three months of 2002.

Dairylea offers \$11.97 Class III.

Dairylea Cooperative, Syracuse, N.Y. is offering a \$11.97 Class III milk price contract for 2003. When you add in average components and the producer price differential for central New York/northern Pennsylvania, the farmgate price jumps to \$13.07/cwt. Premiums would be on top of that. Producers have until noon December 5 to lock in.

Cash only.

With unemployment in southeast Minnesota inching upward, Chris Sukalski is seeing more people stopping by looking for work. (She and her brother, Scott Reiland, milk 240 cows near LeRoy, Minn.) But there's a catch: These folks are receiving unemployment checks and want to work for cash only. "I can't do that," says Chris. "And I can't pay them enough to offset the employment they get."

MPC warning.

The Food and Drug Administration has issued a warning letter to Lactoprot USA, Blue Mounds, Wis. for the company's use of milk protein concentrates (MPC) in standardized cheeses. Though Lactoprot was allegedly using MPC, it was not declaring them on the products' labels. FDA has demanded the company take corrective action.

Judicious drug use.

The Food and Drug Administration has published a 16-page pamphlet, "The Judicious Use of Antimicrobials for Dairy Producers." It contains a step-by-step, common sense approach to drug use, and includes a listing of drugs that is prohibited from extra-label use. To obtain a copy, contact Joanne Kla, a FDA consumer safety office at jkla@cvm.fda.gov.

Yield gap.

Improving milk yield per cow would go a long way in helping Wisconsin maintain its share of U.S. milk production, says University of Wisconsin ag economist Ed Jesse. Jesse notes that Wisconsin's average per-cow production was 17,182 lb. in 2001--1,000 lb. less than the U.S. weighted average. For Jesse's full report go to www.aae.wisc.edu/www/pub/dairyland

Dairy trivia.

Number of cartons of milk the average McDonald's restaurant sells in a day: 3. Average number of dairy servings U.S. consumers eat per capita per day: 1 ½. Increase in commercial cheese disappearance in 2002: +0.6%. Retail cheese market share held by WalMart: 13%.

Kiwis set export record.

Fonterra, New Zealand's mega-dairy co-op, set an export record in October, shipping 215,000 tons of dairy products. "Fonterra is filling one shipping container every three minutes and 15 seconds," reports Susan Murray, Dairy Today's New Zealand correspondent. The co-op could ship even more by the time this month is out, she says