

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (07/02):**

BUTTER: Grade AA closed at \$1.7500. The weekly average for Grade AA is \$1.7380 (+.0375).

CHEESE: Barrels closed at \$1.4000 and 40# blocks at \$1.4550. The weekly average for barrels is \$1.3910 (+.0110) and blocks, \$1.4210 (+.0205).

BUTTER HIGHLIGHTS: The CME cash butter market remains firm as the price nears levels not seen since December 2004. Cream supplies continue to be reported as tight for full churning needs. Looking at Federal Milk Order data, butterfat test averages are running lower than last year at this time. When using current NASS milk production data for March, April, and May and the lower butterfat test averages to determine butterfat availability, the results could be extrapolated as a loss of butterfat for March of 4.6 million pounds, 7.6 million pounds for April, and 4.7 million pounds for May, when compared to previous year Federal Milk Order monthly butterfat test averages. Churning activity was slightly improved this week as cream volumes became a little more available due to a lighter call for cream for Class II needs. Many Class II operations, including ice cream producers, are reducing their production schedules late in the week and will be down a day or two during the upcoming holiday period. Butter producers are hopeful that additional cream will be available over the holiday period and that pricing multiples might ease. Overall butter demand this week was lighter as orders and deliveries for the upcoming holiday period have been completed.

CHEESE HIGHLIGHTS: Cheese prices are mixed yet trading within the recent price range. Current interest is spotty, though aided by promotional activities in the works. Offerings of regular varieties exceed the current fair at best interest. Packagers and processors will be down an extra day for the holiday. Mozzarella sales are generally slower as pizza sales slow unless promoted. Milk volumes available for cheese production remain seasonally heavy though lower milk components, particularly butterfat, generate lower yields (see page G1). Cumulative U.S. cheddar production during the first 6 months of 2010 totals 1.350 billion pounds, down 11.8 million pounds (-0.9%) from the same period in 2009.

Total 2010 cheese production totals 4.248 billion pounds, up 79.4 million pounds (1.9%) from the same period in 2009. The Kansas City Commodity Office announced Solicitation DNAC1-020 seeking between 1 million and 8 million pounds of barrels for delivery September 1 – December 31, 2010. Offers are due July 15.

FLUID MILK: Milk production patterns across the country are trending lower at varying rates, mostly impacted by summer heat and humidity levels. Although the overall trend for milk production is lower, milk volumes are heavy for manufacturing purposes. Class I demand in many markets is lighter, thus pushing more milk into manufacturing channels. Also with the upcoming holiday weekend, additional volumes of milk will be available to manufacturing as Class I and II operations reduce production schedules for a day or two due to the holiday period. Cream markets are a major topic of discussion at this time. Pricing multiples remain firm. Cream volumes are limited for all uses, but seem to ease a little this week as Class II operations, especially ice cream, are cutting back on needs at midweek in preparation of being down a day or two.

DRY PRODUCTS: Nonfat dry milk prices are lower and the market undertone is weaker. Prices are trending lower somewhat as production remains strong and stocks are increasing. Some producers are asking for bids on available product, showing a shift in selling strategy as inventories build. In many instances, drying schedules have been expanded for low heat production to better handle increased manufacturing milk supplies going into the holiday period. Buttermilk powder markets are generally steady, although prices are mixed with some strength being reported in the Northeast, while slightly weaker in the West. Stocks also vary, but for the most part are tight from coast to coast. Butter production has declined in many areas of the country, thus fresh buttermilk supply is not as plentiful as demand warrants. Some Western produced buttermilk is clearing to the Midwest at competitive delivered prices. Whey powder markets are mixed with slight price adjustments higher and lower being reported. Dry whey production is expected to increase over the upcoming

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CME GROUP CASH TRADING

PRODUCT	MONDAY JUNE 28	TUESDAY JUNE 29	WEDNESDAY JUNE 30	THURSDAY JULY 1	FRIDAY JULY 2	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.3800 (-.0150)	\$1.3775 (-.0025)	\$1.3975 (+.0200)	\$1.4000 (+.0025)	\$1.4000 (N.C.)	(+.0050)	\$1.3910 (+.0110)
40# BLOCKS	\$1.3975 (-.0125)	\$1.4025 (+.0050)	\$1.4200 (+.0175)	\$1.4300 (+.0100)	\$1.4550 (+.0250)	(+.0450)	\$1.4210 (+.0205)
NONFAT DRY MILK							
EXTRAGRADE	\$1.2450 (N.C.)	\$1.2450 (N.C.)	\$1.2450 (N.C.)	\$1.2450 (N.C.)	\$1.2450 (N.C.)	(N.C.)	\$1.2450 (-.0025)
GRADE A	\$1.2500 (N.C.)	\$1.2400 (-.0100)	\$1.2300 (-.0100)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	(-.0200)	\$1.2360 (-.0140)
BUTTER							
GRADE AA	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7500 (+.0300)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	(+.0300)	\$1.7380 (+.0375)

CHEESE: carload = 40-44,000 lbs., BUTTER: carlot = 40-43,000 lbs., NDM 42-45,000lbs. *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

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holiday weekend. Cheese plants are busy with increased milk volumes and are keeping the whey powder production lines full.

ORGANIC DAIRY MARKET NEWS: Organic milk supplies remain tighter. The increase in sales during 2010 reflects dynamics resulting in tighter supply. Many processors expect demand to continue at increased levels over last year into Fall. The regulation regarding access to pasture for organic dairy herds became effective on June 17th. Provisions require *inter alia*, that ruminants obtain a minimum 30% of dry matter from pasture grazing during the pasture season, which must be at least 120 days a year. Operations already certified organic will have one year to implement the provisions. Operations obtaining certification after the effective date must demonstrate compliance. General inquiries have begun to be made in the East by representatives of retail supermarket chains which contract for private label organic milk, concerning the potential to re-source organic milk and processing, should existing suppliers have difficulty in maintaining volume and/or price by virtue of the new regulation. Newspaper supermarket ads for the period June 19, 2010 to July 2, 2010 identifying weekly "specials" and containing organic dairy content, fell to 2,614 of 9,150 surveyed ads from stores in each of the lower 48 states. This compares with 3,542 two weeks ago, 2,186 four weeks ago and 3,744 six weeks ago. The most significant change for this report is a very significant increase in ads for private label half gallons and a corresponding decrease in ads for half gallons of a national brand which dominated half gallon milk ads two weeks ago. Organic dairy content in Northeast and Midwestern weekly supermarket ads continued to lead all regions, as was the case two, four, six and eight weeks ago.

APRIL FEDERAL MILK MARKETING OVER ORDER CHARGES (AMS): For April 2010, the all reporting areas combined average over-order charge on producer milk, used in Class I was \$2.18 per cwt., up \$0.04 from the March 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.74 in the Pacific Northwest to \$3.63 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.15 per cwt., down \$0.03 from the March 2010 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

JUNE AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2010 declined 1 point to 182. Compared with June 2009, the index was up 2 points (1.1%). The index of prices received by farmers for dairy products advanced 5 points during the month of June 2010 to 121. Compared with June 2009, the index was up 34 points (39.1%). Prices received by farmers in June with changes from May were: for All Milk, \$15.80 per hundredweight up \$.70; for Fluid Grade Milk, \$15.80, up \$.70; and for Manufacturing Grade Milk, \$13.70, unchanged.

DAIRY PRODUCTS (NASS): Butter production was 131.4 million pounds in May, 5.6% below May 2009 and 1.3% below April 2010. American type cheese production totaled 369.3 million pounds, 0.3% above May 2009 and 3.0% above April 2010. Total cheese output (excluding cottage cheese) was 877.9 million pounds, 2.5% above May 2009 and 1.8% above April 2010. Nonfat milk production, for human food, totaled 154.4 million pounds, 2.6% above May 2009 and 1.3% above April 2010. Dry whey production, for human food, was 83.7 million pounds, 0.4% above May 2009, but 2.2% below April 2010. Ice cream (hard) production totaled 82.2 million gallons, 2.0% above May 2009 and 4.7% above April 2010.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the June 2010 prices under the Federal Milk Order pricing system and changes from the previous month. Class II \$16.01 (+\$1.11), Class III \$13.62 (+\$0.24), and Class IV \$15.45 (+\$0.16). Product price averages used in computing Class Prices are: butter \$1.5946, NDM \$1.2631, cheese \$1.4475, and dry whey \$0.3688. The Class II butterfat price is \$1.7304 and the Class III/IV butterfat price is \$1.7234. Further information may be found at: www.ams.usda/DairyMarketStatistics select prices, select Price Formulas – 2010.

CONSUMER PRICE INDEX (BLS): The May CPI for all food is 219.4, up 0.7% from May 2009. The dairy products index is 197.7, up 0.9% from a year ago. The following are the May to May changes for selected products: fresh whole milk is +4.1%; cheese, +0.8%; and butter, +7.4%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first four months of 2010 totals 62.2 billion pounds, 3.1% above the same period in 2009. Comparing disappearance levels with year earlier levels: butter is +4.5%; American cheese, +0.1%; other cheese, +5.0%; NDM, +14.6%; and fluid milk products, -1.0%.

CME GROUP

MONDAY, JUNE 28, 2010

CHEESE — SALES: 6 CARS 40# BLOCKS: 2 @ \$1.4100, 2 @ \$1.4000, 2 @ \$1.3975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3800; 1 CAR 40# BLOCKS @ \$1.3975
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1900; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7200; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7500

TUESDAY, JUNE 29, 2010

CHEESE — SALES: 3 CARS BARRELS @ \$1.3775; 4 CARS 40# BLOCKS: 3 @ \$1.3975, 1 @ \$1.4025; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.4025; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2400
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7500

WEDNESDAY, JUNE 30, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.3975; 1 CAR 40# BLOCKS @ \$1.4200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.7500; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7400; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8000

THURSDAY, JULY 1, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4000; 1 CAR 40# BLOCKS @ \$1.4300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8000

FRIDAY, JULY 2, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.4550; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2400
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8000

