

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (01/15):**

BUTTER: Grade AA closed at \$1.5250. The weekly average for Grade AA is \$1.4020 (+.0695).

CHEESE: Barrels closed at \$1.4650 and 40# blocks at \$1.4150. The weekly average for barrels is \$1.4450 (+.0100) and blocks, \$1.4130 (-.0115).

BUTTER HIGHLIGHTS: The CME cash butter price increased 18 cents during the week to close at \$1.5250. Strength in the cash butter price is not surprising to most butter producers and handlers. Many anticipated that the cash price would strengthen early in the New Year. Churning activity has eased across the country as cream supplies tighten and pricing multiples firm. Current butter production is clearing through good butter sales and surplus is entering inventory programs. Good butter sales are being spurred by buyers hedging against higher prices in the future and possible shortages later in the year. Butter producers state that both 80 and 82% butter is being generated for domestic and international buyer interest.

CHEESE HIGHLIGHTS: CME Group cash cheese prices moved higher and the inverted barrel/block spread widened during the week. Orders, particularly natural, improved at lower price levels. Some overtime is needed for natural packaging lines though the volume is below pre-holiday levels. Product is readily available with extra product made and inventoried during the yearend holidays available. Cheese production is uneven as many plants operate on lighter schedules after the holidays and improved Class I is pulling heavier milk volumes from manufacturing. According to FAS, exports of cheese and curds for the first eleven months of 2009 total 211.7 million pounds, down 57.4 million pounds (-21%) from the comparable 2008 period. Exports account for 2.3% of total US cheese production.

FLUID MILK: Bottled milk demand is steady to higher in most areas, and milk is being actively transported among regions to satisfy Class I interest. Florida, which is in the midst of an unprecedented cold spell that has had the effect of greatly increasing Class I demand, bucked the usual trend for this week of the year by not shipping out any loads compared to shipping out 133 loads in 2009 and 16 loads in 2008. Farm milk components are mixed in most regions, with direct correlation to feedstuffs being used on dairy farms. Weather conditions in most regions are settled enough to have only modest impacts on cow comfort this week. Butter and powder production are gearing up as fluid milk demand allows. Some extra capacity in the West is coming into use now that sufficient milk supplies are available to make plant operation worthwhile. Central and Western cream supplies are moving steadily into churning as demand for ice cream and various other Class II-type products is seasonally light, but cream demand in the East from Class II manufacturers is cutting into some of the cream-for-churning supply. Hay stocks on farms as of December 1, 2009, according to NASS are up about 3.4% from year ago levels. Western hay prices are reported lower than a year ago, however supplies of high quality forages remain a concern for dairy operators.

DRY PRODUCTS: Dry product markets are steady to weaker as additional manufacturer and reseller spot loads were offered into some markets. Nonfat dry milk market prices decreased as production gears up due to seasonal increases in milk supplies. The dry buttermilk market is weaker, also, as butter/powder production is generally higher from established plants. In addition, production from one or newer plants is coming into play in the Western region. Dry whey markets are mostly steady for the week, and production is increasing at various plants as milk supplies increase seasonally. Export interest remains strong, but light availability in some regions is curtailing sales completions. Whey protein concentrate prices moved higher based on f.o.b. prices, but resale loads are reportedly clearing with lower price premiums. Some in the industry feel this could reflect near term weakness in this market. The lactose price series is unchanged, but this market also appears to be weakening under some pressure from higher than anticipated availability from some manufacturers and resellers.

ORGANIC DAIRY MARKET OVERVIEW (DMN): The year opened with a significant increase in the percentage of organic dairy content in supermarket newspaper ads. The number of newspaper supermarket ads with organic dairy content for the first reporting period of 2010 surpassed any of the reporting periods in 2009, dating to early October when this survey series began. During the period ending January 15, 2010, organic dairy ads were included in 45.2% of 9,124 surveyed supermarket ads appearing in newspapers throughout the United States. This is a sharp increase, more than double the national percentage for the last reporting period, 20.8%. Non-organic dairy products and/or milk appeared in nearly 100% of 9,151 ads surveyed this period. Also for the first time in this series, the Southwest dominated all regions in the percentage of ads containing organic dairy content, 76.3%. Until now, the Midwest or Northeast occupied first place. Nevertheless, both remained strong and reached higher levels than in any previous period, with 61.1% of Midwest ads containing organic dairy content, slightly above Northeast ads with 60.3%. During November, about 31 million pounds of packaged organic whole milk and 104 million pounds of organic fat-reduced milk is estimated to have been sold in the United States. This was 1.4% less organic whole milk and 2.3% less organic fat-reduced milk than was sold in November 2008. On a monthly basis, comparing November 2009 with October 2009, November organic whole milk sales were 3.4% over October and fat-reduced organic sales were 4.5% over October. Year to date sales of organic whole milk through November totaled 338 million pounds and of organic fat-reduced milk, 1,127 million pounds.

CONTINUED ON PAGE 1A

*****SPECIALS THIS ISSUE*****

ORGANIC DAIRY MARKET NEWS (PAGE 8)
ANNUAL AVERAGES FOR ANNOUNCED COOP CLASS I PRICES (PAGE 9)
2009 DMN ANNUAL AVERAGES (PAGES 10 - 11)
JANUARY MILK SUPPLY AND DEMAND (PAGES 12 - 13)

COMMERCIAL DISAPPEARANCE - CORRECTED (PAGE 14)
OCTOBER MAILBOX MILK PRICES (PAGE 15)
NOVEMBER FLUID MILK SALES (PAGE 16)
DAIRY GRAPHS (PAGE G1-G3)

**CME GROUP
CASH TRADING**

PRODUCT	MONDAY JANUARY 11	TUESDAY JANUARY 12	WEDNESDAY JANUARY 13	THURSDAY JANUARY 14	FRIDAY JANUARY 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4350 (+.0025)	\$1.4350 (N.C.)	\$1.4400 (+.0050)	\$1.4500 (+.0100)	\$1.4650 (+.0150)	(+.0325)	\$1.4450 (+.0100)
40# BLOCKS	\$1.4100 (N.C.)	\$1.4100 (N.C.)	\$1.4150 (+.0050)	\$1.4150 (N.C.)	\$1.4150 (N.C.)	(+.0050)	\$1.4130 (-.0115)
BUTTER GRADE AA	\$1.3450 (N.C.)	\$1.3500 (+.0050)	\$1.3700 (+.0200)	\$1.4200 (+.0500)	\$1.5250 (+.1050)	(+.1800)	\$1.4020 (+.0695)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET AT A GLANCE**ANNUAL 2009 ANNOUNCED COOP CLASS I PRICES (AMS):**

For 2009, the all-city average announced cooperative Class I price was \$16.44, \$2.32 higher than the Federal milk order Class I price average for these cities. The 2009 announced cooperative Class I price was \$6.64 lower than the 2008 price while the Federal Milk Order Class I price was \$6.48 lower. The 2009 difference was \$0.16 lower than the 2008 difference. On an individual city basis, the annual average difference between the Federal order and announced cooperative Class I price ranged from \$0.50 in Phoenix, AZ, to \$3.61 in Miami, FL.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB):

The milk production forecast is raised for 2010 reflecting the relatively slow pace of cow liquidation in late 2009. Commercial dairy exports for 2009 are adjusted reflecting stronger skim-basis sales, but slightly weaker fat-basis sales. Import forecasts are reduced for 2009. Trade forecasts are unchanged for 2010. Fat and skim-solids ending stocks are forecast higher for 2009. Ending stocks for 2010 are raised on a skim-solids basis but are lowered on a fat-basis. Forecasts of butter and cheese prices are lowered as milk production forecasts are raised. However, relatively strong international demand should support prices for nonfat dry milk (NDM) and whey. The 2010 Class III price is lowered from last month as lower expected cheese prices more than offset stronger whey prices. The Class IV price forecast for 2010 is raised from last month as stronger NDM prices more than offset weaker butter prices. The all milk price is reduced to \$16.20 to \$17.00 for 2010.

OCTOBER MAILBOX MILK PRICES (AMS & CDF):

In October 2009, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.29, up \$1.31 from the previous month average, and down \$3.65 from October 2008. The component tests of producer milk in October 2009 were: butterfat, 3.75%; protein, 3.14%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas, and ranged from \$17.76 in Florida to \$12.52 in New Mexico.

NOVEMBER FLUID MILK SALES (DAIRY PROGRAMS & CDF):

During November, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.5% higher than November 2008. After adjusting for calendar composition, sales in November 2009 were 0.9% higher than November 2008. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, organic whole milk, reduced fat milk (2%), low fat milk (1%), flavored fat-reduced milk, organic fat-reduced milk and buttermilk increased from November 2008, while sales of whole milk, and fat-free (skim) milk, decreased from a year earlier.

CME GROUP

MONDAY, JANUARY 11, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4350; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3350; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.3850
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.3450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 12, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3400; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 3 CARS GRADE AA: 1 @ \$1.3450, 2 @ \$1.3500; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.3500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.3550

WEDNESDAY, JANUARY 13, 2010

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.4350, 1 @ \$1.4375, 1 @ \$1.4400; 4 CARS 40# BLOCKS: 2 @ \$1.4100, 1 @ \$1.4125, 1 @ \$1.4150; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4400; 1 CAR 40# BLOCKS @ \$1.4100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.3550, 1 @ \$1.3600, 1 @ \$1.3625, 1 @ \$1.3650, 1 @ \$1.3700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3675; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.3750

THURSDAY, JANUARY 14, 2010

CHEESE — SALES: 7 CARS 40# BLOCKS @ \$1.4150; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4500; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.3000; 1 CAR GRADE A @ \$1.3000
 BUTTER — SALES: 8 CARS GRADE AA: 1 @ \$1.3825, 1 @ \$1.3850, 1 @ \$1.3900, 1 @ \$1.3950, 1 @ \$1.4000, 2 @ \$1.4100, 1 @ \$1.4200; LAST BID UNFILLED: 5 CARS GRADE AA @ \$1.4100; LAST OFFER UNCOVERED: NONE

FRIDAY, JANUARY 15, 2010

CHEESE — SALES: 8 CARS 40# BLOCKS @ \$1.4150; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4650; 2 CARS 40# BLOCKS @ \$1.4050; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4250
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 10 CARS GRADE AA: 1 @ \$1.4600, 1 @ \$1.4700, 1 @ \$1.4800, 1 @ \$1.4900, 1 @ \$1.5000, 1 @ \$1.5100, 2 @ \$1.5200, 2 @ \$1.5250; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5300

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.3000 and Grade A at \$1.3000. The last price change for Extra Grade was on 01/14/10 and Grade A was on 1/14/10. The weekly average for Extra Grade is \$1.3510 (-.0400) and Grade A is \$1.3420 (-.0280).

