

## Highest Milk Prices in a Year

Milk prices continue to recover and December levels will likely be the highest in a year, but there is concern for the other factor in the dairy profitability equation, according to Dairy Profit Weekly editor, Dave Natzke.

Speaking in Friday's broadcast; Natzke said one such concern is production costs, of which feed plays the biggest expense. Based on USDA's latest milk-feed price ratio, Natzke reported that improved milk prices are being offset somewhat by slightly higher feed prices.

October's milk-feed price index, which is an indicator of milk income over feed costs, was 2.19, up from September and the highest since February 2008. That came despite slightly higher corn, soybean, and dry hay costs, which offset some of the gains of higher milk prices.

"The good news on the feed side is that a warmer and drier-than-normal November helped extend the harvest season, Natzke said, "Which has been running well behind average."

As of November 29, about 79 percent of the U.S. corn crop and 96 percent of the soybean crop had been harvested; normally the harvest is all but finished at this time of the year, he said.

Even with the delays, farmers Natzke has talked to say yields are surprisingly strong, indicating large soybean and corn crops will help buffer feed prices somewhat.

Another big expense is labor and Natzke reported that speakers at the Dairy Business Association annual meeting in Wisconsin this week held out little hope of comprehensive immigration policy reform in 2010.

Angelo Amador, with the U.S. Chamber of Commerce, and Tamar Jacoby, with Immigration Works USA, said comprehensive immigration reform lost its leading advocate with the death of Sen. Ted Kennedy, and that many in the Senate want to start from a blank slate.

"Health care, climate change and new jobs creation legislation will likely occupy Congress for some time," Natzke concluded, "And immigration reform might be too hot to handle prior to next fall's mid-term elections."

a) Information obtain from Dairyline.com 12/30/2010