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group have sustained recent price increases and closed Tuesday, unchanged at \$1.7200. There appears to be a little more cream available prior to the holiday, but overall supplies remain very tight. Butter production has slowed as some butter makers are only filling current orders and opting to sell excess cream. Butter inventories continue to be monitored very closely with concerns regarding declining components and having adequate supplies of butter for the fall holiday season. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price continues to gain strength and settled at \$1.7500 at midweek. This cash price is 4 cents higher than a week ago and the highest since early October 2008 at which time the price was \$1.7700 and the highest at that point since December 2004. Churning activity remains mixed as some butter producers chose to sell their cream versus churn. Cream supplies are tight and pricing multiples remain higher than many butter producers desire to pay, but are procuring volumes with the anticipation that cream volumes will remain sung and prices will be firmer in the future. For those that are churning, surplus volumes are clearing to inventory for future use with confidence. Butter demand this week has eased as upcoming 4th of July needs have been filled and delivered. Some retailers are starting to indicate that retail pricing might be getting to levels that some customers might start

to pull back on their butter purchasing patterns. This possibility might allow lighter than desired inventoried stocks to be better able to meet needs. Food service orders are seasonally fair and are holding steady at projected levels. Current 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 was up 3 cents to \$1.7500. One sale was reported as sales remain very light. The butter price at the CME has been higher or held steady every session since May 25. The Wednesday price of \$1.7500 was the highest daily price since October 24, 2008. Butter markets continue to show strength with supplies considered to be tight. Cream demand is very strong, although interest has waned late in the week ahead of the July 4th weekend. Demand from ice cream manufacturers is taking butterfat from churns. The holiday weekend will allow more butter to be produced as some ice cream plants will be dark for the holiday. Retail sales to groceries and food clubs have been good and butter producers are waiting to gauge demand after the holiday as prices continue to increase. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 8.9 million pounds last week to stand at 54.9 million pounds. This total compares to 101.4 million pounds in 2009 and 119.1 million pounds in the comparable week in 2008. The week's reduction in stocks is the largest for the year and more than double the largest one week reduction for the year. Stocks in storage for this week at the CME Group have been above this level since 1998.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
JUNE 26	1.4063 11,628,088	1.3885 10,455,766	1.2159 26,966,874	1.6478 5,785,404	0.3634 9,058,228

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 continue to ebb and flow between the mid \$1.30's and the low \$1.40's. Tuesday's CME Group closed with barrels declining \$.0025 to \$1.3775 and blocks advancing \$.0050 to \$1.4025. The weekly averages rose for both barrels and blocks increasing wholesale cheese prices, except for Swiss Cuts, which remained unchanged. Cheese production remains fairly active at seasonal levels. Mozzarella sales have slowed from recent weeks and inventories are building. Swiss cheese production schedules have slowed, prompted by sluggish sales and increasing inventories. Aged cheddar production has also slowed in some areas in an effort to better balance inventories. Cream cheese demand remains strong with good sales activity.

Cheddar Barrels on Wednesday at the CME Group closed up \$.0200 at \$1.3975. 40 Pound Blocks were up \$.0175 to close at \$1.4200. Barrel prices are at their highest level since June 1. The Block price has not been this high since June 2. Sales of Barrels are light to moderate with 3 loads sold this week. Blocks had moderate sales of 10 loads to start the week. Wholesale cheese prices were higher as the CME Group prices advanced last week. Swiss prices remained steady. The higher prices have slowed buyer demand for extra purchases above contract needs. Inventories of cheese continue to be large and buyers are in no hurry to acquire product. Manufacturers are comfortable with current supplies to contracted accounts, which are making up the bulk of sales. Retail sales have been steady with features moving some extra supplies. Some discounts have been offered to reduce inventory for end of quarter reports.

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

Cheddar 40# Block	:	1.7275-2.0025
Process 5# Sliced	:	1.4725-1.7825
Muenster	:	1.7475-1.9450
Grade A Swiss Cuts 10 - 14#	:	2.9525-3.2750

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

Process 5# Loaf	:	1.5050-1.7625
Cheddar 40# Block	:	1.5325-1.8850
Cheddar 10# Cuts	:	1.7125-1.9325
Monterey Jack 10#	:	1.7225-1.8825
Grade A Swiss Cuts 6 - 9#	:	2.5300-2.9600

MIDWEST

The cheese market remains unsettled and continuing to drift up and down within the recent 2010 trading pattern. Demand is moderate and nothing out of the ordinary for most packagers and processors. Standard varieties are readily available with offerings of mozzarella increasing. Pizza sales generally slow in summer unless promoted as consumers are not big on heating up the oven/residence while the air conditioning is running. Most packagers and processors will be down an extra day or two around the holiday weekend, reducing the volume of bulk cheese packaged. A few reports indicate a couple cheddar buyers are adding to June cheese stocks to cover anticipated fall needs. Best movement continues where some type of promotion is underway. Most, if not all, upper Midwestern plant milk intakes are declining from the annual peak in receipts. While milk intakes remain heavy, the lower milk components have reduced cheese yields.

FOREIGN

CME Group block prices have fluctuated between \$1.39 and \$1.41 in the last 11 trading sessions and closed Tuesday \$.0050 higher at \$1.4025. The weekly average price for block increased, raising the price for domestic varieties with the exception of Swiss Cuts, which held steady. The strong dollar has priced imports of Finnish Swiss Cuts with price advantages, resulting in sluggish domestic Swiss Cuts sales and helping increase inventories.

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

Process American 5# Loaf	:	1.7400-1.9225
Brick And/Or Muenster 5#	:	1.9150-2.0000
Cheddar 40# Block	:	1.8500-2.5650
Monterey Jack 10#	:	1.8775-2.5650
Blue 5#	:	2.2525-2.7300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7475-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.3600-3.3300

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900	: 1.8675-3.3550*
Gorgonzola	: 3.6900-6.6900	: 2.3700-2.6300*
Parmesan (Italy)	: -0-	: 3.2750-3.4775*
Provolone (Italy)	: 3.4400-5.9900	: 1.9100-2.0675*
Romano (Cows Milk)	: -0-	: 3.0575-5.2000*
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-	: 3.0450-3.3675
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
06/28/10	9,755	:	129,117
06/01/10	9,260	:	125,497
CHANGE	495	:	3,620
% CHANGE	5	:	3

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	264	0	216	0	111
SOUTHEAST STATE	0	0	0	0	0	0

Manufacturing milk supplies in the Northeast and Mid Atlantic regions are steady to increasing at fairly heavy levels as milk production declines continue to be offset by reduced Class I demand. Lighter production runs by some Class II and III plants going into the holiday weekend are also adding to manufacturing supplies. Nonfat dry milk drying schedules have returned to mostly low heat production in order to handle the increased supplies. In the Southeast region, recent hot humid weather has not produced the anticipated declines in production as of yet, resulting in heavy manufacturing supplies. Manufacturing plants will be full going into the holiday weekend and any breakdowns will likely cause significant backups and unloading delays. Auxiliary cheese plants are being utilized to assist with clearing supplies. Florida too, is seeing increased manufacturing supplies and exported 264 loads. Cream supplies remain very tight with some marginal increases in availability in a few areas as some ice cream plants run lighter schedules prior to the holiday weekend. Milk components are significantly below last year's levels and are raising concerns about future butterfat availability. Cream multiples are steady with last week, ranging mostly from 155 to 162. Condensed skim demand has lessened and supplies are more readily available, but most plants are channeling supplies to dryers in lieu of selling loads at reduced offerings on the spot market. Class I demand is down significantly in the East. Contacts in the Northeast report declines of 20-25% from their Class I demand peak. Florida has noted declines in vacationers and conference events caused by the sluggish economy and the oil disaster in the Gulf of Mexico, all of which is negatively impacting fluid sales.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5141-2.6276
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.4147-2.6528

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.36 - 1.42
NORTHEAST - CLASS III - SPOT PRICES	-	1.00 - 1.05

MIDWEST

Fluid sales are at typical slow summer levels. Cream remains the hot item though pressure seemed lighter this week as some customers (users) will be down at least an extra day for the holiday weekend. While ice cream/mix interest was steady to occasionally lighter, production was heavier for dips, sour and whipped cream for holiday event use. Industry feedback has cream price multiples dipping a bit over the holiday weekend and rebounding after the observed holiday (July 5). Some extra churning may also occur. Cream supplies are likely to remain tight at least through the summer. Manufacturing milk interest was steady to improved as the volumes of surplus were somewhat lighter and at least a few supply deals run out at the end of June. Reported manufacturing milk prices were insufficient to report a price range but seemed to be trending fractionally higher. Low milk components remains a problem, plants may be producing more manufactured products, but it is taking more milk (and water)

to get there. Milk intakes have peaked in the region, and due to comfortable conditions, are just drifting lower slowly. After nearly a month of frequent showers, seemingly daily or every other day, dry days so far this week have allowed producers conditions dry enough for cutting and harvesting second and leftover first cutting alfalfa and grass. Many fields in upper tier and nearby states have spots where water is standing in low and flat areas with crops in the affected locations yellowing or dead. Much of the good early and/or timely planted corn should make shoulder high by July 4.

WEST

The June 4a price (butter/powder) in CALIFORNIA is \$15.26, up \$1.31 from May and \$5.20 higher than last year. The June 4b price (cheese) is \$12.23, 17 cents lower than May but \$2.71 higher than last year. May 2010 POOL RECEIPTS of milk in CALIFORNIA total 3.25 billion pounds, 0.2% higher than last year. Cumulative January-May 2010 receipts are 1.4% lower than the same months in 2009. The May blend price, at a fat test of 3.56%, is \$13.54, 29 cents higher than April and \$3.33 more than May 2009. The percentage of receipts used in Class 1 products 15.1%. The May quota price is \$14.65 and the over quota price is \$12.95. These prices are 32 cents higher than April and \$3.19 higher than a year earlier. According to the NASS "Agricultural Prices" report for June, mid-month U.S. prices for baled alfalfa hay were \$119/ton, \$9/ton less than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$130, +\$5; California \$121, +\$2; Colorado \$125, -\$30; Idaho \$107, -\$15; Nevada \$91, -\$45; New Mexico \$155, -\$13; Oregon \$134, +\$1; Utah \$105, -\$25; and Washington \$125, -\$5. CALIFORNIA milk production levels are near year ago. Temperatures in the south and central areas are increasing. The higher temperatures have not affected production as of yet. Plants are easily handling available milk supplies. Temperatures in ARIZONA reached the 110 degree level. Milk production has not dropped measurably at this time. Protein and milk solid levels are still good. Class I sales are lighter. Milk prices have improved and feed costs are steady to lower. This is helping milk producers to balance the bottom line. NEW MEXICO reports adequate milk supplies are available for manufacturing plants. Peak production is past. Class I usage is down, so more milk is going to cheese and dry product manufacturers. CREAM markets are steady and seeing good interest. Multiples are ranging in the 140-155 range with some end users paying above to secure supplies. Multiples vary based on class usage and basing points. The 4th of July weekend will free up some additional cream for butter production as some Class I and II operations may be operating at reduced schedules. The PACIFIC NORTHWEST had good weather to finally get the last of 1st crop hay off. Quality was not optimal and some early second crop is looking good to improve supplies of dairy hay. Lower overall feed costs have helped farmer profitability and some producers are increasing herd size. UTAH and IDAHO received some 90 degree temperatures to allow hay harvesting. Dry weather was welcomed to get forages out of the field. Milk production levels are above year ago and manufacturing plants are clearing available supplies locally. Feed cost are lower and break evens are closer as milk prices slowly move up. Cull cow prices are above normal and some producers are increasing herd size to improve production. Heifer prices remain steady. Idaho heifers at auction had a top of \$1480 with the top 50 average at \$1270.