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group advanced a half cent on Tuesday, closing at 1.35. Churns are operating at reduced schedules as Class I and II demand has increased after the New Year's holiday. Cream multiples remain in a fairly wide range as multiples are firm early in the week, but then are discounted mid to late week for weekend delivery. There remains good export interest for butter. Butter inventories are increasing and held with confidence as managers look ahead to the Easter holiday. Foreign Agricultural Service report shows January – November 2009 exports of butter total 54.7 million pounds, a 72% decrease compared to the same period last year. Leading destinations for U.S. butter are Saudi Arabia at 16.9 million pounds, down 7% from a year ago, Egypt at 9.2 million pounds, down 51% from a year ago, and Mexico at 7.5 million pounds, down 39%. Saudi Arabia, Mexico and Egypt accounted for 61.5% of the total U.S. Butter exports. Prices for bulk butter range from 4-7 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

Since the first of the New Year, the CME cash butter price has firmed gradually. Thus far in 2010, the cash AA butter price has increased 4 1/4 cents to settle at \$1.3700 at midweek. This firm pattern is not surprising to many butter producers as they anticipated firmer prices early in the New Year. Many feel that prices will continue to firm for the near term. Churning activity has eased in early January, down from the heavy activity during the recent holiday period. Most butter producers indicate that cream offerings to them have declined as Class II operations absorb increasing volumes. Butter producers state that pricing multiples are firm and that they are paying the increases or

do without the cream. Both 80 and 82% butter are being generated. Many butter producers are churning for future needs although current butter demand is fairly strong. Some buyers indicate that they are procuring at this time to hedge against anticipated further price increases. The Christmas/New Year holiday has just passed and buyers are already discussing Passover/Easter needs for late March, early April. Spot bulk butter prices range from 2 – 4 cents over various pricing bases and averages per pound.

WEST

Wednesday's butter trading at the CME Group closed at \$1.3700. The price was \$.0200 higher than Tuesday and \$.0250 higher for the week. Sales of 5 loads on Wednesday added to activity for the week. As of Wednesday, 9 loads have been sold. Cream supplies continue to be adequate for needs. Cream multiples have increased with the return of Class I and II demand. Butter churns are operating at full capacity in many cases. Manufacturers are building inventories of bulk butter for later usage. Some supplies are intended for Easter rollout. According to the CME, weekly butter stocks increased by 5 million pounds last week to stand at 46.6 million pounds. Butter inventories have been building for the last four weeks. This total compares to 55.7 million pounds in 2009 and 84.5 million pounds in the comparable week in 2008. Prices for bulk butter range from flat to 5 cents under the market, based on the CME with various time frames and averages used. According to the FAS, exports of butter and milkfat for the first eleven months of the year total 54.7 million pounds, down 72% from the same period in 2008. This volume accounts for 3.9% of total U.S. butter production for the period. The top three export destinations, the volumes shipped, and the change from last year are as follows: Saudi Arabia 16.9 million pounds, -7%; Egypt 9.2 million pounds, -51%; and Mexico 7.5 million pounds, -39%. These three countries accounted for 61.5% of the exports for the eleven month period.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS</u> <u>38% MOISTURE</u>	<u>NDM</u>	<u>BUTTER</u>	<u>DRY WHEY</u>
JANUARY 9	1.6407	1.4783	1.3507	1.3302	0.3879
	12,485,609	9,647,435	11,738,129	4,328,360	11,063,555

Further data and revisions may be found on the internet at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>

NORTHEAST

CHEESE MARKETS

WEST

Cheese prices on the CME Group were unchanged Tuesday, closing at 1.4350 on barrels and 1.4100 on blocks. Weekly averages were marginally lower for blocks and marginally higher for barrels. As a result, wholesale cheese prices for cheddar blocks and Muenster declined. Processed cheese advanced and Swiss cuts were unchanged. Cheese production schedules are steady to reduced, due to increased Class I and II demand. Some plants have interrupted production schedules, pursuing post holiday maintenance schedules. Production of mozzarella, provolone and cream cheese remains steady. In the latest Foreign Agricultural Statistics report, January-November 2009 exports of cheese and curd from the United States totaled 211.7 million pounds, a 21% decrease from the same period in 2008. Leading destinations, amounts shipped, and percent changes in amounts shipped compared to the same time period last year include: Mexico, 79.9 million pounds (+9%); South Korea, 20.7 million pounds (-24%); Canada, 19.7 million pounds (-12%) and Japan, 13 million pounds (-33%). These four countries account for 62.9% of the total U.S. cheese exports.

Prices on 40 lb. Blocks at the CME Group on Wednesday were \$.0050 higher to settle at \$1.4150. This is the first raise in the Block price since December 18, 2009. Barrels were also \$.0050 higher and ended at \$1.4400 for the day. The market increases were the first sales for the week on light trading of 3 loads of barrels and 4 loads of blocks. Cheese production continues at a brisk pace with plants running at near capacity. Inventories continue to clear well. The overall drop in price at the CME Group over the last two weeks has piqued buying interest at current price levels. Buyers are trying to read the price trends to purchase supplies at reduced prices. Retail cheese sales for football playoff parties have shown some increase. Producers remain optimistic for sales at these prices. According to FAS, exports of cheese and curds for the first eleven months of the year total 211.7 million pounds, -21% or 57.4 million pounds from last year. The exports account for 2.3% of total cheese production in the U.S. The top four export destinations, the volumes shipped, and the change from last year are as follows: Mexico 79.9 million pounds, +9%; South Korea 20.7 million pounds, -24%; Canada 19.7 million pounds, -12% and Japan 13.1 million pounds, -33%. These four countries accounted for 63% of the exports for the eleven month period.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	1.7550-2.0300
Process 5# Sliced	:	1.5275-1.8375
Muenster	:	1.7750-1.9725
Grade A Swiss Cuts 10 - 14#	:	3.2725-3.5950

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5625-1.8200
Cheddar 40# Block	:	1.5575-1.9100
Cheddar 10# Cuts	:	1.7375-1.9575
Monterey Jack 10#	:	1.7475-1.9075
Grade A Swiss Cuts 6 - 9#	:	2.8200-3.2500

MIDWEST

The cheese market is about steady though a little uneasiness continues due to the inverted barrel/block price spread at the CME Group. Orders have generally improved from last week as the big decline in the weekly price average has been reflected on natural variety prices. Many in the industry expect orders overall may be lighter than early last year when many buyers rebuilt sharply depleted inventories at even lower price levels. Best interest remains for natural with limited amounts of overtime needed on certain lines, particularly chunks and shreds. Also, for packagers, the private label share remains solid. Process interest is uneven with some operations steady and a few seeing improvement in orders. More processors are able to keep a full week schedule on more lines, though overtime seems limited to specialties. Bulk supplies of regular varieties are available from manufacturers that built inventory over the holidays. Cheese production is uneven, ranging from slightly higher to just lower after the extra holiday milk has been processed. Cheese yields remain solid though down slightly from late last year.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7950-1.9750
Brick And/Or Muenster 5#	:	1.9350-2.2500
Cheddar 40# Block	:	1.9550-2.5650
Monterey Jack 10#	:	1.9000-2.5650
Blue 5#	:	2.2250-2.9700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7700-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.5900-3.3300

FOREIGN

The weekly average block price on the CME Group declined a half cent last week and as a result, the wholesale prices for domestic foreign type cheese except for Swiss also declined. Recent fluctuations in the currency markets have made for an unsettled tone in the foreign cheese markets.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.2900	: 1.8950-3.3825*
Gorgonzola	: 3.6900-6.6900	: 2.3975-2.6575*
Parmesan (Italy)	: -0-	: 3.3025-3.7225*
Provolone (Italy)	: 3.4400-5.8900	: 1.9375-2.0950*
Romano (Cows Milk)	: -0-	: 3.0850-5.2275*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-3.5300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3650-3.6875
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

BUTTER : CHEESE

	:	
01/11/10	6,720	: 122,318
01/01/10	6,171	: 123,119
CHANGE	549	: -801
% CHANGE	9	: -1

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	100	0	133
SOUTHEAST STATE	25	0	0	0	0	0

In the Northeast, calm cold weather has replaced the numerous storm fronts enabling plants to better schedule production runs. Class I demand is strong and resumption of Class II production lines are limiting manufacturing milk supplies with churns and dryers operating at reduced schedules. Retail stores are continuing to restock after the holidays and winter storms. In the Mid Atlantic, Class I and II demand is pulling nearly all available milk supplies and has resulted in most churns and dryers being shut down. The Southeast is experiencing Class I demand surpassing fall school start up demand. Milk is moving from the Northeast, Mid Atlantic and as far away as Wisconsin to meet the unusually high Class I demand. Recent storms and persistent cold weather have substantially increased fluid milk consumption. Florida is also in the midst of an unprecedented cold spell, which has also had the effect of greatly increasing Class I demand. As a result of the increased fluid demand, zero loads were shipped out of Florida this week. Cream demand has been fairly good as ice cream and other Class II production lines have resumed after holiday shutdowns. Multiples are in a wide range, with higher multiples early in the week and discounts occurring later in the week. Condensed skim is moving through contracts with very light spot market activity. Class II production lines for seasonal products are running on reduced schedules following the usual seasonal trend.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5323-1.7589
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5191-1.5990

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.30 - 1.37
NORTHEAST - CLASS III - SPOT PRICES	- 1.26 - 1.30

MIDWEST

Class I interest is steady to improved. Some extra volumes of milk are being shipped south to supplement local supplies for fluid use. Several loads of milk from Wisconsin are reported heading for Tennessee to a bottler. Michigan and Ohio handlers have also reported making Southern fluid shipments, some reported to Florida and others to states along the way. Whether the shipments are related to a major bottler trying to supplement supplies from their own producers and other suppliers in the New Year, increased demand due to the cold weather, reduced Southern milk output, or other factors is up to debate. Early orders for next week for some bottlers also look strong. Class II and ice cream demand remain seasonally light. Churns remain active though at least one was shipping milk South and buying extra cream to keep churning. Some export 82% butter continues to be produced. Milk is available for sale in the upper Midwest though timing is spotty and may be due to plant issues. Manufacturing milk supplies and interest are spotty though reported prices are no higher than last week with some loads discounted. Reports of milk dumping late last year during/after the major December storm are also appearing in the press, often in the Kansas/Nebraska area. Current milk intakes are generally steady to just slightly higher in upper tier states. Further south, culling - either voluntary or through CWT, has caused volumes to be lower than anticipated in certain areas. Components are steady to just slightly below late 2009 levels. The recent cold snap held increases in receipts perhaps in check though warmer temperatures (above freezing) in much of the upper tier states will allow cows to use less energy to keep warm and melt some of the snow stockpile. According to NASS, December 1 hay stocks on farms in selected Central states are: Wisconsin 3.0 million tons, down 16.2% from December 2008; Texas 7.7 million tons, down 9.2%; Minnesota 3.6 million tons, down 8.2%; Iowa 3.1 million tons, down 20.9%; and Nebraska 4.5 million tons, up 9.1%.

