



Milk Market News and Summary

May 2, 2011

April Class IV - \$ 19.78/cwt. UP \$.47 from last month.
Class IV projection for May is \$20.05

April Class III - \$16.87/cwt. Dn. \$2.53 from last month.
Class III projection for May is \$16.32

The difference between the projected Class III and Class IV for next month is almost \$4.00/cwt.
That is a huge spread!!

March Milk production in the 23 major states totaled 15.8 billion pounds, up 2.4 percent from March 2010. Production per cow in the 23 major States averaged 1,872 pounds for March, 24 pounds above March 2010. The number of milk cows on farms in the 23 major States was 8.42 million head, 93,000 head more than March 2010, and 17,000 head more than February 2011.

BUTTER-- the NASS butter price average for April was \$1.9975/lb. Down about 6 cent/lb. from last months average price. The week ending April 23, NASS butter price was \$ 1.99. About the same as the April Average. The CME spot Butter price on April 29 was \$2.075. The May Futures Butter cash price on April 29th was \$2.03/lb The CME prices and futures prices show butter is expected to stay firm.

March Cold storage showed butter stocks were up 4 percent from last month but down 26 percent from a year ago.

NONFAT--The April average NASS price was \$1.5668/lb. up \$0.07 from the previous month's average price. The April,23 week ending NASS nonfat price was \$1.57/lb. The CME spot price on April 29, 2011, was \$1.80/lb.unchanged from a month ago. for Extra Grade Nonfat. The NDM Futures market for May is currently \$1.605 with June futures at \$1.625/lb. showing continued strength going forward which is not typical for going into the flush season, and largely due to continued export demand keeping inventories low.

MY SUMMARY

From FoodQualityNews.com

More melamine-tainted milk powder uncovered in China By Guy Montague-Jones, 27-Apr-2011

http://www.foodqualitynews.com/Public-Concerns/More-melamine-tainted-milk-powder-uncovered-in-China/?c=sggPabRs3DrTdSCtrfCVjQ%3D%3D&utm_source=newsletter_daily&utm_medium=email&utm_campaign=Newsletter%2BDaily

Continued problems with China's milk supply will pressure Global milk supply to supplement its needs.

There is strong demand in China for Whole milk powder because of continued quality problems .

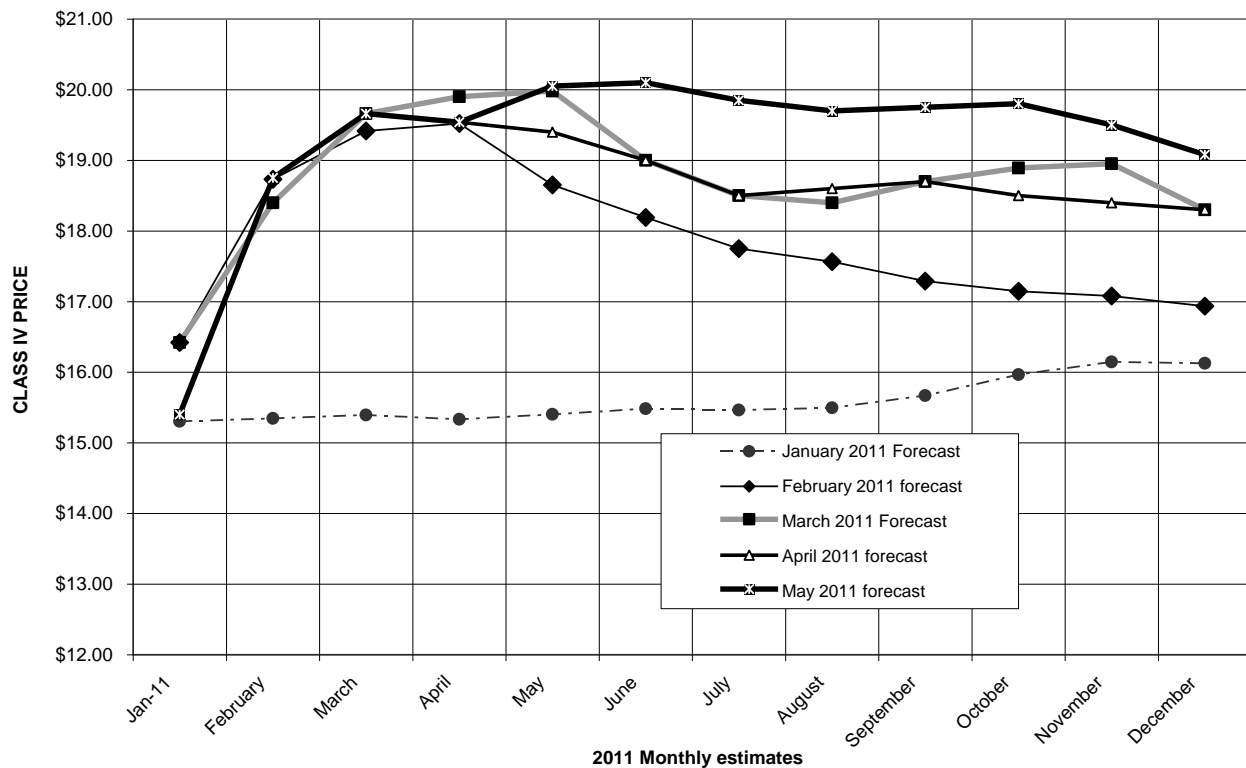
In an online article from the dairy reporter.com April 4, 2011. By Mike Stones, China has ordered the closures of ½ of its dairies for quality issues. “Worries about the safety of domestic dairy products have lead to a big increase in imports – particularly from Australia. Dairy [Australia](#) reported in February that China’s whole milk powder imports are likely to “*remain strong*” this year, after a big increase last year. Imports of whole milk powder increased to 414,000 tons last year, up 68 per cent on 2009, according to China’s customs authority.

<http://www.dairyreporter.com/Regulation-Safety/China-orders-closure-of-up-to-half-its-dairies-after-safety-inspections>

Winning prices at the last Global Dairy Trade Auction on April 19th, WMP showed a 1.8% increase in July- September deliveries. The next auction is Tues. May 3,2011. It will be interesting to see what the winning prices will be.

My latest Class IV forecast has been adjusted slightly higher through most of 2011, as shown in the graph below.

April 29, 2011 Class IV Forecast vs. Previous Months Forecast



Class IV forecast for 2011as of May 2, 2011

May \$19.40 June \$19.00, July \$18.50, August \$18.60,
September \$18.70, October \$18.50, November \$18.31, December \$18.30

Dale Johnson.