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 low heat nonfat dry milk are mostly lower for the week and the market tone is weaker. Contract sales are moving steadily. Finalized spot sales are slow to materialize for manufacturers, as competition from the resale market is dampening interest. Some producers are asking for bids on available product, showing a shift in selling strategy as inventories build. Brokers and some end users are offering resale product to the spot market at competitive prices. Slightly aged product from the West is reportedly available at delivered prices offering some savings to the Central market. Many spot buyers are delaying purchasing decisions on full loads or block purchases, and are waiting for more pronounced market signals. Producer inventories are growing at most locations. Drying activity is heavy at most plants as farm milk production is holding steady, aided by pleasant day/night temperatures. Condensed skim sales are active into many Class II accounts.

EAST: Nonfat dry milk prices were mixed in the East, declining for low heat, but holding steady for high heat. Drying schedules have been expanded for low heat production to better handle increased manufacturing milk supplies going into the holiday. Condensed skim sales have declined due to lighter Class II production runs prior to the holiday and plants opting to dry, rather than sell loads at lower priced offerings on the spot market. Inventory supplies are expanding for low heat, but remain fairly tight for high heat. Demand has declined for low heat, while demand for high heat remains good. Two broker comments best describe current market conditions with one stating; "It seems low heat NDM is looking for a new price." and the other saying "There are a lot of "ifs" in the market right now." with production, supplies, weather, and export demand being a few of the unclear variables. The unclear nature of current market conditions have many traders sitting on the sidelines waiting for a more defined market to develop and as a result market activity is very light going into the holiday weekend. The market undertone remains weak as fairly heavy manufacturing milk supplies are adding to the already expanded nonfat dry milk inventories. Lower Western prices are also a factor in the market's weak undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2000 - 1.3300 MOSTLY: 1.2500 - 1.3100
 HIGH HEAT: 1.3500 - 1.4300

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are lower on the bottom of the mostly range. Sales tied to indices made up the bulk of the trade. The market tone is weaker. Spot offering prices were lower as buyers were reluctant to buy ahead. As inventories build, some lower offers were shopped to stimulate sales activity. New supplies are competing with some older product for sales. Manufacturing schedules were seasonally busy and inventories are said to be building. Plants are handling increased milk intakes with little problems. Sales of condensed skim into ice cream accounts continued to alleviate drying time. Buyers believe increased supplies will cause prices to weaken domestically. The 4th of July extended weekend has both buyers and sellers content to handle normal contracted needs and wait for next week to survey prices. Increased milk supplies are limiting drying time for high heat NDM. Producers are meeting most contract demands for high heat and spot offerings are limited.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1500 - 1.3625 MOSTLY: 1.2000 - 1.3200
 HIGH HEAT: 1.3100 - 1.4050

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged, strengthened by the current butterfat market. Some dry buttermilk from the West is filling Central demand at competitive delivered prices. Central producer holdings are growing steadily, and producers indicate inventories are comfortable.

EAST: Prices for dry buttermilk were generally steady with continued tight supplies and very light spot market activity prior to the holiday. Butter production has declined as some plants are only churning to fill current orders and selling the remaining cream. Only a few plants have churning schedules which add to inventories. Overall, dry buttermilk production has declined with condensed sales continuing to sharpen those declines. Demand is good, but somewhat lessening as users are realizing that tight supplies may continue for some time and are opting for lower priced alternatives. Current production is moving through contracts with very little for the spot market.

F.O.B. CENTRAL/EAST: 1.2800 - 1.4500

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are steady to fractionally higher on the range and the mostly series. High cream prices and good demand from ice cream manufacturers are keeping buttermilk supplies tight. Some churns have taken to selling cream and that has further reduced available buttermilk for drying. Condensed buttermilk demand is good into Class II accounts. The July 4th weekend should free up some additional cream. Butter churns are anticipating increased production over the weekend. Spot offerings of buttermilk are tight as future contract demand limits available supplies.

F.O.B. WEST: 1.2800 - 1.3375 MOSTLY: 1.2900 - 1.3275

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged and spot market activity is light due to tight product availability. Various brokers indicate product is being parceled out among clients to help maintain regular end user production schedules. Dry whole milk production is intermittent, at best, as clearing of condensed skim volumes remains a top priority.

F.O.B. PRODUCING PLANT: 1.5500 - 1.6700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 25	\$1.1963	23,967,185	0
June 18	\$1.2888	6,981,808	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

Edible Central dry whey prices are unchanged, but the market undertone is softer. A few manufacturers bumped the sales volumes of product in totes higher this week in preparation for steady to higher dry whey production over the upcoming holiday weekend. Prices were within the range. A few offers of bagged product moved readily at slightly lower than customary premiums to the market, helping clear some floor space for upcoming production. ANIMAL FEED DRY WHEY prices are steady to lower, with interest higher in some locations. A few milk replacer manufacturers indicate sales inched higher over the last week for their blended product. Most blended feed manufacturers attribute the increase to early buying to cover the long holiday weekend or customers that are strictly shopping price versus any significant increase in veal or replacement heifer populations.

F.O.B. CENTRAL: .3100 - .3700 MOSTLY: .3250 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .3000

DRY WHEY - NORTHEAST

Dry whey prices moved fractionally higher on the upper end of the range in light spot market activity. Cheese and resulting dry whey production has declined marginally as most cheese sales have slowed with resulting increased inventories. Demand for whey remains good with users calling for steady to increased volumes through contracts. Northeast supplies remain fairly tight giving the market a firm undertone. Spot purchases continue from the Central region due to greater availability and in some cases lower delivered prices. Export interest has weakened recently, primarily due to the continued strength of the U. S. dollar compared to other currencies.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3550 - .3825

DRY WHEY - WEST

The Western whey markets were steady to weak ahead of the July 4th extended weekend. Whey manufacturing continued at seasonally heavy schedules. Cheese plants are busy with increased available milk supplies and are keeping the whey product production lines full. Contracting for whey was heavier than usual for the quarter and is helping to clear supplies. Spot loads are still available in most cases. Demand for whey is reported good at current price levels. Export orders are moving normally and there have been no reported problems with Chinese acceptance of product.

NONHYGROSCOPIC: .3450 - .4150 MOSTLY: .3650 - .4075

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% market is unchanged on the mostly price series, while the range series high side decreased somewhat. The overall market tone seems steady. This is in contrast to the NDM dairy protein market, which has weakened over the course of the last few weeks. WPC 34% demand into edible product accounts is termed strong, with most spot loads from manufacturers reportedly maintaining customary over the market premiums. A few requests for preferred product that generally captures higher over the market premiums were unanswered due to light supplies. Inventories are generally comfortable to tight. Sales into the feed grade accounts that usually prefer edible product are less active, as many of these slots are currently being filled by aged or slightly downgraded NDM or WPC 34% material.

F.O.B. EXTRA GRADE 34% PROTEIN: .8800 - 1.0100 MOSTLY: .9200 - .9700

LACTOSE - CENTRAL AND WEST

Weekly spot, June/July monthly, and second/third quarterly prices are included in both the range and mostly price series for lactose this transitional week. With some offices running on less staff for the pre-holiday week, various parties involved in negotiations indicate talks have slowed down perceptibly. Product from some manufacturers is more available on the spot market this week, as those manufacturers increase availability of stocks post-contract finalization. Production is unchanged at most locations, higher at plants that run intermittently based on contract needs. Interest is steady overall, with some supply tightness on higher mesh size product.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2300-.3900 MOSTLY: .3000-.3600

CASEIN - NATIONAL

Casein markets and prices remain firm. The reported price range widened this week as lower second quarter contract prices come to an end and third quarter pricing is higher. Conversations between buyers and sellers continue to center around product availability. Suppliers continue to state that their stock levels and production schedules are not at desired levels for many. The milk production season in the Oceania region is at seasonal low levels thus no new casein stocks are being generated. Orders are being filled from inventoried stock which is reported to be lighter than projected. European milk production is now trending lower than peak levels and for many casein producers, milk volumes are being pulled away from casein output and directed toward other products, especially cheese production. Most suppliers continue to state that they will fulfill buyer needs, but also state that they will probably not have any surplus or spot availability.

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: 3.6000 - 4.3000
ACID: 3.6000 - 4.2500

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 28 - JULY 2, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	WEEK ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/09	LAST YEAR	06/25/10	LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	4,639,010	-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	272,422,262	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	272,422,262	-0-	-0-

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

	MILKFAT*	SKIM**	COMPARABLE PERIOD IN 2009 =	MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JUNE 28 - JULY 2, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	1.8	97.6
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	161.1	3,171.6
CUMULATIVE JAN. 1 - JULY 2, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	135.9	1,838.0

* 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 JUNE 28 - JULY 2, 2010 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK
	BULK		BLOCK	BARREL	NONFORTIFIED
CENTRAL	-0-		-0-	-0-	-0-
WEST	-0-		-0-	-0-	-0-
EAST	-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-	4,639,010	-0-	-0-	132,276	272,422,262	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	272,422,262	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 06/12/10 & 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		
2010-Dairy	N.A.	0.6	6.9	2.3	17.9	3.0	0.3	N.A.	13.3	3.3	48.9	1,287.2	41.1	44.1
2009-Dairy	N.A.	0.5	7.7	3.5	17.1	7.0	0.3	N.A.	18.6	4.0	60.5	1,344.2	50.7	48.1
2010-All cows	N.A.	0.7	8.6	12.4	32.3	21.2	13.4	N.A.	19.4	7.2	118.9	2,919.3		
2009-All cows	N.A.	0.6	9.7	13.2	29.0	21.4	12.4	N.A.	22.0	7.2	119.3	2,797.2		

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	SOURCE: USDA, APHIS
JUNE 19	83	6,624	

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98

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

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.03	14.84	14.34	13.22	13.80	15.28	15.66					
II	15.22	15.65	14.46	13.78	14.90	16.01						
III	14.50	14.28	12.78	12.92	13.38	13.62						
IV	13.85	12.90	12.92	13.73	15.29	15.45						

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 June 21 - July 2, 2010

ORGANIC DAIRY FLUID OVERVIEW

Organic milk supplies remain tighter. The increase in sales during 2010, reflects dynamics resulting in tighter supply. Many processors expect demand to continue at increased levels over last year into Fall.

The regulation regarding access to pasture for organic dairy herds became effective on June 17th. Provisions require *inter alia*, that ruminants obtain a minimum 30% of dry matter from pasture grazing during the pasture season, which must be at least 120 days a year. Operations already certified organic will have one year to implement the provisions. Operations obtaining certification after the effective date must demonstrate compliance. General inquiries have begun to be made in the East by representatives of retail supermarket chains which contract for private label organic milk, concerning the potential to re-source organic milk and processing, should existing suppliers have difficulty in maintaining volume and/or price by virtue of the new regulation.