WEST

The February 2010 Class 1 prices in CALIFORNIA range from \$16.46 in the north to \$16.74 in the south. The statewide average Class 1 price based on production is \$16.49. The average is \$1.75 lower than January 2010 but \$5.19 more than February 2009. Alfalfa HAY PRODUCTION for the 2009 crop year for the U.S. according to NASS is estimated to total 71.03 million tons, +850,000 tons or up 1.2% from 2008. Production for selected Western states with the tonnage change from last year is as follows: Arizona 2,380,000 tons, +144,000 tons; California 6,958,000 tons, -252,000 tons; Colorado 3,315,000 tons, +609,000 tons; Idaho 4,788,000 tons, -184,000; Nevada 1,316,000 tons, +20,000 tons; New Mexico 1,224,000 tons, -76,000 tons; Oregon 1,800,000 tons, +120,000 tons; Utah 2,226,000 tons, -84,000 tons; and Washington 2,401,000 tons, +597,000 tons. Alfalfa HAY STOCKS on farms December 1 according to NASS total 107.22 million tons, up 3,564,000 tons or 3.4% from a year earlier. Stocks for selected Western states with the tonnage change from last year are as follows: Arizona 500,000 tons, +25,000 tons; California 2,400,000 tons, +20,000 tons; Colorado 2,500,000 tons, +525,000 tons; Idaho 2,750,000 tons, +738,000 tons; Nevada 1,012,000, +12,000 tons; Oregon 2,200,000 tons, +639,000 tons; Utah 1,330,000 tons, +30,000 tons; and Washington 1,418,000 tons, +236,000 tons. CALIFORNIA milk production patterns remain steady to seasonally higher at levels below a year ago. Weather patterns remain generally neutral. Rains in Southern California are expected to impact open corral dairies, but Cdfa data indicates that only 8% of the milk production comes from that region. So any impact would be only slight on a state level basis. Central Valley production is moving higher and producers are trying to regain footing as higher milk prices begin to show up in milk checks. Processors are running on moderate schedules to handle the current milk supplies. Extra capacity is available at new and existing plants. ARIZONA milk output is moving slightly higher each week. Fat and component tests are mixed and there is a direct correlation to the feedstuffs being fed to cows. Milk prices continue to dictate production decisions as producers look for ways to keep going. The added milk intakes are welcomed among handlers. Plants have capacity to handle additional milk supplies. Bottled milk orders are mostly steady. NEW MEXICO milk production is steady to higher. Milk supplies are being handled well through normal channels. Some cheese plants are adjusting milk intakes to help balance cheese holdings. Fluid milk accounts are steady to higher to accommodate returning school accounts. CREAM markets remain weak. Offerings are heavy in the region and volumes are moving into butter production. Outputs of higher class items are light to moderate. Cream is ending up at butter churns, where output levels remain high. Processors often are choosing to make butter instead of selling cream at low prices. CME butter prices moved 4 cents higher over a week ago, closing at \$1.3700 at midweek. Cream multiples are holding steady at the 100-122 FOB and vary depending on class usage and basing points. Rain and seasonally cool weather covered much of the PACIFIC NORTHWEST for the week. Weather conditions were not considered to be detrimental to milk production or handling. Farm milk producers continue to plan for the 2010 season and financial planning is high on the list. Prices paid to farmers have been increasing for the last five months, but may have stalled for February. Class III futures prices have fallen back into the \$14.00 range for the first half of 2010. Recent reports from USDA on Crop Production and Grain Stocks have farmers hoping for lower feed costs and better margins. Hay prices are lower, but there continues to be concerns over availability of high quality forage supplies. Milk production remains at near year ago levels in the Northwest. Processors continue to run cheese and butter operations at full schedules. This in turn is allowing for increased dry product manufacturing. Processors continue to build inventory. Spot sales of product remain light with most suppliers filling contract obligations. IDAHO AND UTAH saw freezing temperatures and mixed snow/rain over the last week. Farm milk supplies are below last year but adequate to meet processor obligations. Extra milk supplies are few and far between for those looking to augment supplies. Farm milk producers looking for forage supplies for spring are finding better prices than last year, but the area saw poor harvest conditions last spring and feed quality for dairy herds is lower than hoped. Replacement heifer prices in Utah at auction remain steady to weak. Smithfield, Utah saw a top of \$1575.00 with the top 25 heifer average at \$1209.00.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for Central region low/medium heat nonfat dry milk are lower and the market tone is weaker. Production is variable compared to last week, as higher fluid demand from other regions is decreasing dairy solids moving into NDM production at some locations. Inventories are steady to building incrementally. Some manufacturers are watching inventories closely and being cautious in offering product to the spot market as milk supplies for near term NDM production are somewhat uncertain. End users report receiving more spot offers from brokers this week, which some are interpreting as an indication that the market is due for a price trend reversal in the near term.
EAST: Prices for NDM have declined as supplies have increased and demand lessened after the holidays. NDM production has decreased due to increased Class I and II demand pulling fluid supplies away from manufacturers. Inventories are building with limited spot market activity. With the weaker market, some traders remain out of the market awaiting a clearer picture of supply, demand and pricing.

The latest Foreign Agricultural Statistics report shows 516.7 million pounds of non fat dry milk were exported from the United States during the January - November 2009 time span, down 37% from the same time span of 2008. Exports for January - November 2009, and percent change in amounts exported compared to 2008 are: Mexico, 225.4 million pounds (-10%), Philippines, 56.5 million pounds (-43%) and Indonesia, 41 million pounds (-57%). These three destinations for nonfat dry milk account for 62.5% of the total nonfat dry milk exports.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3250 - 1.4375 MOSTLY: 1.3600 - 1.3900
 HIGH HEAT: 1.3750 - 1.5350

NONFAT DRY MILK - WEST

Prices for Western low/medium heat NDM moved lower and some trades occurred at sharply lower prices at the bottom end of the range. The mostly price series showed moderate declines, reflecting both market unsettledness and recent declines in base pricing. Some producers wanted to move product to get inventory levels more current and were discounting to secure movement. The market tone is unsettled. Production of NDM is active to process available milk supplies in the region. Demand is fair and along expected levels to contract customers, but is slow to develop for new or export interest. Stocks are building at many locations. High heat NDM prices are mostly steady in a light test. The market tone is unsettled. Buyers are not actively pursuing additional powder. Stocks are light to moderate and available to service existing accounts. According to FAS, exports of NDM/SMP through Jan-Nov 2009 total 516.7 million pounds, down 37% from the same period in 2008. The top five export destinations, the pounds shipped, and the change from last year are as follows: Mexico 225.4 million pounds, -10%; Philippines 56.5 million pounds, -43%; Indonesia 41.0 million pounds, -57%; Vietnam 30.3 million pounds, +5%; and Algeria 27.6 million pounds, -28%. During November, exports totaled 43.7 million pounds, 24% higher than a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1800 - 1.4000 MOSTLY: 1.3000 - 1.3500
 HIGH HEAT: 1.3100 - 1.4800

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are unchanged to lower on a weakening market. Production is lower at some plants as cream sales have been active and additional sales of fluid milk have decreased opportunities for butter making and dry buttermilk production, but churning and drying activities at other plants are on the rise. The number of offers of dry buttermilk loads to the spot market is generally higher, both from manufacturers and resellers. Price premiums above the market on both f.o.b. and resale loads are backing down from recent higher levels. A few resale load prices are below the market, indicating holders may be interested in clearing current holdings. Sales into some export markets are moving well.

EAST: Dry buttermilk prices are weaker in the Eastern region. Dry buttermilk production has decreased as Class I and II demand has increased. Current production is filling contracts and adding to inventory. Spot market activity remains light. Expanded inventories are held in confidence with the expectation of 2010 orders by major users.

F.O.B. CENTRAL/EAST: 1.2300 - 1.4000

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk moved lower and reflect market weakness. Demand is most often slow, but sales were occurring when prices were discounted by manufactures that were seeking to move inventories. Regular buying interest remains light as buyers are getting needs on a timely basis and there are no factors stimulating end product needs. Drying schedules are active as butter churning is seasonally heavy to process available cream supplies. More butter is being produced in the region with added plant capacity ramping higher. Current stock levels range from light to moderate and are available from many sources.

F.O.B. WEST: 1.1500 - 1.3000 MOSTLY: 1.2500 - 1.2800

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged for the week. Production is heavier at some locations as milk supplies allow and contracts require. Domestic product availability is still tight, allowing some demand to be filled by Oceania import product. Delivered prices on the imported product are reported near \$1.60/lb mark. According to the Foreign Agricultural Service, January - November 2009 dry whole milk and cream exports under Schedule B code 0402210000 decreased about 58% compared to the same time period in 2008 and total about 12.6 kilotons (kt). November 2009 exports total 1.4 kt, a 19% increase from one month ago, but a 59% decrease from November 2008. Mexico (8.2 kt) is the top destination for dry whole milk and cream exports thus far in 2009, accounting for 65% of the total dry whole milk and cream exports, although exports to that country during 2009 have decreased 39% compared to the same time span of 2008.

F.O.B. PRODUCING PLANT: 1.3600 - 1.6000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 8	\$1.3333	6,722,823	0
January 1	\$1.2685	23,284,662	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Dry whey prices in the Central region are unchanged to slightly higher on a mostly steady market. Milk supplies are slowly moving seasonally higher, helping Class III plants operate closer to capacity. In addition, cheese orders are reportedly improving, allowing cheese plants to increase production with confidence. Whey production is following that same pattern. Dry whey inventories are adequate for contract needs. Spot offerings from producers are reportedly being readily snapped up by contract buyers being offered those loads on a rotational basis as the loads clear testing. Sales into export markets are moving well, although delays in ocean shipping are reportedly occurring out of a few West coast ports. Some buyers/end users report receiving calls from brokers seeking loads of dry whey that are surplus to current requirements. ANIMAL FEED WHEY prices are unchanged for the week. Interest is steady, although some producers of milk replacer dry blends indicate competition from reclaimed milk and liquid feed mixes is strong.

