

Class III futures jump. There was some good news, finally, in the Class III futures pit at the Chicago Mercantile Exchange this week. From October on out, all contracts jumped significantly, with October through December trading in the \$10 range, January through May in the \$11s, and 2nd half 2003 contracts in the \$12s. Most Class IV contracts remained unchanged, however. Butter gained 1 ½ cents/lb., closing the week at 94 cents/lb. Butter sales were heavy, with nearly 1.4 million lb. selling today, giving a good test to the market. Forty-pound blocks of cheddar were unchanged for the week, closing today at \$1.13/lb. Barrels were down ¾ cents, closing the week at \$1.0725/lb.

My picks for this week:

	Quota	Overbase	Class 4a	Class 4b
September	\$11.48	\$9.78	\$9.74	\$9.62
October	\$12.00	\$10.30	\$10.16	\$10.62
November	\$12.55	\$10.85	\$10.16	\$11.61

Less feed coming. USDA projected yesterday that this year's corn crop will be the smallest since 1995, and that soybeans will be the lowest since 1999. Cotton production is also expected to be down 11% compared to last year's record harvest. Corn production is forecast at 8.85 billion bushels; soybeans, 2.66 billion bushels, and cotton, 4.34 million tons.

Fewer southern sales. Florida imported 5 million lb. less milk this August compared to last year (about 100 tanker loads). "Production hasn't dropped as much here as we normally see, and sales haven't been as good either," says Calvin Covington, CEO of Southeast Milk. Orlando Airport is reporting a 10% drop in traffic, indicative of fewer tourists. The downside to this is that those 100 tanker loads are being force-fed into Midwest cheese vats, upping cheese production and supply.

Idaho overtakes Minnesota. Idaho milk production actually surpassed Minnesota's in July, making it the #5 milk production state (at least for a month). The August production report will be released next Tuesday. Minnesota will likely still eke out enough milk to retain its #5 annual ranking in 2002, perhaps for the last time.

Idaho Association names new director. Last week, the Idaho Dairymen's Association selected Dairy Strategies, LLC, to oversee its management responsibilities. Bob Naerebout, most recently with Dairy Farmers of America Mountain Area Council, will serve as executive director.

Minnesota: 5,000 dairies in 2003? Dairy farm numbers continue to fall each month, but maybe none so hard as in Minnesota. Total Minnesota farm numbers for August was 6,678. In 2001, the year ended with 7,316 farms; in 2000 it was 8,022. Minnesota ag commissioner Gene Hugoson predicts that by next year, the state may have only 5,000 dairy farms left, causing the state to slip to the #7 national spot.

New nutrient planning tool. Penn State's Dairy Alliance launched a website focusing on nutrient management this week. It includes information on livestock management, regulations and planning resources, water and environmental policy, plus phosphorus and the P-index. Surfers can also get answers to their nutrient management questions in the "Ask the Expert" section, and by subscribing to a listserv. Check it out at <http://nutrient.psu.edu/>.

Ag homeland security survey. A web-based survey of agricultural, homeland security needs is being offered by the Extension Disaster Education Network. It's a 10-minute survey to determine producers' educational needs on homeland security. To participate, go to: <http://www.agctr.lsu.edu/eden>. Then click on "Homeland Security Surveys," then click, "Survey of Ag and Horticulture Producers."

Cheese imports up. American-type cheese imports were up 7,778 metric tons in the first half of this year compared to the same period last year. That's a 280% increase, reports the National Milk Producer Federation "Import Watch" newsletter released this afternoon. Milk protein concentrates were up 10% for the same period, but casein imports were down 9%. In terms of tonnage, the decline in casein (4,307 metric tons) more than offset the increase in MPC (1,704 metric tons). Butter imports were down 13%.

New Kiwi leader. Fonterra, New Zealand's mega-coop, has a new chairman, Henry van der Heyden. He replaces John Roadley, who was chairman for just a year. "It is fair to say farmers are still pretty disillusioned with how Fonterra is performing after a year in business," reports Susan Murray, Dairy Today's New Zealand correspondent. It didn't help things when Fonterra's two top execs were earning \$1 million/year each and the next top 10 received more than \$500,000. Fonterra reported losses of \$25 million last year.