Increasing consumer demand for local food or at least, food raised relatively near consumers, has been noted by some Eastern organic dairy processors and producers. Large urban population areas with heavy concentrations of young professional workers in their 20's and 30's, such as Brooklyn, with an overall population of 2 1/2 million people, have begun to represent new target organic milk sales outlets; joining existing urban demand areas such as Manhattan, as strong, well populated consumer markets for Eastern milk featuring a regional or state-based product identity.

This is also true for organic cheese, where regional and state-based brands continue to make inroads in finding retail cooler space next to established national organic brands of cheese. One new organic cheese manufacturer with a state-based brand identity is utilizing social networking to reach the demographic of young urban professional workers. Upon initially placing organic cheese in New York City outlets of a national natural food store, the manufacturer sent a tweet to followers, offering a gift certificate to the first person to go to an outlet of the store, take a picture of the cheese in the cooler, and submit it. Within 3 minutes the first picture was received back from someone who took and sent the picture with a cell phone. Numerous pictures followed, which accomplished the goal of quickly moving consumers into stores and increasing awareness and sales of the brand of organic cheese.

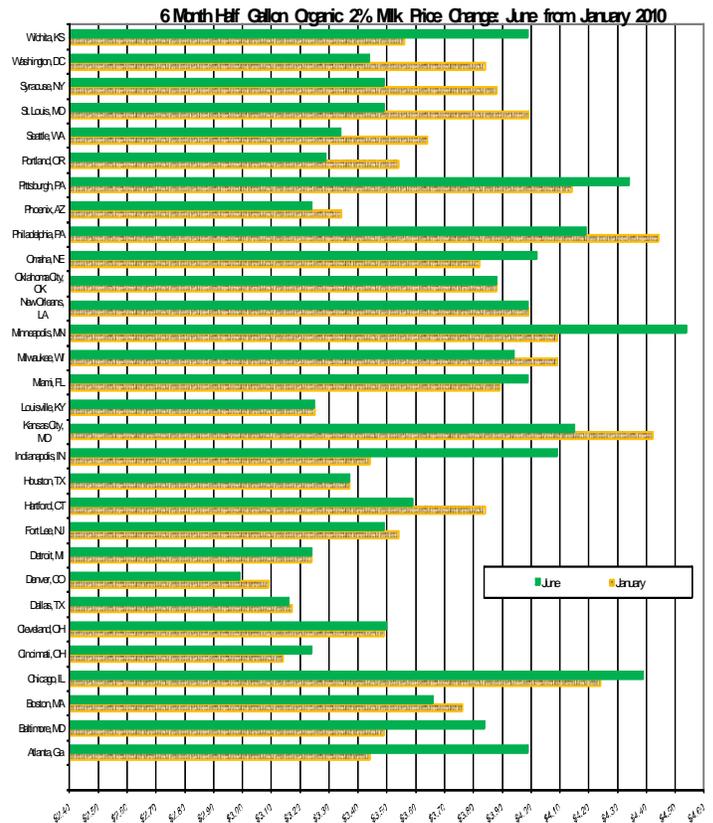
The market supplying regional and state-based organic dairy products to restaurants in Eastern urban areas with a focus on offering local or regional food, also continues to grow. Overall stronger demand for organic cheese identified as being locally or regionally manufactured is motivating some Eastern organic dairy cooperatives to seek additional cheese manufacturing capability.

ORGANIC DAIRY RETAIL OVERVIEW

SIX MONTH RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Comparing retail half gallon organic reduced fat (2%) milk prices in the 30 City Series for January and June 2010 reveals increases in 11 cities, decreases in 14 cities, and the same prices in 5 cities. Indianapolis had the largest increase, 65 cents, rising to \$4.09. St. Louis fell most, 50 cents to \$3.49. The highest price in January was Philadelphia, \$4.44 and in June, Minneapolis at \$4.54. Denver had the lowest price in January and June, \$3.09 and \$2.99 respectively.

This comparison is derived from prices collected by Federal Milk Market Administrators during the first non-Friday or weekend 10 days of each month in 1 outlet of each of the 2 largest food store chains in 30 cities or metropolitan areas. The price listed represents the simple average of the 2 prices.



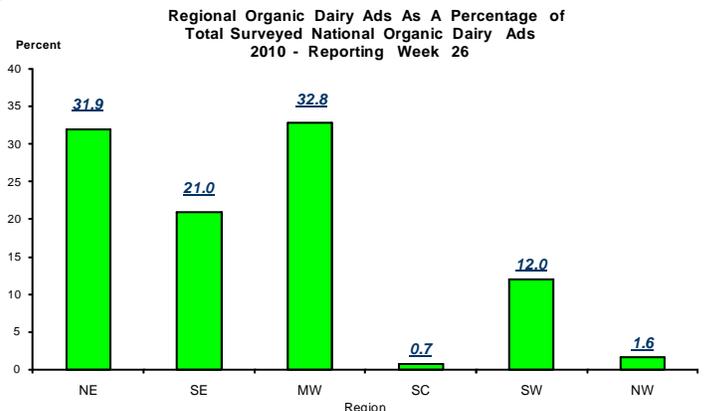
NATIONALLY ADVERTISED PRICE COMPARISON:

Newspaper supermarket ads for the period June 19, 2010 to July 2, 2010 identifying weekly "specials" and containing organic dairy content, fell to 2,614 of 9,150 surveyed ads from stores in each of the lower 48 states. This compares with 3,542 two weeks ago, 2,186 four weeks ago and 3,744 six weeks ago. This data reflects advertised "specials" and not the range of supermarket prices.

The most significant change for this report is a very significant increase in ads for private label half gallons and a corresponding decrease in ads for half gallons of a national brand which dominated half gallon milk ads two weeks ago.

Regional Organic Dairy Ad Trends – Current Period. Organic dairy content in Northeast and Midwestern weekly supermarket ads continued to lead all regions, as was the case two, four, six and eight weeks ago. The Midwest had 32.8% of organic dairy ads and the Northeast, 31.9%.

Organic dairy ad percentages for other regions are: Southeast, 21.0%; Southwest, 12.0%; Northwest, 1.6% and South Central, 0.7%.



CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered June 21 - July 2, 2010

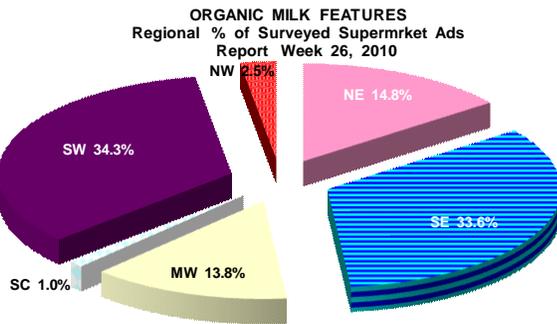
CONTINUED FROM PAGE 8

Product Emphasis. Individual store ads may contain more than one type of organic dairy featured item, or multiple brands of the same item and size. Thus, numbers shown below for product emphasis exceed total organic ad numbers.

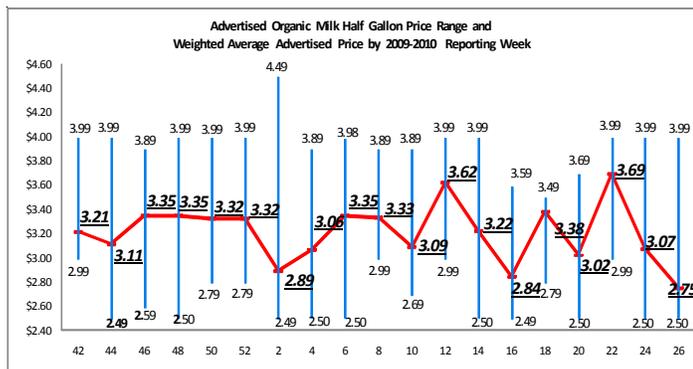
The trend of the last ten weeks with organic milk and yogurt alternating being first and second in ad placements has ended. Organic milk leads with 1,721 ad placements compared with organic yogurt, 1,206. Organic milk also led organic yogurt two weeks ago.

Organic milk ad placements significantly derived from ads for half gallons, 1,132 of 1,721 organic milk ad placements. The second highest concentration was ad placements for 3 quart containers, followed by 275 ads for gallons. Organic yogurt placements nearly tied for the lead between 6 ounce containers, 377, and 4 ounce kids yogurt, 376. There were 314 ad placements for 5.3 ounce organic Greek yogurt; 115 for 32 ounce organic yogurt containers; and 24 for 1 quart pourable yogurt.

Organic milk ads appeared in all regions. The highest concentration of milk ads, 34.3%, appeared in the Southwest. Narrowly second, the Southeast had 33.6% of ad placements. The other regions current percentages of total national placements are: Northeast, 14.8%; Midwest, 13.8%; Northwest, 2.5%; and South Central Region, 1.0%.



Half Gallons. The national weighted average advertised price for half gallons of organic milk fell to \$2.75, 32 cents lower than two weeks ago. Because the top and bottom of the range remained unchanged at \$3.99 and \$2.50 the lower weighted average advertised price occurred due to the significant number of ad placements for half gallons priced at \$2.50.

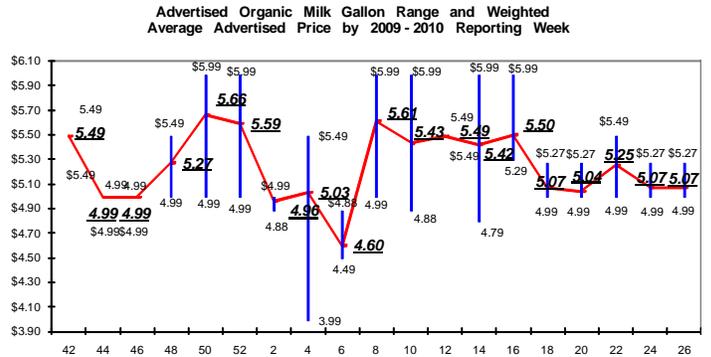


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

HALF GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE
NE	4.7	3.99
SE	37.5	2.50
MW	19.2	2.54
SC	1.5	2.50
SW	25.5	2.89
NW	11.6	3.25

Gallons. The national weighted average advertised price for organic milk gallons remained unchanged at \$5.07, with the bottom of the range unchanged at \$4.99 and the top at \$5.27. The following table shows the percentage of national gallon organic milk ads by region and the regional weighted average advertised price.



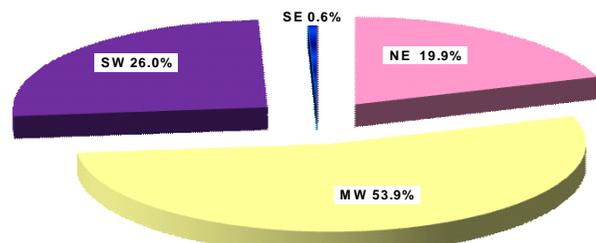
The following table shows the percentage of national gallon organic milk ads by region and the regional weighted average advertised price.

GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

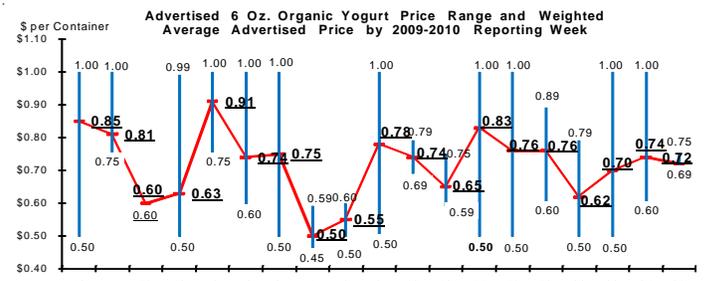
REGION	%	WTD. AV. ADV. PRICE
NE	71.3	4.99
MW	0.0	—
SE	28.7	5.27
SC	0.0	—
SW	0.0	—
NW	0.0	—

Yogurt. The Midwest lead all regions in yogurt ad placements; 53.9%. Yogurt placements in other regions as a percentage of total placements nationally include the Southwest, 26.0%; Northeast, 19.9%; Southeast, 0.6%. There were no organic yogurt ads in the Northwest or South Central Region.

ORGANIC YOGURT FEATURES Regional % of Surveyed Newspaper Ads Report Week 26, 2010



Weighted national average advertised organic yogurt prices in 6 ounce containers decreased 2 cents to 72 cents. The bottom of the range increased 9 cents to 69 cents while the top decreased 25 cents to \$0.75.



CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered June 21 - July 2, 2010

CONTINUED FROM PAGE 8-A

The following table shows the percentage of national 6 ounce yogurt ads by region and the regional weighted average advertised price.

6 OUNCE ORGANIC YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE
MW	100	0.72
SW	0	—
NE	0	—
SE	0	—
SC	0	—
NW	0	—

Butter. Organic butter in 1 pound boxes had a weighted average advertised price of \$4.57, ranging from \$4.49 for all 397 Northeast ad placements and \$4.99 for all Southeast ad placements.

Cottage Cheese. All 24 cottage cheese ads were in the Midwest and priced at \$3.99, identical with two weeks ago in all regards.

Cream Cheese. All 24 cream cheese ads were in the Midwest and priced at \$2.69.

No ads appeared for cheese, half and half, sour cream or ice cream.

SUPERMARKET PRICE COMPARISON:

Chicago, Illinois and Madison Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Chicago, Illinois and Madison, Wisconsin are compared and contrasted for this two week period.

Madison stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big-box chain store also selling food; and a large local cooperative grocery store.

Chicago stores included outlets of two regional chain supermarkets, an outlet of each of two national natural food store chain, an outlet of a multi-location citywide chain, and an outlet of a national big-box discount store.

Organic milk available in Madison stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheesemakers.

Organic milk available in Chicago stores included two national brands, a multi-region brand, two private label brands, and a specialty brand featuring non-homogenized organic milk.

A table summarizing the survey results appears below.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
REPORTING WEEK 26

MADISON, WI			CHICAGO, IL		
LOW	HIGH	RANGE	LOW	HIGH	RANGE

(In Dollars)

GALLONS:

Whole					
5.39	6.69	1.30	5.99	6.49	0.50
Reduced Fat (2%)					
5.39	6.69	1.30	5.99	6.49	0.50
Low Fat (1%)					
5.39	6.69	1.30	5.99	6.49	0.50
Nonfat (Skim)					
5.39	6.69	1.30	5.99	6.49	0.50

HALF GALLONS:

Whole					
2.99	4.39	1.40	3.32	3.89	0.57
Reduced Fat (2%)					
2.99	4.39	1.40	3.32	3.89	0.57
Low Fat (1%)					
2.99	4.39	1.40	3.39	3.89	0.50
Nonfat (Skim)					
2.99	4.39	1.40	3.32	3.89	0.57

MADISON, WI			CHICAGO, IL		
LOW	HIGH	RANGE	LOW	HIGH	RANGE

(In Dollars)

CHOCOLATE HALF GALLON:

3.39	4.50	1.11	3.50	4.39	0.89
------	------	------	------	------	------

YOGURT

.69	1.59	0.90	.89	1.25	.36
-----	------	------	-----	------	-----

CHEESE – 8 OUNCE BLOCKS:

Mozzarella					
3.89	5.69	1.80	4.99	5.89	0.90
Mild Cheddar					
3.79	6.19	2.40	3.49	4.99	1.50
Monterey Jack					
3.79	6.19	2.40	4.99	5.99	1.00
Pepper Jack					
3.89	6.49	2.60	5.69	5.89	0.20

CHEESE – 6 OUNCE STRING

Mozzarella					
3.49	5.09	1.60	3.99	4.99	1.00
Colby Jack					
3.49	5.09	1.60	3.99	4.99	1.50

BUTTER – 1 POUND

4.79	6.49	1.70	4.99	5.99	1.00
------	------	------	------	------	------

Some differences are evident. Madison has lower and higher milk prices for each container size and category of milk and thus, a greater range for each size and category, including chocolate. The same pattern prevails for organic yogurt and organic butter. Cheese was a closer call. Surveyed 8 ounce block types of cheese reflected Madison and Chicago varied as to lowest and highest price, depending on the variety.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were mostly steady on light to moderate demand and offerings. Eastern organic grain and feedstuff prices were steady. Demand was light for moderate offerings. Trading activity was good for feed grade corn and light for soybeans. Above average precipitation was received throughout much of the cornbelt which caused varying degrees of damage to crops. In contrast, eastern area states have encountered drier weather that depleted the soil moisture which is necessary for crops to develop. Upper Midwest organic grain and feedstuff prices were mostly steady on light demand and offerings. Wheat and flax trade was noted but trade in the Upper Midwest region was too light to trend an accurate market. Recent heavy rain in the region has hampered farmers' opportunities for field work, causing some serious weed problems for producers. Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews.

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2010 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 22	:::REPORT NUMBER 23	:::REPORT NUMBER 24	:::REPORT NUMBER 25	:::REPORT NUMBER 26:::	2010	:	2009
	:::-----	:::-----	:::-----	:::-----	:::-----	Average	:	Average
	::: JUN 01 - 04	::: JUN 07 - 11	::: JUN 14 - 18	::: JUN 21 - 25	::: JUN 28 - 30	or Total	:	or Total
CHEESE								
WISCONSIN (WSP, Delivered, LTL)								
-- Process American 5# Loaf	::: 1.8000 - 2.0000	::: 1.7350 - 1.9175	::: 1.6975 - 1.8800	::: 1.7175 - 1.9000	::: 1.7400 - 1.9225	::: 1.8278	:	1.5255
-- Brick And/Or Muenster 5#	::: 1.9900 - 2.0000	::: 1.9275 - 1.9900	::: 1.8850 - 1.9900	::: 1.9050 - 1.9900	::: 1.9150 - 2.0000	::: 1.9578	:	1.7439
-- Cheddar 40# Block	::: 1.8300 - 2.5650	::: 1.8300 - 2.5650	::: 1.8300 - 2.5650	::: 1.8300 - 2.5650	::: 1.8500 - 2.5650	::: 2.1989	:	2.0825
-- Monterey Jack 10#	::: 1.9200 - 2.5650	::: 1.8925 - 2.5650	::: 1.8500 - 2.5650	::: 1.8700 - 2.5650	::: 1.8775 - 2.5650	::: 2.2228	:	2.1161
-- Blue 5#	::: 2.3400 - 2.7100	::: 2.2675 - 2.7100	::: 2.2250 - 2.7100	::: 2.2450 - 2.7100	::: 2.2525 - 2.7300	::: 2.4883	:	2.2451
-- Mozzarella 5 - 6#	::: 1.8350 - 2.6650	::: 1.7625 - 2.6650	::: 1.7200 - 2.6650	::: 1.7400 - 2.6650	::: 1.7475 - 2.6650	::: 2.2119	:	2.1101
-- Grade A Swiss Cuts 6 - 9#	::: 2.3400 - 3.3300	::: 2.3600 - 3.3300	::: 2.3600 - 3.3300	::: 2.3600 - 3.3300	::: 2.3600 - 3.3300	::: 2.8432	:	2.7980
NORTHEAST (WSP, Delivered, LTL)								
-- Cheddar 40# Block	::: 1.8175 - 2.0925	::: 1.7425 - 2.0175	::: 1.7000 - 1.9750	::: 1.7200 - 1.9950	::: 1.7275 - 2.0025	::: 1.8768	:	1.5527
-- Process 5# Sliced	::: 1.5500 - 1.8600	::: 1.4675 - 1.7775	::: 1.4300 - 1.7400	::: 1.4500 - 1.7600	::: 1.4725 - 1.7825	::: 1.6257	:	1.3392
-- Muenster	::: 1.8375 - 2.0350	::: 1.7625 - 1.9600	::: 1.7200 - 1.9175	::: 1.7400 - 1.9375	::: 1.7475 - 1.9450	::: 1.8581	:	1.5340
-- Grade A Swiss Cuts 10 - 14#	::: 2.9675 - 3.2900	::: 2.9525 - 3.2750	::: 2.9525 - 3.2750	::: 2.9525 - 3.2750	::: 2.9525 - 3.2750	::: 3.1165	:	3.0547
WEST COAST (WSP, Delivered, LTL)								
-- Process 5# Loaf	::: 1.5825 - 1.8400	::: 1.5000 - 1.7575	::: 1.4625 - 1.7200	::: 1.4825 - 1.7400	::: 1.5050 - 1.7625	::: 1.6319	:	1.3449
-- Cheddar 40# Block	::: 1.6225 - 1.9750	::: 1.5475 - 1.9000	::: 1.5050 - 1.8575	::: 1.5250 - 1.8775	::: 1.5325 - 1.8850	::: 1.7206	:	1.4293
-- Cheddar 10# Cuts	::: 1.8025 - 2.0225	::: 1.7275 - 1.9475	::: 1.6850 - 1.9050	::: 1.7050 - 1.9250	::: 1.7125 - 1.9325	::: 1.8343	:	1.5431
-- Monterey Jack 10#	::: 1.8125 - 1.9725	::: 1.7375 - 1.8975	::: 1.6950 - 1.8550	::: 1.7150 - 1.8750	::: 1.7225 - 1.8825	::: 1.8143	:	1.5231
-- Grade A Swiss Cuts 6 - 9#	::: 2.5150 - 2.9450	::: 2.5300 - 2.9600	::: 2.5300 - 2.9600	::: 2.5300 - 2.9600	::: 2.5300 - 2.9600	::: 2.7423	:	2.8505
FLUID PRODUCTS								
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)								
-- Northeast - f.o.b	::: 2.0958 - 2.1890	::: 2.1448 - 2.2701	::: 2.3113 - 2.6301	::: 2.5141 - 2.6276	::: 2.6357 - 2.7548	::: 2.4046	:	1.5816
-- Upper Midwest - f.o.b	::: 1.9872 - 2.0959	::: 2.0822 - 2.5050	::: 2.1200 - 2.4069	::: 2.1248 - 2.6114	::: 2.4147 - 2.6528	::: 2.2906	:	1.5648
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.								
-- Class II	::: 1.30 - 1.35	::: 1.30 - 1.35	::: 1.30 - 1.35	::: 1.38 - 1.42	::: 1.36 - 1.42	::: 1.3509	:	0.8800
-- Class III	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.00 - 1.05	::: 1.0250	:	0.9100