F.O.B. CENTRAL: .3600 - .4100 MOSTLY: .3650 - .3800
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2200 - .3700

DRY WHEY - NORTHEAST

Dry whey prices have weakened marginally from the top end of the range. Cheese and dry whey production have moderated as Class I and II demand has increased after the holidays. Export demand, which has been driving the market, has begun to weaken as China is reducing imports in anticipation of the Chinese New Year. Domestic spot sales are light as many domestic traders are taking a wait and see attitude regarding whey purchases. Some brokers are expressing the opinion that the whey market has topped out. The latest Foreign Agricultural Statistics report shows 417.4 million pounds dry whey were exported from the United States during the January - November 2009 time span, up 2% from the same time span of 2008. Leading world regional destinations, amounts shipped, and year to year percentage changes in amounts shipped are as follows: East Asia, 178.7 million pounds (+11%); Southeast Asia, 114.3 million pounds (unchanged); and North America, 80.8 million pounds (+23%). These three regions comprised 89.5% of the total exports from January to November, 2009.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3400 - .4050

DRY WHEY - WEST

Whey prices were steady for the week. Whey supplies continue to keep dryers running at a heavy pace. Increased production schedules are allowing producers to fill contract needs and allow for some increased inventory. Some buyers are reluctant to secure quantities at these higher prices. Spot loads remain hard to come by and some spot demand is going unfulfilled. The upcoming Chinese New Year will influence volumes traded to that country for the short term as trading will be greatly reduced during the celebration. According to FAS, exports of dried whey for the first eleven months of the year total 417.4 million pounds, +2% or 7.9 million pounds more than the period in 2008. This volume of exports amounts to 42.1% of total dry whey production for the period. The top six export destinations, the volume shipped and the change from last year are as follows: China 93.9 million pounds, +17%; Japan 45.1 million pounds, +4%; Canada 43.8 million pounds, -13%; Mexico 37.1 million pounds, +140%; Malaysia 31.5 million pounds, +11%; and South Korea 28.1 million pounds, +11%. These six countries account for 66.9% of the total exports.

NONHYGROSCOPIC: .3700 - .4400 MOSTLY: .3900 - .4250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are higher, but the market tone is mixed. Some producers report contract sales are moving well, with premiums remaining intact. Various market participants, though, report resellers offering loads with lower premiums to the market, which marks a shift in selling urgency. Overages have reportedly backed away from the 10 cents range and are now falling into the 4 - 5 cents range. Market participants may be anticipating a shift in market direction that will mimic the current weakening of the NDM market. Foreign Agricultural Service reports that during November 2009, exports of WPC 34% under Schedule B code 0404100500 totaled 11.3 kilotons (kt), a 24% increase from October 2009 and a 114% increase from November 2008. Exports to China (3.7 kt), Mexico (3.7 kt) and Canada (1.5 kt) accounted for 79% of all the WPC 34% exported during the month. Cumulative 2009 exports through November 2009 total 82.3 kt, an increase of about 23% compared to the same time span of 2008.

F.O.B. EXTRA GRADE 34% PROTEIN: .9000 - .9800 MOSTLY: .9100 - .9400

LACTOSE - CENTRAL AND WEST

Prices on the lactose mostly price series are steady. Producer inventories are variable, with some manufacturers experiencing delays in order fulfillment while other manufacturers have loads available to place onto the spot market. Spot load availability from either brokers or producers is generally higher for the week, casting a weaker tone onto the market. Contracting activities are winding down, with some different tactics from the recent past being used to satisfy buyer/seller needs. Volume guarantees with prices determined date of ship appear to be more widely in use than in past quarters. Foreign Agricultural Service reports that November 2009 lactose exports under Schedule B code 1702110000, anhydrous, >99% solids, totaled 11.1 kilotons (kt), about a 4.8% increase compared to exports of the previous month and 46.0% higher than November 2008 exports. Cumulative 2009 exports through November 2009 total 113.9 kt, an increase of about 30.7% compared to the same time span of 2008. The three largest 2009 U.S. export markets for lactose, total exports for January - November 2009, and percent change in amounts exported compared to 2008 are: China, 28.1 kt (+75%); Japan, 17.3 kt (+2%); and Mexico, 12.8 kt (+120%). Exports to those three countries account for about 51% of all U.S. lactose exported during the first eleven months of 2009.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3000 - .4300 MOSTLY: .3400 - .3800

CASEIN - NATIONAL

Casein markets and prices remain firm as the New Year begins. Some domestic buyers are stating that they are pleased with their contractual agreements made with suppliers in 2009 for early 2010 which are often lower in price than current higher priced offerings. In most instances, buyers are receiving their contracted volumes, but for those seeking spot needs or those who do not have a contract, availability is limited. European suppliers continue to work from declining inventories of last season with the new production season about to resume. Many European producers and handlers are taking the same approach to the upcoming season as last and will be gearing production to be in line with known needs. The Oceania casein situation is still unclear. Milk production did not attain projected levels at the peak, thus casein output is occurring from a milk base that is lower than anticipated. At this point, casein producers indicate that output continues, but for how long is their concern.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.5000 - 4.2500
ACID: 3.5000 - 4.2000

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 11 - 15, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 01/08/10	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	375,658	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	375,658	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfat	-0-	-0-	-0-	132,276	134,311,251	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	134,311,251	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JANUARY 11 - 15, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	7.4	97.0
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	37.7	1,563.4
CUMULATIVE JANUARY 1 - 15, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	12.5	229.9

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JANUARY 11 - 15, 2010 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	BLOCK	BARREL	NONFORTIFIED		
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/09 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	375,658	-0-	-0-	132,276	134,311,251	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	375,658	-0-	-0-	132,276	134,311,251	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound
CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10
NONFAT DRY MILK \$.80 per pound

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 12/26/09 & Comparable Week 2008

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2009-Dairy	N.A.	0.5	5.0	1.9	14.3	2.6	0.2	N.A.	12.0	1.8	39.3	2,806.9	42.0	45.9
2008-Dairy	N.A.	0.4	3.9	1.6	10.3	4.3	0.3	N.A.	13.5	1.9	37.1	2,565.1	47.7	42.0
2009-All cows	N.A.	0.5	6.3	9.3	26.4	15.9	11.0	N.A.	15.7	5.6	93.6	6,113.4		
2008-All cows	N.A.	0.5	4.9	6.9	19.4	13.6	9.3	N.A.	15.2	5.1	77.8	6,110.4		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL
JANUARY 2, 2010	98	98

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17\$	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28

FEDERAL MILK ORDER CLASS PRICES FOR 2009 - 2010 (3.5% BF)

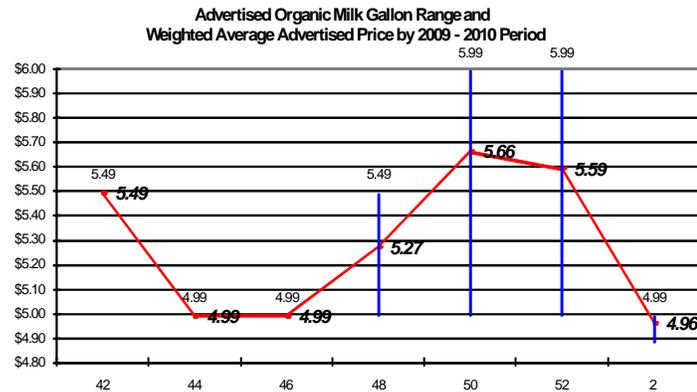
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN 2010
I 1/	15.74	10.72	9.43	10.36	10.97	10.08	10.26	10.04	10.93	12.35	12.86	13.99	15.03
II	10.41	10.25	10.36	10.49	10.71	10.79	10.87	10.86	11.01	11.93	13.24	14.25	
III	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98	
IV	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01	

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

ORGANIC DAIRY MARKET NEWS

Information gathered January 04 - 15, 2010

The 276 ads for organic gallons this period contrasts with 566 last period. This period the bottom of the price range fell 11 cents to \$4.88 and the top fell \$1.00 to \$4.99. This reduced the weighted average advertised price to \$4.96, from \$5.59 last period.



ADVERTISED ORGANIC MILK PRICES - PERIOD 2

	Low	High	Weighted Average
	(In Dollars)		
GALLONS:	4.89	4.99	4.96
HALF GALLONS:	2.49	4.49	2.89
YOGURT – 6 ounce:	0.59	1.00	0.75
YOGURT – Greek:	1.00	1.50	1.15

Organic butter in 1 pound boxes increased the weighted average advertised price to \$4.99 from \$4.26. All butter was priced the same this period, with no range spread unlike last period when the range was \$3.99 to \$4.99. Thus, lower range prices disappeared this period and the top of the range remained.

The remaining ads were for 8 ounce milk containers advertised at \$1.00. There were no ads for cheese.

SUPERMARKET PRICE COMPARISON: Another dimension of prices is non-advertised organic milk prices at various stores within the same city. Organic milk and yogurt sold in a range of food stores in Madison Wisconsin are compared.

Prices are compared for organic milk in both 1 gallon and 1/2 gallon sizes of whole milk; reduced fat (2%); lowfat (1%); nonfat (skim); and 1/2 gallons of chocolate milk. There is no trend for high or low prices as to type of store, whether the organic milk is a national, store or local brand, or between stores in Madison.

In Madison, stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market targeting university students; 2 natural food stores; and the retail outlet for a local organic creamery. Milk available at the range of stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands.

Whole milk gallons ranged from a high price of \$6.69 for a national brand at the smaller full line market, down 60 cents from last 3 periods, to a low of \$5.39 for a national brand at a local big-box supermarket, unchanged from the last 2 periods. Reduced fat, lowfat and nonfat gallons all ranged from a high price of \$6.69 at a smaller full line market to a low price of \$5.39 at the big-box local market, all unchanged from the last 3 periods and reflecting two different national brands.

Half gallons of whole milk, 2%, 1% and skim were tied for the highest price at two regional chain supermarkets, \$4.39, the same as last period. The lowest price for all 4 varieties, \$2.99, 40 cents below last period, was offered at a local regional chain supermarket for a store brand.

The same regional chain supermarket offered the highest priced organic chocolate half gallons, \$5.59, for a national brand. The lowest priced organic chocolate half gallons, \$3.39, was offered at a big box supermarket for another national brand.

ORGANIC MILK PRICE RANGE - PERIOD 2
MADISON, WISCONSIN

	Low	High
	(In Dollars)	
GALLONS:		
Whole	5.39	6.69
2%	5.39	6.69
1%	5.39	6.69
Nonfat	5.39	6.69
HALF GALLONS:		
Whole	2.99	4.39
2%	2.99	4.39
1%	2.99	4.39
Nonfat	2.99	4.39
CHOCOLATE HALF GALLON:	3.39	5.59

Organic yogurt in Madison supermarkets for 6 ounce sizes ranges from a high of \$1.59 for a brand sold in the small local food market, to a low of \$0.79 for a national brand sold in both a natural food store and a big box supermarket. Each end of the range is unchanged.

ORGANIC DAIRY FLUID OVERVIEW

During November, about 31 million pounds of packaged organic whole milk and 104 million pounds of organic fat-reduced milk is estimated to have been sold in the United States. This was 1.4% less organic whole milk and 2.3% less organic fat-reduced milk than was sold in November 2008. On a monthly basis, comparing November 2009 with October 2009, November organic whole milk sales were 3.4% over October and fat-reduced organic sales were 4.5% over October. Year to date sales of organic whole milk through November totaled 338 million pounds and of organic fat-reduced milk, 1,127 million pounds. Some organic processors that had experienced increasing sales for a number of recent years, have now reported 2009 sales below 2008 levels. However, in some cases, profitability for 2009 was maintained, even with lower sales.

