

## October 2004 Milk Price Forecast Lower

Wisconsin dairy manufacturing plants paid an average price of \$16.10 per hundredweight (cwt.) to Wisconsin producers for their September milk. The October 2004 price is expected to drop 30 cents to \$15.80 per cwt. Dairy producers were paid \$15.80 per cwt. in October 2003, unchanged from our current prediction. The record high milk price in Wisconsin for October was \$18.04 per cwt. in 1998.

The October U.S. milk price is expected to be \$15.50 per cwt, 30 cents below Wisconsin's estimated average. Only three states forecast a decrease in price from last month: California, Idaho, and Wisconsin. California producers are expecting the lowest price in the U.S. at \$13.60, and Idaho farmers are second lowest at \$14.20 per cwt. Minnesota dairy operators are expecting no change in price at \$15.90 per cwt. Florida producers are anticipating \$19.20 per cwt, the highest in the nation.

The National Agricultural Statistics Service U.S. weekly dairy product prices are used by the Agricultural Marketing Services (AMS) to determine the class prices. Manufacturing plants use these class prices as one of their factors for setting milk prices for farmers. For the week ending October 23, the 40-pound block cheddar prices averaged \$1.4951, down 6.4 cents from the week ending September 25 average. The 500-pound barrel price adjusted to 38 percent moisture averaged \$1.4539, a 9.6 cent decline from the September 25 weekly average of \$1.5495.

Cheddar cheese prices have been stable most of the month on the Chicago Mercantile Exchange. On October 29, 40-pound blocks closed at \$1.5700, down 1.5 cents from September 30, but 8.5 cents higher than a year ago. The month of October ended with 500-pound barrels increasing 4.25 cents from last month to close at \$1.5400 per pound. On October 29, butter price closed at \$1.5450, down 27 cents from the September 29 close, but up 35.25 cents from October 31, 2003.

The Agricultural Marketing Service (AMS) will announce class and component prices for October 2004 on November 5. There will be no MILC payment for the month of October.

**Milk Prices 1/**

Selected states	September 2003		September 2004		October 2004	
	Price per cwt.	Fat test	Price per cwt.	Fat test	Price per cwt.	Fat test
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Milk for all uses						
Wisconsin	15.20	3.64	16.10	3.67	15.80	3.81
Minnesota	15.50	3.67	15.90	3.74	15.90	3.86
New York	14.90	3.60	16.00	3.61	16.60	3.71
California	13.32	3.61	13.91	3.65	13.60	3.70
United States	14.50	3.61	15.40	3.64	15.50	3.72
Wisconsin utilization						
Grade A milk	15.20	3.64	16.10	3.67	XXX	XXX
Grade B milk	14.40	3.73	14.90	3.74	XXX	XXX

1/Preliminary average buying prices received for milk of average test. All milk price published by NASS reflects the gross milk price received by farmers. Source: Wisconsin Agricultural Statistics Service.