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2010 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 22	:::REPORT NUMBER 23	:::REPORT NUMBER 24	:::REPORT NUMBER 25	:::REPORT NUMBER 26:::	2010	: 2009
	:::-----	:::-----	:::-----	:::-----	:::-----	Average	: Average
	::: JUN 01 - 04	::: JUN 07 - 11	::: JUN 14 - 18	::: JUN 21 - 25	::: JUN 28 - 30	or Total	: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.2800 - 1.3700	:: 1.2650 - 1.3650	:: 1.2500 - 1.3500	:: 1.2500 - 1.3300	:: 1.2000 - 1.3300	:: 1.3009	: 0.9115
-- Mostly	:: 1.3000 - 1.3600	:: 1.2900 - 1.3600	:: 1.2800 - 1.3500	:: 1.2600 - 1.3200	:: 1.2500 - 1.3100	:: 1.3095	: 0.9014
-- High Heat	:: 1.4000 - 1.4700	:: 1.3900 - 1.4500	:: 1.3900 - 1.4250	:: 1.3500 - 1.4300	:: 1.3500 - 1.4300	:: 1.4090	: 0.9666
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.2100 - 1.3500	:: 1.2100 - 1.3500	:: 1.2000 - 1.3625	:: 1.1500 - 1.3625	:: 1.1500 - 1.3625	:: 1.2716	: 0.8404
-- Mostly	:: 1.2600 - 1.3200	:: 1.2700 - 1.3250	:: 1.2800 - 1.3200	:: 1.2800 - 1.3200	:: 1.2000 - 1.3200	:: 1.2922	: 0.8300
-- High Heat	:: 1.2700 - 1.3750	:: 1.2900 - 1.3875	:: 1.3100 - 1.4050	:: 1.3100 - 1.4050	:: 1.3100 - 1.4050	:: 1.3469	: 0.9407
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3100 - 0.3700	:: 0.3100 - 0.3750	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700	:: 0.3406	: 0.2718
-- Mostly	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3450	: 0.2701
-- West (f.o.b.)	:: 0.3450 - 0.4275	:: 0.3450 - 0.4250	:: 0.3450 - 0.4200	:: 0.3450 - 0.4150	:: 0.3450 - 0.4150	:: 0.3828	: 0.2985
-- Mostly	:: 0.3725 - 0.4150	:: 0.3675 - 0.4150	:: 0.3650 - 0.4125	:: 0.3650 - 0.4100	:: 0.3650 - 0.4075	:: 0.3896	: 0.3025
-- Northeast (f.o.b.)	:: 0.3550 - 0.3875	:: 0.3550 - 0.3850	:: 0.3550 - 0.3850	:: 0.3550 - 0.3800	:: 0.3550 - 0.3825	:: 0.3695	: 0.2865
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8800 - 1.0000	:: 0.8800 - 1.0000	:: 0.8800 - 1.0100	:: 0.8800 - 1.0250	:: 0.8800 - 1.0100	:: 0.9447	: 0.5806
-- Mostly	:: 0.9100 - 0.9600	:: 0.9200 - 0.9700	:: 0.9200 - 0.9700	:: 0.9200 - 0.9700	:: 0.9200 - 0.9700	:: 0.9432	: 0.5684
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2425 - 0.3150	:: 0.2425 - 0.3025	:: 0.2425 - 0.3025	:: 0.2425 - 0.3100	:: 0.2425 - 0.3000	:: 0.2743	: 0.1858
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.2800 - 1.3700	:: 1.2800 - 1.3800	:: 1.2800 - 1.4200	:: 1.2800 - 1.4500	:: 1.2800 - 1.4500	:: 1.3464	: 0.9743
-- West (f.o.b.)	:: 1.2400 - 1.3000	:: 1.2600 - 1.3100	:: 1.2800 - 1.3300	:: 1.2800 - 1.3350	:: 1.2800 - 1.3375	:: 1.2952	: 0.8714
-- Mostly	:: 1.2500 - 1.2900	:: 1.2800 - 1.3000	:: 1.2900 - 1.3200	:: 1.2900 - 1.3250	:: 1.2900 - 1.3275	:: 1.2963	: 0.8707
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.6100	: 1.1625
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2200 - 0.3900	:: 0.2400 - 0.4375	:: 0.2400 - 0.4300	:: 0.2300 - 0.4300	:: 0.2300 - 0.3900	:: 0.3259	: 0.1802
-- Mostly	:: 0.2950 - 0.3600	:: 0.3000 - 0.3600	:: 0.3000 - 0.3600	:: 0.3000 - 0.3600	:: 0.3000 - 0.3600	:: 0.3295	: 0.1742
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000	:: 3.6000 - 4.2000	:: 3.6000 - 4.3000	:: 3.9068	: 2.8750
-- Nonrestricted - Acid	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500	:: 3.6000 - 4.1500	:: 3.6000 - 4.2500	:: 3.8818	: 2.8000

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR JUNE 2010

COMMODITY	REPORT NUMBER 22 JUN 1 - 4	REPORT NUMBER 23 JUN 7 - 11	REPORT NUMBER 24 JUN 14 - 18	REPORT NUMBER 25 JUN 21 - 25	REPORT NUMBER 26 JUN 28 - 30	2010 * Average	2009 * Average
BUTTER*							
-- GRADE AA							
--Monday		1.5775	1.6150	1.6525	1.7200		
--Tuesday	1.5600	1.5850	1.6150	1.7100	1.7200		
--Wednesday	1.5625	1.5925	1.6200	1.7100	1.7500		
--Thursday	1.5650	1.6050	1.6250	1.7100			
--Friday	1.5750	1.6100	1.6350	1.7200		1.6380	1.2235
--Weekly Average**	1.5656	1.5940	1.6220	1.7005			
CHEESE*							
-- BARRELS							
--Monday		1.3575	1.3300	1.3850	1.3800		
--Tuesday	1.4000	1.3500	1.3400	1.3800	1.3775		
--Wednesday	1.3825	1.3275	1.3650	1.3700	1.3975		
--Thursday	1.3575	1.3200	1.3650	1.3700			
--Friday	1.3575	1.3300	1.3850	1.3950		1.3647	1.0884
--Weekly Average**	1.3744	1.3370	1.3570	1.3800			
-- 40# BLOCKS							
--Monday		1.3900	1.3700	1.4000	1.3975		
--Tuesday	1.4375	1.3825	1.3900	1.3975	1.4025		
--Wednesday	1.4250	1.3625	1.4000	1.3975	1.4200		
--Thursday	1.4025	1.3600	1.4000	1.3975			
--Friday	1.3975	1.3700	1.4050	1.4100		1.3961	1.1353
--Weekly Average**	1.4156	1.3730	1.3930	1.4005			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1.2600	1.2500	1.2500	1.2450		
--Tuesday	1.2900	1.2500	1.2500	1.2500	1.2450		
--Wednesday	1.2850	1.2500	1.2500	1.2475	1.2450		
--Thursday	1.2800	1.2500	1.2500	1.2450			
--Friday	1.2600	1.2500	1.2500	1.2450		1.2544	0.8750
--Weekly Average**	1.2788	1.2520	1.2500	1.2475			
-- GRADE A							
--Monday		1.2500	1.2500	1.2500	1.2500		
--Tuesday	1.3000	1.2500	1.2500	1.2500	1.2400		
--Wednesday	1.3000	1.2500	1.2500	1.2500	1.2300		
--Thursday	1.2700	1.2500	1.2500	1.2500			
--Friday	1.2500	1.2500	1.2500	1.2500		1.2541	0.8973
--Weekly Average**	1.2800	1.2500	1.2500	1.2500			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,
BY FEDERAL MILK ORDER MARKETING AREA, APRIL 2010 1/**

For April 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.18 per cwt., up \$0.04 from the March 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.74 in the Pacific Northwest to \$3.63 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.15 per cwt., down \$0.03 from the March 2010 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.49	0.88
Southeast	007	2.81	2.10
Florida	006	3.63	1.08
Mideast	033	2.06	1.39
Upper Midwest	030	1.89	1.25
Central	032	2.18	0.83
Pacific Northwest	124	0.74	0.59
All Reporting Areas Combined 3/		2.18	1.15

1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2010 declined 1 point to 182. Compared with June 2009, the index was up 2 points (1.1 percent). The index of prices received by farmers for dairy products advanced 5 points during the month of June 2010 to 121. Compared with June 2009, the index was up 34 points (39.1 percent).

Prices received by farmers in June with changes from May were: for All Milk, \$15.80 per hundredweight (cwt.), up \$.70; for Fluid Grade Milk, \$15.80 per cwt., up \$.70; and for Manufacturing Grade Milk, \$13.70 per cwt., unchanged.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 2010 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		Alfalfa hay, baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	2010 <u>2/</u>	2009 <u>2/</u>	2010 <u>4/</u>	2009 <u>2/</u>	2010 <u>4/</u>	2009 <u>2/</u>	2010 <u>7/</u>	2009 <u>8/</u>	2010	2009
CA	13.80	10.31	14.50	10.11	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		57.70	41.80	121.00	119.00
ID	14.40	10.10	14.90	10.10			62.70	45.30	107.00	122.00
MI	15.60	12.20	16.50	12.00			58.00	47.00	115.00	155.00
MN	14.90	11.90	15.20	11.50			61.70	49.60	120.00	115.00
NM	14.50	10.70	15.30	10.30			64.00	46.50	155.00	168.00
NY	16.00	12.70	16.90	12.40			---	---	120.00	135.00
PA	16.90	13.40	17.90	12.90			54.80	47.40	145.00	157.00
TX	15.70	11.80	16.50	11.50			53.40	41.40	183.00	185.00
WA	15.00	11.10	15.60	11.10			---	---	125.00	130.00
WI	14.90	11.60	15.10	11.40			57.60	45.20	120.00	90.00
U.S.	15.10	11.60	15.80	11.30			58.20	45.40	119.00	128.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 2010 WITH COMPARISONS

ITEM	JUNE 2009	MAY 2010 <u>1/</u>	JUNE 2010 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	11.30	15.10	15.80
Fluid grade milk	11.30	15.10	15.80
Manufacturing grade milk	10.40	13.70	13.70
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	133	141	139
Prices received by farmers for dairy products	87	116	121
Prices paid by farmers for commodities and services, interest taxes, and wage rates	180	183	182
Prices paid by farmers for production items	184	186	185
Prices paid by farmers for feed	197	172	171
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	1.45	2.19	2.33