According to USDA Livestock and Grain Market News, national organic grain and feedstuff prices were mostly steady to lower on light to moderate demand and offerings compared with two weeks ago. In the Eastern corn belt, organic grain and feedstuffs traded mostly steady with demand and offerings light to moderate. In the upper Midwest, organic grain and feedstuff prices were lower with light to moderate demand and offerings. Additional information is available at: www.ams.usda.gov/LSMarketNews.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS 2009
ANNUAL AVERAGES, WITH COMPARISONS 1/**

For 2009, the all-city average announced cooperative Class I price was \$16.44 per cwt., \$2.32 higher than the Federal milk order Class I price average for these cities. The 2009 announced cooperative Class I price was \$6.64 per cwt lower than the 2008 price while the Federal Milk Order Class I price was \$6.48 per cwt lower. The 2009 difference was \$0.16 per cwt lower than the 2008 difference. On an individual city basis, the annual average difference between the Federal order and announced cooperative Class I price ranged from \$0.50 in Phoenix, AZ, to \$3.61 in Miami, FL.

City	2009 Annual Averages		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	18.49	15.28	3.21
Baltimore, MD	16.15	14.48	1.67
Boston, MA	16.23	14.73	1.50
Charlotte, NC	17.80	14.88	2.92
Chicago, IL	16.47	13.28	3.19
Cincinnati, OH	16.71	13.68	3.03
Cleveland, OH	16.51	13.48	3.03
Dallas, TX	16.41	14.48	1.93
Denver, CO	15.77	14.03	1.74
Des Moines, IA	15.93	13.28	2.65
Detroit, MI	16.28	13.28	3.00
Hartford, CT	16.13	14.63	1.50
Houston, TX	17.10	15.08	2.02
Indianapolis, IN	16.51	13.48	3.03
Kansas City, MO	15.95	13.48	2.47
Louisville, KY	16.70	13.78	2.92
Memphis, TN	17.63	14.38	3.25
Miami, FL 2/	21.09	17.48	3.61
Milwaukee, WI	16.42	13.23	3.19
Minneapolis, MN	15.05	13.18	1.87
New Orleans, LA	18.53	15.28	3.25
Oklahoma City, OK	16.65	14.08	2.57
Omaha, NE	15.68	13.33	2.35
Philadelphia, PA	17.33	14.53	2.80
Phoenix, AZ	14.33	13.83	0.50
Pittsburgh, PA	16.69	13.58	3.11
St. Louis, MO	16.02	13.48	2.54
Seattle, WA	14.14	13.38	0.76
Springfield, MO	16.12	13.88	2.24
Washington, DC	16.15	14.48	1.67
Simple Average	16.44	14.12	2.32

1/ These figures are simple averages of monthly prices. The cooperative prices are Class I prices announced for the beginning of the month by cooperative associations in various city markets. The information relates to the major cooperative in each of the city markets and does not apply to all of the Class I sales in these city markets. These data are common market knowledge in the sense that the information represents basic Class I price announcements by the cooperative sent to all handlers who buy milk from them. The announced over-order prices include charges for various service charges applicable to milk from supply plants. In some instances, the announced over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

2009 MONTHLY AVERAGES

AREA and PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL AVERAGE*
CME GROUP													
BUTTER - DAILY TRADING													
GRADE AA	1.1096	1.1097	1.1770	1.2042	1.2526	1.2235	1.2349	1.2005	1.2199	1.2830	1.5008	1.3968	1.2427
CHEESE - DAILY TRADING													
BARRELS	1.0832	1.1993	1.2738	1.1506	1.0763	1.0884	1.1349	1.3271	1.3035	1.4499	1.4825	1.4520	1.2518
40# BLOCKS	1.0833	1.2171	1.2455	1.2045	1.1394	1.1353	1.1516	1.3471	1.3294	1.4709	1.5788	1.6503	1.2961
NONFAT DRY MILK - DAILY TRADING													
EXTRA GRADE	0.8500	0.8500	0.8500	0.8505	0.8645	0.8750	0.8761	0.9381	0.9924	1.2330	1.3947	1.4000	0.9979
GRADE A	0.8300	0.8311	0.8365	0.8531	0.8840	0.8973	0.8909	0.9850	1.0321	1.2857	1.3803	1.3832	1.0074
CHEESE													
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.8433	1.7484	1.6924	1.6265	1.5143	1.5255	1.5441	1.6696	1.7369	1.8487	1.9168	1.9101	1.7147
BRICK AND/OR MÜNSTER 5#	1.9678	1.8956	1.8299	1.8102	1.7601	1.7439	1.7192	1.8044	1.9048	1.9821	2.0803	2.1870	1.8904
CHEDDAR 40# BLOCKS	2.1353	2.1370	2.1225	2.1052	2.0985	2.0825	2.0651	2.0573	2.1525	2.1668	2.2125	2.2775	2.1344
MONTEREY JACK 10#	2.1040	2.1324	2.1452	2.1302	2.1199	2.1161	2.1033	2.1073	2.1980	2.2168	2.2625	2.3206	2.1630
BLUE 5#	2.4690	2.3968	2.3314	2.3113	2.2614	2.2451	2.2161	2.2988	2.3995	2.4795	2.5853	2.6920	2.3905
MOZZARELLA 5 - 6#	2.0940	2.1353	2.1515	2.1485	2.1104	2.1101	2.1012	2.1173	2.1940	2.2250	2.2875	2.3227	2.1665
GRADE A SWISS CUTS 6 - 9#	2.9003	2.8163	2.8038	2.7314	2.7794	2.7980	2.7568	2.7575	2.7575	2.8208	2.8775	2.9011	2.8084
NORTHEAST													
CHEDDAR 10# PRINTS	1.5640	1.6508	1.6970	1.7074	1.6208	1.6202	1.5942	1.7393	1.7394	1.8632	2.0355	2.1603	1.7493
CHEDDAR SINGLE DAISIES	1.5040	1.5908	1.6370	1.6474	1.5608	1.5602	1.5342	1.6793	1.6794	1.8032	1.9755	2.1003	1.6893
CHEDDAR 40# BLOCKS	1.4965	1.5833	1.6295	1.6399	1.5533	1.5527	1.5267	1.6718	1.6719	1.7957	1.9680	2.0928	1.6818
PROCESS 5# LOAF	1.3456	1.3939	1.4617	1.3942	1.2764	1.2892	1.2984	1.4448	1.4693	1.5900	1.6809	1.6647	1.4424
PROCESS 5# SLICED	1.3956	1.4439	1.5117	1.4442	1.3264	1.3392	1.3484	1.4948	1.5193	1.6400	1.7309	1.7147	1.4924
MÜNSTER	1.4778	1.5645	1.6108	1.6211	1.5345	1.5340	1.5080	1.6530	1.6532	1.7770	1.9493	2.0741	1.6631
GRADE A SWISS CUTS 10 - 14#	3.1769	3.0088	2.9894	3.1263	3.0300	3.0547	2.9724	2.9738	2.9738	3.1004	3.2138	3.2792	3.0750
WEST													
PROCESS 5# LOAF	1.3869	1.4352	1.5131	1.4508	1.3321	1.3449	1.3639	1.5435	1.5559	1.6738	1.7372	1.7228	1.5050
CHEDDAR 40# BLOCKS	1.3898	1.4845	1.5193	1.5200	1.4316	1.4293	1.4347	1.6205	1.6309	1.7561	1.8618	1.9851	1.5886
CHEDDAR 10# CUTS	1.5101	1.5983	1.6331	1.6338	1.5454	1.5431	1.5485	1.7343	1.7446	1.8699	1.9755	2.0989	1.7030
MONTEREY JACK 10#	1.4901	1.5783	1.6131	1.6138	1.5254	1.5231	1.5285	1.7143	1.7246	1.8499	1.9555	2.0789	1.6830
GRADE A SWISS CUTS 6 - 9#	2.9070	2.8368	2.8995	2.8970	2.8313	2.8505	2.8300	2.8300	2.8300	2.8300	2.8405	2.8848	2.8556
FLUID PRODUCTS													
CLASS II CREAM													
NORTHEAST - F.O.B.	1.1613	1.2165	1.4513	1.4984	1.5858	1.5816	1.6065	1.6492	1.6397	1.6656	1.9393	1.7462	1.5618
UPPER MIDWEST - F.O.B.	1.2507	1.2689	1.4741	1.5082	1.5446	1.5648	1.5645	1.5659	1.5725	1.6087	1.9002	1.7280	1.5459
CONDENSED SKIM - NORTHEAST - F.O.B.													
CLASS II	0.8793	0.9050	0.9050	0.8455	0.8768	0.8800	0.8800	0.8829	0.9581	1.0643	1.1361	1.2155	0.9524
CLASS III	1.2683	0.8463	0.8334	0.8675	0.9085	0.9100	0.9100	0.9100	0.9693	1.1386	1.2018	1.1627	0.9939

2009 MONTHLY AVERAGES

AREA and PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL AVERAGE*
DRY PRODUCTS													
NONFAT DRY MILK													
CENTRAL/EAST - LOW/MEDIUM HEAT	0.8584	0.8574	0.8693	0.8660	0.8836	0.9115	0.9138	0.9858	1.0365	1.2239	1.3189	1.3959	1.0101
-- MOSTLY	0.8504	0.8313	0.8418	0.8600	0.8711	0.9014	0.9063	0.9480	1.0179	1.2278	1.2976	1.3657	0.9933
CENTRAL/EAST - HIGH HEAT	0.9238	0.9100	0.9057	0.9197	0.9530	0.9666	0.9763	1.0242	1.1014	1.2774	1.3632	1.4464	1.0640
WEST - LOW/MEDIUM HEAT	0.8161	0.8007	0.8088	0.8230	0.8325	0.8404	0.8391	0.9325	0.9920	1.1712	1.2542	1.3180	0.9524
-- MOSTLY	0.8106	0.7963	0.8029	0.8147	0.8258	0.8300	0.8267	0.9289	0.9873	1.1496	1.2661	1.3368	0.9480
WEST - HIGH HEAT	0.9265	0.9207	0.9212	0.9270	0.9319	0.9407	0.9391	0.9824	1.0263	1.1511	1.2714	1.3550	1.0244
DRY BUTTERMILK													
CENTRAL/EAST	0.6731	0.6639	0.7455	0.8632	0.9779	0.9743	0.9711	0.9889	1.0025	1.1831	1.3447	1.3500	0.9782
WEST	0.6413	0.6179	0.6540	0.6993	0.7975	0.8714	0.8828	0.8686	0.9355	1.1024	1.2353	1.2626	0.8807
-- MOSTLY	0.6425	0.6324	0.6557	0.7124	0.7905	0.8707	0.8889	0.8902	0.9419	1.0844	1.2257	1.2666	0.8835
WHEY POWDER													
CENTRAL -	0.1638	0.1601	0.1748	0.2060	0.2436	0.2718	0.2960	0.2956	0.3026	0.3358	0.3620	0.3782	0.2659
-- MOSTLY	0.1661	0.1578	0.1705	0.2053	0.2375	0.2701	0.2922	0.3000	0.3061	0.3295	0.3443	0.3613	0.2617
WEST -	0.1466	0.1627	0.1906	0.2295	0.2518	0.2985	0.3221	0.3214	0.3288	0.3415	0.3736	0.3950	0.2802
-- MOSTLY	0.1478	0.1552	0.1867	0.2300	0.2623	0.3025	0.3193	0.3200	0.3226	0.3393	0.3645	0.3914	0.2785
NORTHEAST - EXTRA AND GRADE A	0.1913	0.1830	0.1953	0.2378	0.2576	0.2865	0.2942	0.2963	0.2975	0.3069	0.3356	0.3639	0.2705
ANIMAL FEED WHEY													
CENTRAL - MILK REPLACER	0.1268	0.1243	0.1269	0.1491	0.1705	0.1858	0.1948	0.1948	0.2021	0.2411	0.2788	0.2991	0.1912
LACTOSE													
CENTRAL AND WEST	0.1549	0.1537	0.1593	0.1409	0.1633	0.1802	0.2205	0.2614	0.2674	0.2840	0.3143	0.3475	0.2206
-- MOSTLY	0.1354	0.1275	0.1320	0.1437	0.1536	0.1742	0.2008	0.2458	0.2652	0.3181	0.3370	0.3518	0.2154
WHEY PROTEIN CONCENTRATE													
CENTRAL AND WEST	0.5318	0.5536	0.5575	0.5685	0.5758	0.5806	0.6140	0.6545	0.6738	0.7492	0.8357	0.8773	0.6477
-- MOSTLY	0.5241	0.5397	0.5435	0.5470	0.5543	0.5684	0.6096	0.6374	0.6624	0.7395	0.8237	0.8605	0.6342
DRY WHOLE MILK													
NATIONAL	1.1825	1.0889	1.0773	1.1279	1.1900	1.1625	1.1538	1.1760	1.2698	1.3780	1.4876	1.4800	1.2312
CASEIN													
RENNET	3.4250	3.3750	3.3523	2.9091	2.8750	2.8750	2.8750	2.8750	2.8998	2.9829	3.2750	3.3568	3.0897
ACID	3.2738	3.1500	3.1091	2.8591	2.8075	2.8000	2.8163	2.8250	2.8560	2.9429	3.2500	3.3318	3.0018

*Annual averages are simple averages of the twelve monthly averages.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast is raised for 2010 reflecting the relatively slow pace of cow liquidation in late 2009. Commercial dairy exports for 2009 are adjusted reflecting stronger skim-basis sales, but slightly weaker fat-basis sales. Import forecasts are reduced for 2009. Trade forecasts are unchanged for 2010. Fat and skim-solids ending stocks are forecast higher for 2009. Ending stocks for 2010 are raised on a skim-solids basis but are lowered on a fat-basis. Forecasts of butter and cheese prices are lowered as milk production forecasts are raised. However, relatively strong international demand should support prices for nonfat dry milk (NDM) and whey. The 2010 Class III price is lowered from last month as lower expected cheese prices more than offset stronger whey prices. The Class IV price forecast for 2010 is raised from last month as stronger NDM prices more than offset weaker butter prices. The all milk price is reduced to \$16.20 to \$17.00 for 2010.

U.S. MILK SUPPLY AND USE					
Commodity	2008	2009 Estimated		2010 Projected	
		December	January	December	January
BILLION POUNDS					
MILK					
PRODUCTION	190.0	189.2	189.2	187.9	188.4
FARM USE	1.1	1.1	1.1	1.1	1.1
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.4	10.0	10.0	10.8	11.1
MARKETINGS	188.9	188.1	188.2	186.8	187.4
IMPORTS	3.9	4.3	4.1	4.2	4.2
TOTAL COMMERCIAL SUPPLY	203.2	202.5	202.3	201.9	202.7
FAT BASIS USE					
COMMERCIAL EXPORTS	8.7	4.1	4.0	4.8	4.8
ENDING COMMERCIAL STOCKS	10.0	10.8	11.1	9.0	8.9
CCC NET REMOVALS <u>1/</u>	0.0	0.6	0.6	0.3	0.4
COMMERCIAL USE <u>2/</u>	184.4	186.9	186.4	187.7	188.6
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	9.9	10.9	10.9	10.2	11.0
MARKETINGS	188.9	188.1	188.2	186.8	187.4
IMPORTS	3.7	3.8	3.6	4.0	4.0
TOTAL COMMERCIAL SUPPLY	202.6	202.8	202.7	201.1	202.4
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	26.6	22.1	23.1	25.5	25.5
ENDING COMMERCIAL STOCKS	10.9	10.2	11.0	8.7	9.5
CCC NET REMOVALS <u>1/</u>	1.3	2.9	2.9	-0.6	-0.6
COMMERCIAL USE <u>2/</u>	163.8	168.2	166.2	167.8	168.3
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	0	24	23	14	16
CHEESE	0	2	2	1	2
NONFAT DRY MILK	111	248	248	-50	-50
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program.

2/ Includes commercial exports.

Continued on page 13

JANUARY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2008	2009 Estimated		2010 Projected	
		December	January	December	January
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.8954	1.290-1.300	1.2966	1.615-1.695	1.570-1.650
BUTTER	1.4356	1.195-1.225	1.2096	1.430-1.540	1.390-1.500
NONFAT DRY MILK	1.2256	0.910-0.930	0.9223	1.245-1.305	1.270-1.330
DRY WHEY	0.2504	0.255-0.265	0.2585	0.350-0.380	0.365-0.395
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	17.44	11.30-11.40	11.36	15.15-15.95	14.75-15.55
CLASS IV	14.65	10.75-10.95	10.89	14.60-15.50	14.70-15.60
ALL MILK <u>3/</u>	18.29	12.70-12.80	12.79	16.35-17.15	16.20-17.00
QUARTERLY					
	2009 IV	2010 I <u>4/</u>	2010 II <u>4/</u>	2010 III <u>4/</u>	2010 IV <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	46.2	47.0	48.5	46.6	46.3
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	15.27	15.70-16.10	15.70-16.40	16.20-17.20	17.15-18.15
CLASS III PRICE <u>2/</u>	13.96	13.80-14.20	14.55-15.25	15.20-16.20	15.60-16.60
CLASS IV PRICE <u>2/</u>	13.37	14.45-14.95	14.45-15.25	14.90-16.00	15.00-16.10

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-478, World Agricultural Outlook Board, USDA, January 12, 2010.

****CORRECTED TABLE******COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—AUGUST-OCTOBER AND YEAR-TO-DATE 2008-2009 1/**

Item	Aug.-Oct. 2008	Percent change 2/	Aug.-Oct. 2009	Percent change 2/	Jan.-Oct. 2008	Percent change 2/	Jan.-Oct. 2009	Percent change 2/
	Million Pounds							
<u>MILK</u>								
Production	46,503	1.6	46,335	-0.4	158,889	2.2	158,574	0.1
Marketings	46,233	1.6	46,065	-0.4	157,994	2.2	157,673	0.1
Beginning Commercial Stocks 3/	13,351	-2.7	14,536	8.9	10,355	8.9	10,045	-3.0
Imports 3/	821	-26.0	963	17.3	2,753	-26.9	3,339	21.7
Total Supply 4/	60,405	0.1	61,564	1.9	171,102	1.7	171,057	0.5
Ending Commercial Stocks 3/	10,271	-9.9	12,610	22.8	10,271	-9.9	12,610	22.8
Net Removals 3/	8	100.0	85	962.5	8	100.0	121	1,412.5
Commercial Disappearance 4/	50,126	1.0	48,869	** -2.6	160,823	2.8	158,326	-1.2
<u>SELECTED PRODUCTS 5/</u>								
Butter	468.5	7.7	377.7	-19.4	1,368.8	13.9	1,243.4	-8.9
American Cheese	1,040.1	6.3	1,059.2	1.8	3,350.9	2.2	3,482.7	4.3
Other Cheese	1,578.1	-1.5	1,606.1	1.8	5,050.4	-1.6	5,075.0	0.8
Nonfat Dry Milk	272.3	-7.5	305.9	12.3	1,192.1	13.8	1,145.9	-3.5
Fluid Milk Products 6/	13,995.4	1.0	14,065.9	0.5	45,631.7	-0.3	45,995.3	1.1

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ From year earlier on a daily average basis. 3/ Milk-equivalent, milkfat basis. 4/ Totals may not add because of rounding. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, OCTOBER 2009**

In October 2009, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$14.29 per cwt., up \$1.31 from the previous month average, and down \$3.65 from October 2008. The component tests of producer milk in October 2009 were: butterfat, 3.75%; protein, 3.14%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas, and ranged from \$17.76 in Florida to \$12.52 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	October 2008	September 2009	October 2009
	Dollars per hundredweight		
New England States <u>3/</u>	18.64	13.45	14.84
New York	17.33	12.64	13.82
Eastern Pennsylvania <u>4/</u>	17.86	12.99	14.43
Appalachian States <u>5/</u>	19.38	13.94	15.30
Southeast States <u>6/</u>	19.91	14.77	16.41
Southern Missouri <u>7/</u>	17.80	12.55	14.23
Florida	23.96	16.20	17.76
Western Pennsylvania <u>8/</u>	18.30	12.97	14.60
Ohio	18.42	13.28	14.88
Indiana	17.94	12.81	14.27
Michigan	17.54	12.61	14.02
Wisconsin	18.53	13.30	14.54
Minnesota	18.38	13.48	14.83
Iowa	17.90	13.23	14.60
Illinois	17.97	13.29	14.71
Corn Belt States <u>9/</u>	17.37	12.82	14.12
Western Texas <u>10/</u>	16.89	12.22	13.37
New Mexico	16.00	11.39	12.52
Northwest States <u>11/</u>	16.54	12.17	13.52
All Federal Order Areas <u>12/</u>	17.94	12.98	14.29
California <u>13/</u>	15.75	11.20	12.30

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the applicable per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

NOVEMBER FLUID MILK SALES

During November, about 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.5 percent higher than November 2008. After adjusting for calendar composition, sales in November 2009 were 0.9 percent higher than November 2008. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, organic whole milk, reduced fat milk (2%), low fat milk (1%), flavored fat-reduced milk, organic fat-reduced milk and buttermilk increased from November 2008, while sales of whole milk, and fat-free (skim) milk, decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>. Some data for 2008 and January- March 2009 have been revised due to changes in the information from some reporting areas.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
NOVEMBER 2009, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,187	13,662	-3.0	-0.9
Flavored Whole Milk	50	530	2.3	-2.7
Organic Whole Milk	31	338	3.4	-1.4
Reduced Fat Milk (2%)	1,549	16,992	2.9	1.8
Low Fat Milk (1%)	585	6,293	6.1	3.0
Fat-Free Milk (Skim)	662	7,435	-0.4	-0.5
Flavored Fat-Reduced Milk	348	3,544	6.6	3.4
Organic Fat-Reduced Milk	104	1,127	4.5	-2.3
Buttermilk	47	545	6.7	12.5
Total Fluid Milk Products 3/	4,616	50,612	1.5	0.9
Total Fluid Milk Products Adjusted 3/ 4/	4,693	50,623	0.9	1.1