1/ Partially revised. 2/ Preliminary. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (6-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2010	219.0	0.2	198.8	-0.4	189.6	3.5	203.9	-2.8	161.8	-4.0	202.8	-1.7
APR 2010	219.2	0.5	197.3	0.1	186.3	2.6	202.9	-0.8	170.0	8.6	205.2	-0.3
MAY 2010	219.4	0.7	197.7	0.9	186.6	4.1	203.5	0.8	174.6	7.4	205.7	0.9
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Dollars												
MAR	3.188	3.116	2.781	2.914	3.914	3.885	4.708	4.758	4.313	4.165		
APR	3.140	3.084	2.846	2.701	3.939	3.776	4.647	4.759	4.445	4.368		
MAY	3.178	3.068	2.922	2.778	3.912	3.920	4.713	4.605	4.563	4.282		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—FEBRUARY-APRIL 2009-2010 AND YEAR-TO-DATE 2008-2009 ^{1/}

Item	Feb.-Apr. 2009	Percent change ^{2/}	Feb.-Apr. 2010	Percent change ^{2/}	Jan.-Apr. 2009	Percent change ^{2/}	Jan.-Apr. 2010	Percent change ^{2/}
	Million Pounds							
MILK								
Production	47,370	0.3	47,695	0.7	63,512	0.5	63,710	1.1
Marketings	47,123	0.3	47,462	0.7	63,179	0.5	63,396	1.2
Beginning Commercial Stocks ^{3/}	11,536	5.6	12,186	5.6	10,045	-3.0	11,333	12.8
Imports ^{3/}	839	13.3	681	-18.8	1,190	-0.1	964	-18.4
Total Supply ^{4/}	59,498	2.1	60,329	1.4	74,414	0.5	75,693	3.0
Ending Commercial Stocks ^{3/}	13,442	3.5	13,385	-0.4	13,442	3.5	13,385	-0.4
Net Removals ^{3/}	74	100.0	64	-13.5	128	100.0	107	-16.4
Commercial Disappearance ^{4/}	45,982	0.7	46,880	2.0	60,844	-1.0	62,201	3.1
SELECTED PRODUCTS ^{5/}								
Butter	376.4	-1.0	386.2	2.6	494.2	-4.4	511.8	4.5
American Cheese	1,012.5	6.9	1,025.0	1.2	1,381.1	6.0	1,372.2	0.1
Other Cheese	1,496.5	2.2	1,524.5	1.9	1,949.6	-1.0	2,029.2	5.0
Nonfat Dry Milk	344.8	-16.5	401.0	16.3	461.7	-11.9	524.0	14.6
Fluid Milk Products ^{6/}	13,750.6	1.5	13,693.4	-0.4	18,637.5	1.5	18,459.9	-1.0

^{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.

MAY 2010 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 131.4 million pounds in May, 5.6 percent below May 2009 and 1.3 percent below April 2010. **AMERICAN TYPE CHEESE** production totaled 369.3 million pounds, 0.3 percent above May 2009 and 3.0 percent above April 2010. **TOTAL CHEESE** output (excluding cottage cheese) was 877.9 million pounds, 2.5 percent above May 2009 and 1.8 percent above April 2010. **NONFAT DRY MILK** production, for human food, totaled 154.4 million pounds, 2.6 percent above May 2009 and 1.3 percent above April 2010. **DRY WHEY** production, for human food, was 83.7 million pounds, 0.4 percent above May 2009 but 2.2 percent below April 2010. **ICE CREAM** (hard) production totaled 82.2 million gallons, 2.0 percent above May 2009 and 4.7 percent above April 2010.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2010 1,000 LBS.	PERCENT CHANGE FROM:			PRODUCT	MAY 2010 1,000 LBS.	PERCENT CHANGE FROM:		
		MAY 2009	APR 2010	YEAR TO DATE ^{1/}			MAY 2009	APR 2010	YEAR TO DATE ^{1/}
BUTTER	131,436	-5.6	-1.3	-6.2	SOUR CREAM	91,775	-1.8	1.6	1.2
CHEESE					YOGURT (PLAIN AND FLAVORED)	339,917	3.3	2.3	7.5
AMERICAN TYPES ^{2/}	369,267	0.3	3.0	-0.5	DRY WHEY, HUMAN FOOD	83,654	0.4	-2.2	---
CHEDDAR	286,331	-0.4	5.7	-0.9	DRY WHEY, ANIMAL FEED	6,020	58.4	17.0	---
OTHER AMERICAN	82,936	2.9	-5.3	---	DRY WHEY, TOTAL ^{8/}	89,674	2.9	-1.2	7.3
BRICK & MUENSTER	10,612	9.2	2.5	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	56,682	-5.1	0.6	---	HUMAN FOOD	2,340	-13.2	13.9	---
HISPANIC	16,050	---	-7.3	---	ANIMAL FEED	4,820	1.6	11.5	---
TOTAL ITALIAN TYPES	369,511	6.8	0.8	5.6	LACTOSE, HUMAN FOOD & ANIMAL FEED	75,064	25.9	4.9	21.9
MOZZARELLA	293,880	8.3	1.9	6.8	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	75,631	1.5	-3.4	---	HUMAN FOOD ^{9/}	33,704	7.1	1.2	---
SWISS	28,867	5.0	1.5	---	ANIMAL FEED ^{9/}	2,195	-32.0	-8.0	---
ALL OTHER TYPES	26,891	-7.9	9.9	---	TOTAL ^{9/}	35,899	3.4	0.6	2.1
TOTAL	877,880	2.5	1.8	1.9	25.0-49.9 PERCENT ^{10/}	20,473	-9.9	2.5	---
COTTAGE CHEESE, CURD ^{3/}	33,564	-10.9	-4.4	---	50.0-89.9 PERCENT ^{10/}	15,426	28.9	-1.8	---
COTTAGE CHEESE, CREAM ^{4/}	26,440	-12.5	-0.1	-7.6	PROTEIN ISOLATES ^{11/}	4,899	23.8	7.6	---
COTTAGE CHEESE, LOWFAT ^{5/}	29,695	-9.0	-7.3	-4.7	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONSDS WHOLE MILK	40,137	-7.2	4.7	---	ICE CREAM (HARD)	82,208	2.0	4.7	0.1
DRY BUTTERMILK	6,611	19.6	0.5	---	ICE CREAM, LOWFAT (HARD)	12,654	-4.5	-9.7	---
DRY WHOLE MILK	6,759	21.0	74.2	---	ICE CREAM, LOWFAT (SOFT)	24,663	7.9	0.3	---
MILK PROTEIN CONC. (MPC), TOTAL ^{6/}	12,289	9.1	4.7	---	ICE CREAM, LOWFAT (TOTAL)	37,317	3.3	-3.3	3.7
NONFAT DRY MILK (NDM), HUMAN	154,387	2.6	1.3	-3.2	SHERBET, HARD	4,602	-7.7	-3.9	-4.5
SKIM MILK POWDERS (SMP) ^{7/}	17,146	-35.8	18.6	-12.2	YOGURT (TOTAL)	6,828	1.3	0.2	-5.3

MANUFACTURERS' STOCKS, END OF MONTH ^{12/}							
PRODUCT	MAY 2010	PERCENT OF:		PRODUCT	MAY 2010	PERCENT OF:	
	1,000 LBS.	MAY 2009	APR 2010		1,000 LBS.	MAY 2009	APR 2010
DRY WHEY, HUMAN FOOD	48,185	12.8	0.1	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	5,693	328.4	27.3	HUMAN FOOD ^{9/}	36,217	0.3	1.5
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL ^{13/}	10,604	-30.2	8.0	ANIMAL FEED ^{9/}	1,645	-32.0	-30.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	76,170	6.3	3.6	TOTAL ^{9/}	37,862	-1.7	-0.5
CANNED EVAP & CONSDS WHOLE MILK	108,558	27.3	21.5	25.0-49.9 PERCENT ^{10/}	21,101	-5.6	-6.0
DRY BUTTERMILK	8,118	52.7	3.9	50.0-89.9 PERCENT ^{10/}	16,761	3.6	7.5
NONFAT DRY MILK (NDM), HUMAN FOOD	147,574	-25.5	2.5	PROTEIN ISOLATES ^{11/}	9,582	-15.6	-0.9

^{1/} 2010 cumulative as percent change of 2009 cumulative. ^{2/} Includes Cheddar, Colby, Monterey and Jack. ^{3/} Mostly used for processing into cream or lowfat cottage cheese. ^{4/} Fat content 4 percent or more. ^{5/} Fat content less than 4 percent. ^{6/} Dry milk protein concentrate, 40-89.9 percent. ^{7/} Includes protein standardized and blends. ^{8/} Excludes all modified dry whey products. ^{9/} Whey Protein Concentrate, 25.0 to 89.9 percent. ^{10/} Whey Protein Concentrate Human and Animal. ^{11/} Whey Protein Isolates, 90.0 percent or greater. ^{12/} Stocks held by manufacturers at all points and in transit. ^{13/} Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (7-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

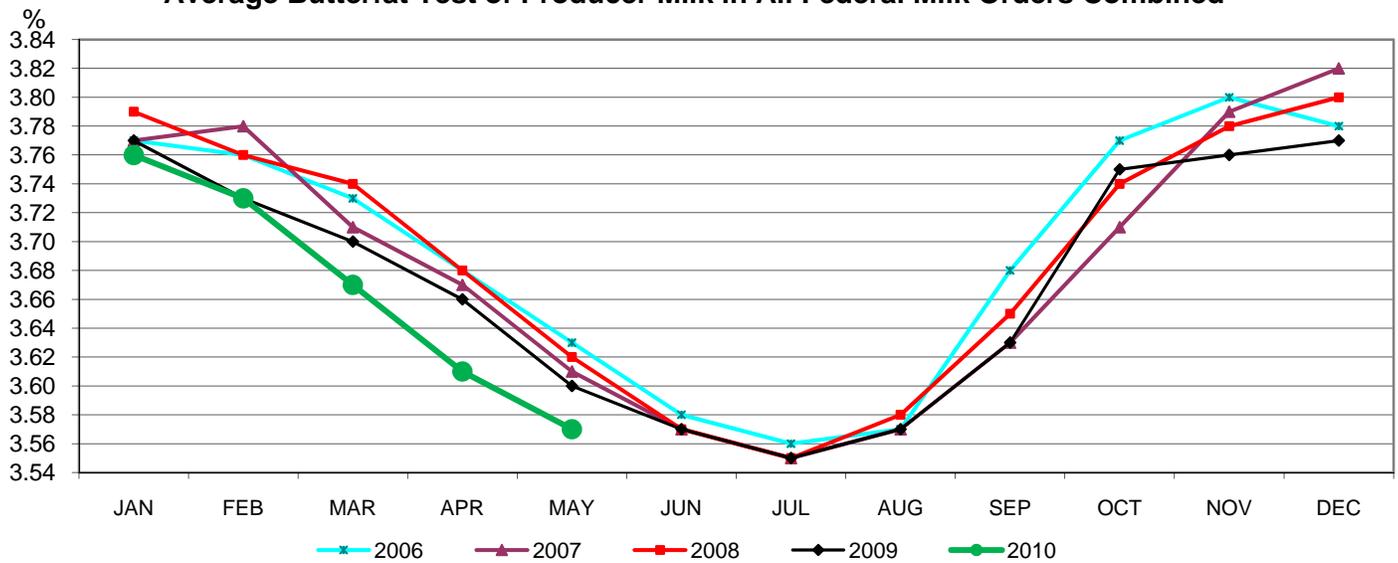
FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

Component Price Information: Under the Federal milk order pricing system, the butterfat price for June 2010 is \$1.7234 per pound. Thus, the Class II butterfat price is \$1.7304. The protein and other solids prices for June are \$2.2040 and \$0.1748 per pound, respectively. These component prices set the Class III skim milk price at \$7.86 per cwt. The June Class IV skim milk price is \$9.76 which is derived from the nonfat solids price of \$1.0843 per pound. **Product Price Averages:** The product price averages for June are: butter \$1.5946, nonfat dry milk \$1.2631, cheese \$1.4475, and dry whey \$0.3688.