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

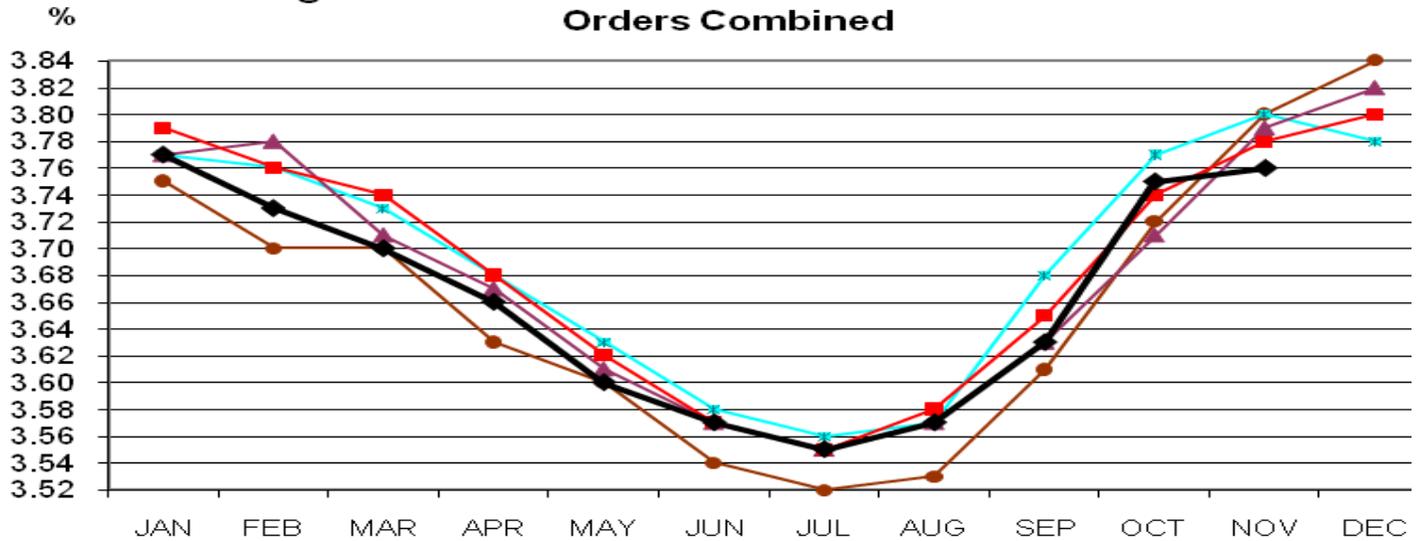
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, NOVEMBER 2009, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	782	8,617	-1.1	-0.2
Appalachian (005)	315	3,315	7.1	1.1
Southeast (007)	426	4,680	0.5	-0.4
Florida (006)	246	2,701	7.3	4.2
Mideast (033)	520	5,667	1.7	2.3
Upper Midwest (030)	364	3,977	0.5	-1.6
Central (032)	388	4,262	-0.9	-0.3
Southwest (126)	373	4,112	2.4	3.0
Arizona (131)	104	1,104	3.4	1.5
Pacific Northwest (124)	189	2,031	3.2	1.8
California (---)	540	6,096	1.4	1.2

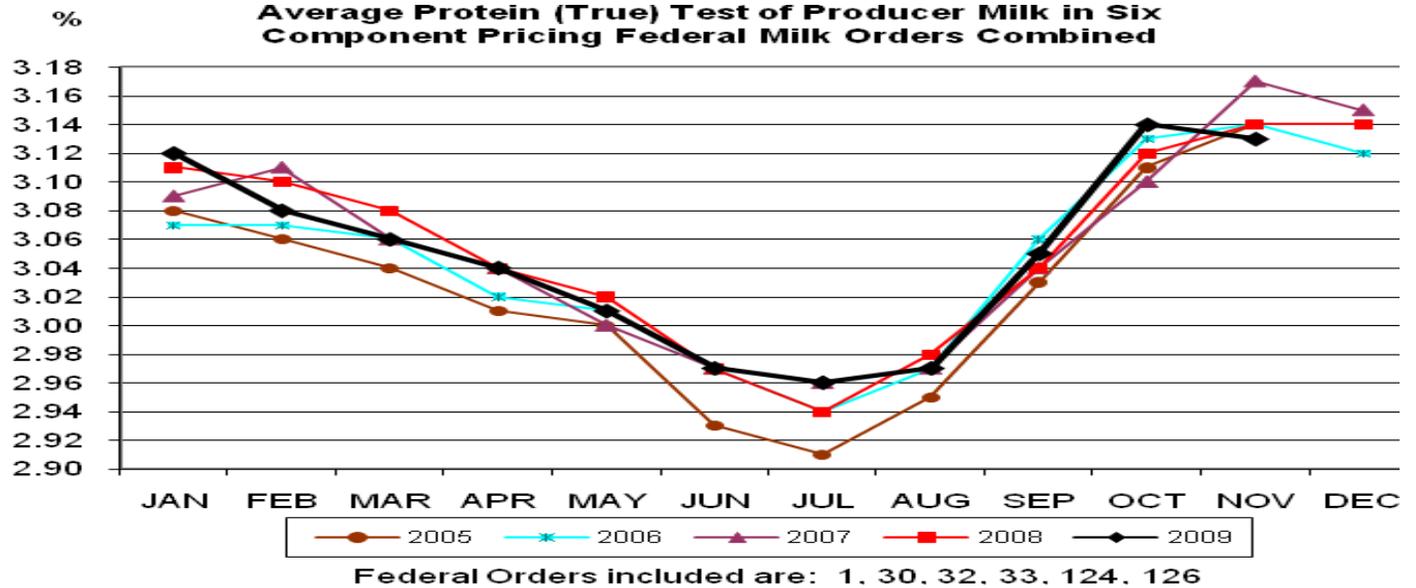
1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

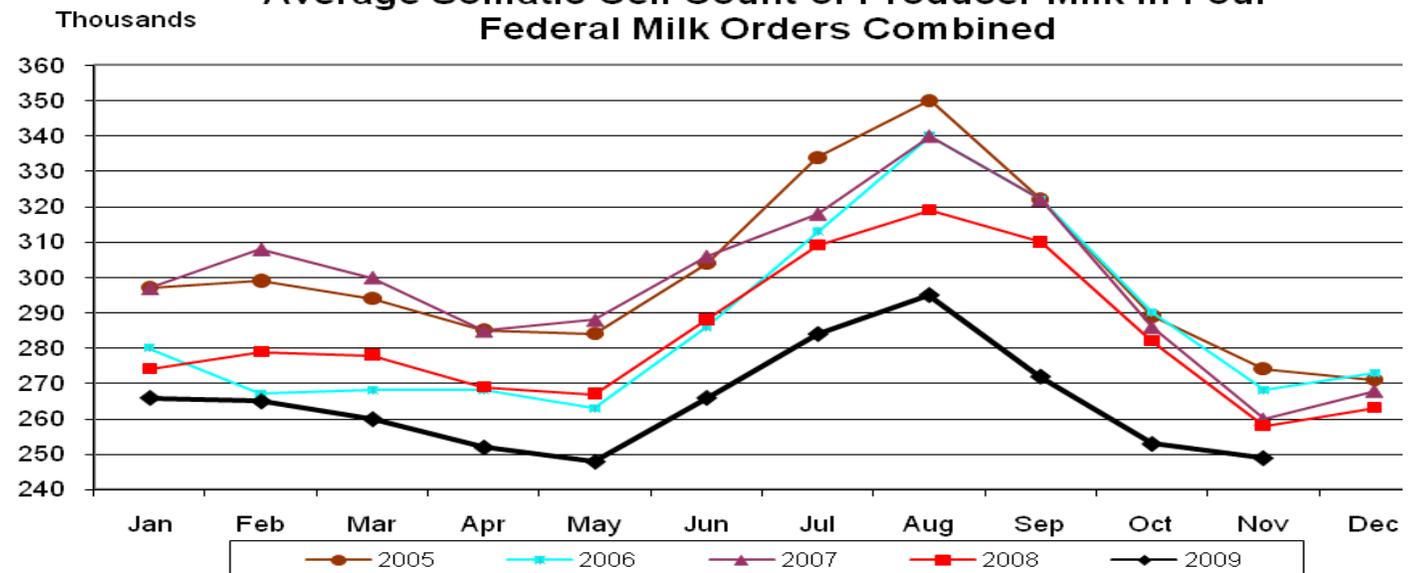
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined

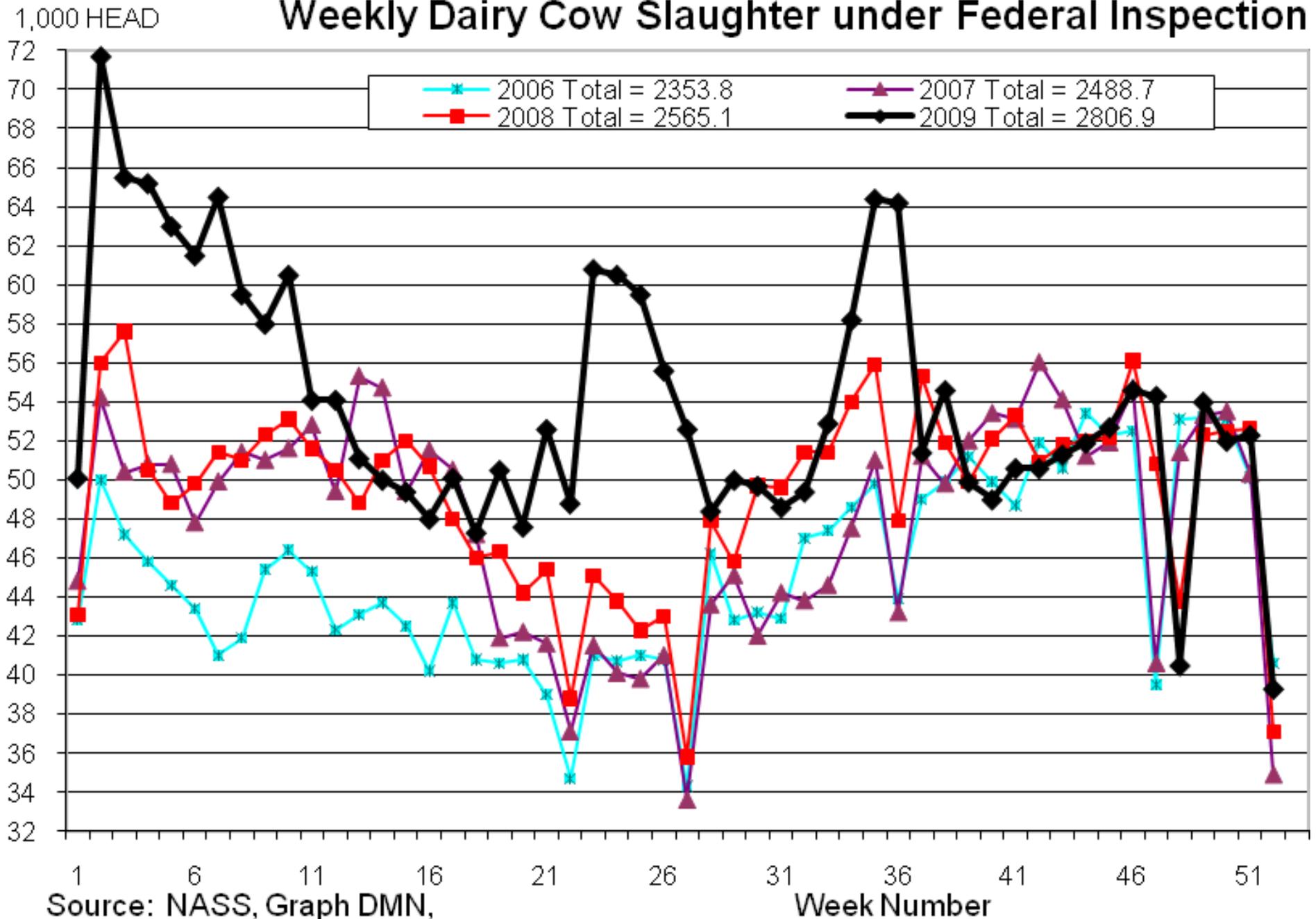


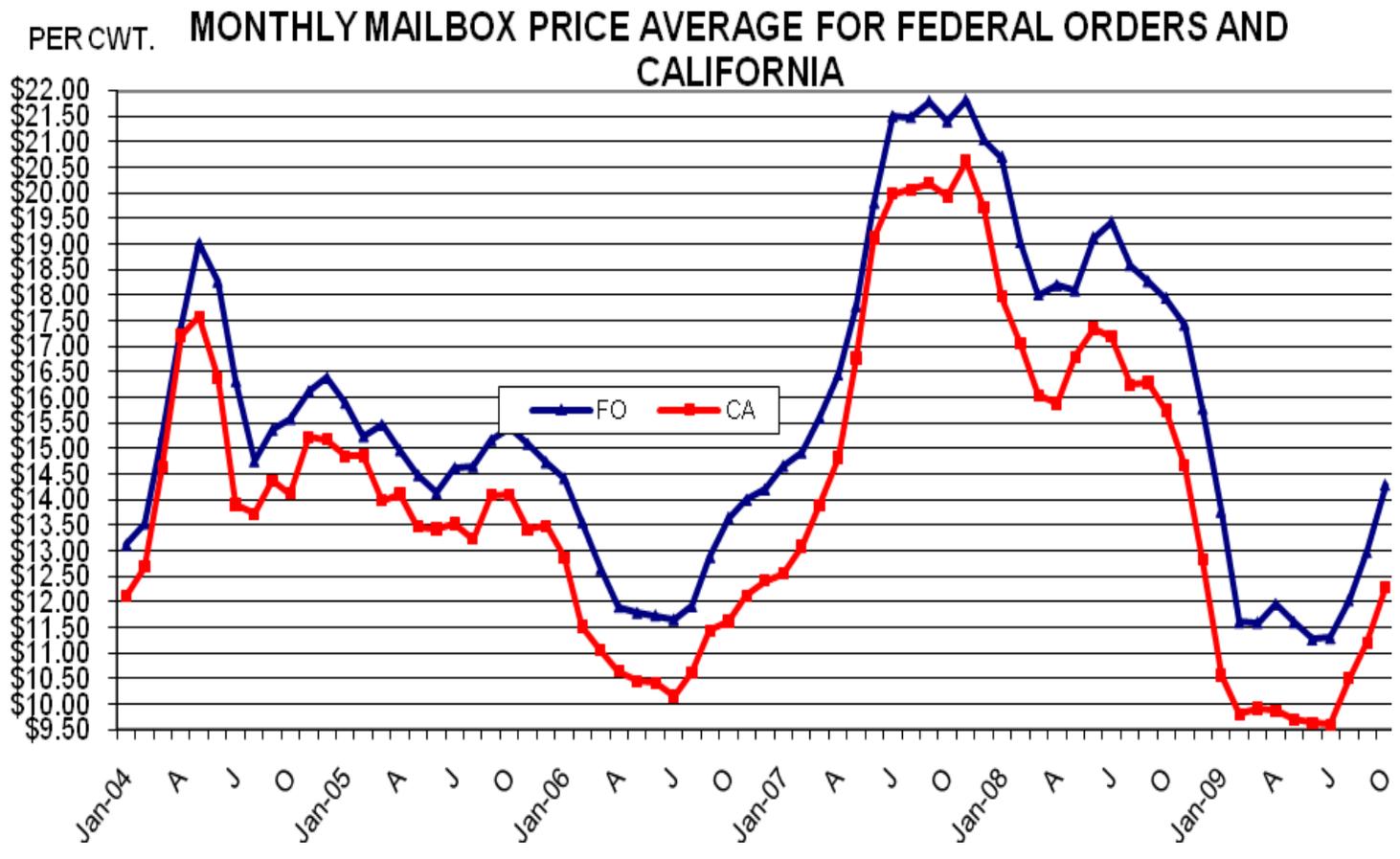
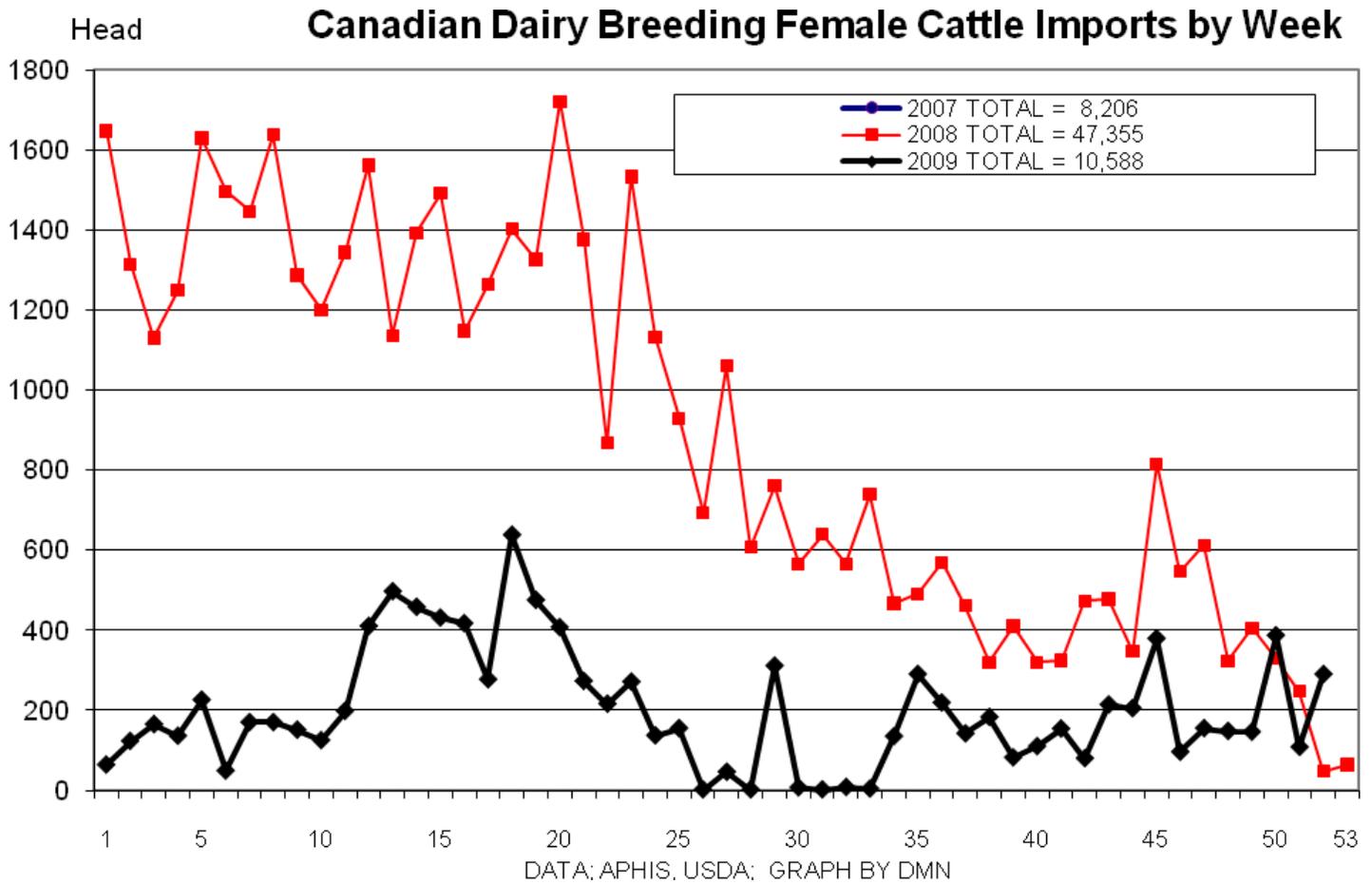
Average Somatic Cell Count of Producer Milk in Four Federal Milk Orders Combined



Federal Orders included are: 30, 32, 33, 126

Weekly Dairy Cow Slaughter under Federal Inspection





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GENERAL NUMBER

Elizabeth Frederick
(608) 250-3200
Elizabeth.Frederick@AMS.USDA.GOV

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NORTHEAST/SOUTHEAST

Rick Whipp
(608) 250-3201
Rick.Whipp@AMS.USDA.GOV

INTERNATIONAL

Steven Schneeberger
(608) 250-3204
Steven.Schneeberger@AMS.USDA.GOV

CENTRAL

George Koerner
(608) 250-3205
George.Koerner@AMS.USDA.GOV

ORGANIC

Eric Graf
(608) 250-3203
Eric.Graf@AMS.USDA.GOV

Janet Linder
(608) 250-3207
Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

SOUTHWEST

Lester "Butch" Speth
(608) 250-3202
Butch.Speth@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NORTHWEST/MOUNTAIN

Bob Hunter
(608) 250-3217
Robert.Hunter@AMS.USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 250-3208

NATIONAL SUPERVISOR

Donald Nelson
National Supervisor
(608) 250-3206
DonaldO.Nelson@AMS.USDA.GOV

FAX

(608) 250-3216

USDA, Dairy Market News
122 E Olin Ave Ste 290
Madison, WI 53713-1475