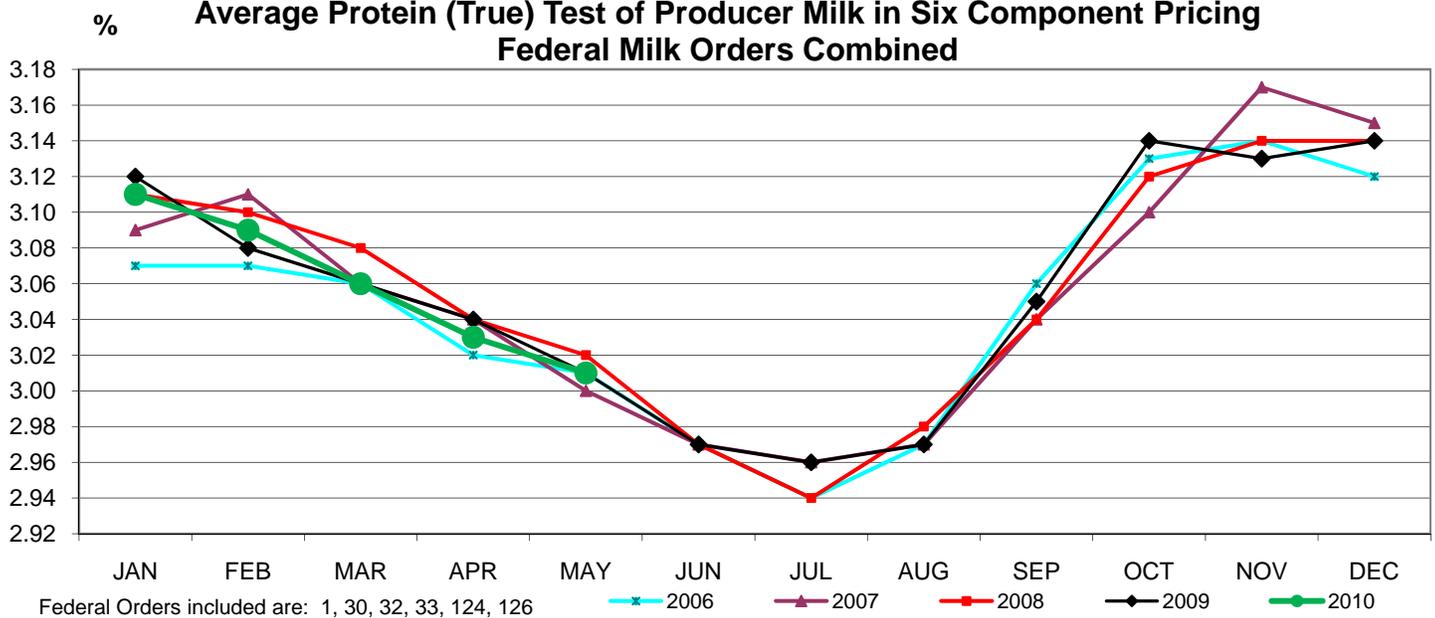
FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	JUNE 2010				JULY 2010
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	18.53	16.01	13.62	15.45	18.91
Appalachian (Charlotte) ^{5/} _{6/}	005	18.68	16.01	13.62	15.45	19.06
Southeast (Atlanta) ^{6/} _{7/}	007	19.08	16.01	13.62	15.45	19.46
Florida (Tampa) ^{6/} _{8/}	006	20.68	16.01	13.62	15.45	21.06
Midwest (Cleveland) ^{9/}	033	17.28	16.01	13.62	15.45	17.66
Upper Midwest (Chicago) ^{10/}	030	17.08	16.01	13.62	15.45	17.46
Central (Kansas City) ^{11/}	032	17.28	16.01	13.62	15.45	17.66
Southwest (Dallas) ^{12/}	126	18.28	16.01	13.62	15.45	18.66
Arizona (Phoenix)	131	17.63	16.01	13.62	15.45	18.01
Pacific Northwest (Seattle) ^{13/}	124	17.18	16.01	13.62	15.45	17.56
All-Market Average	---	18.17	16.01	13.62	15.45	18.55

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
^{3/} Names in parentheses are the major city in the principal pricing point of the market.
^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.
^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.
^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.
^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

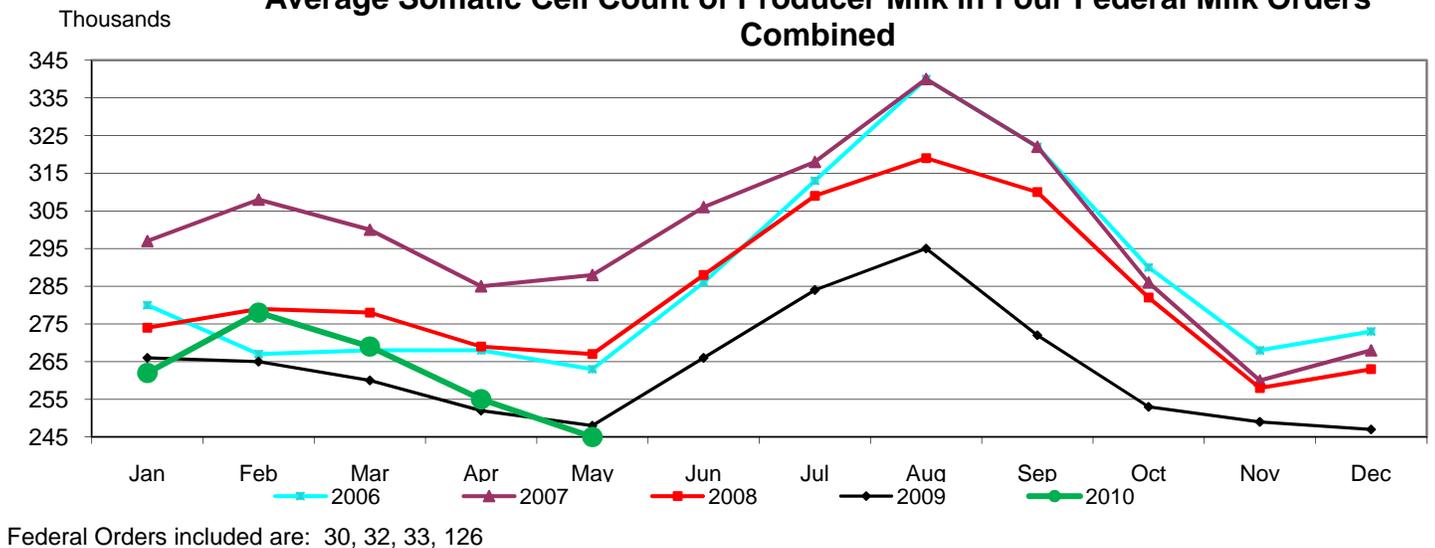
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined

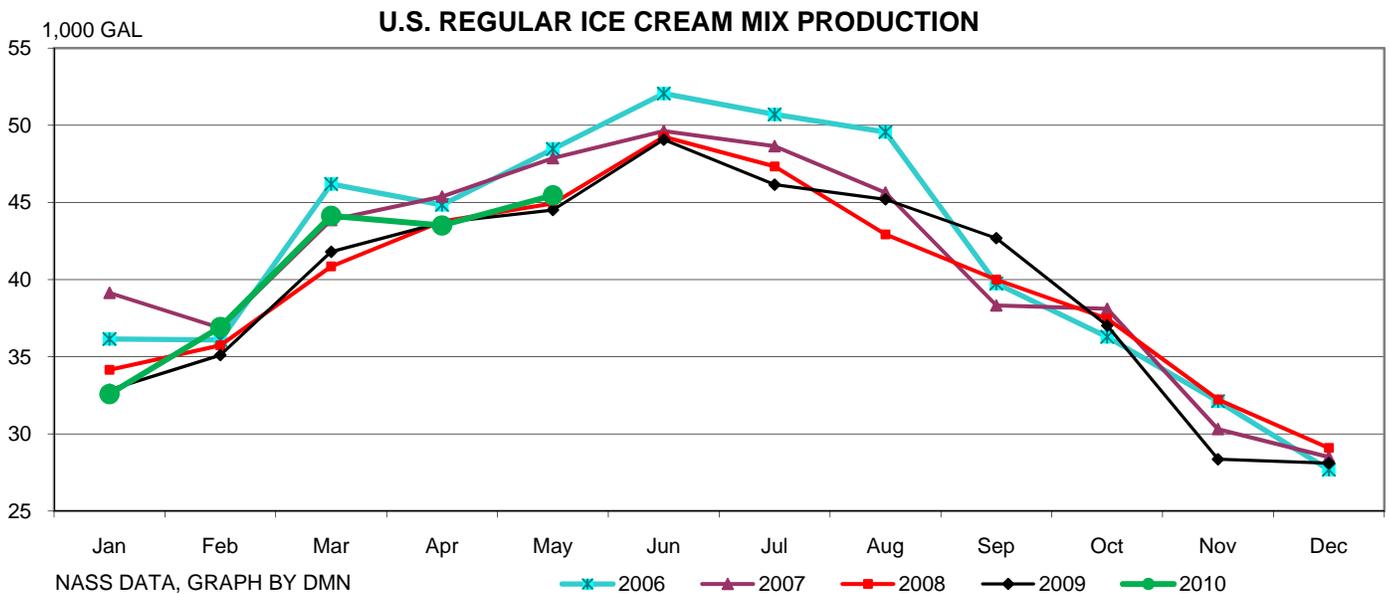
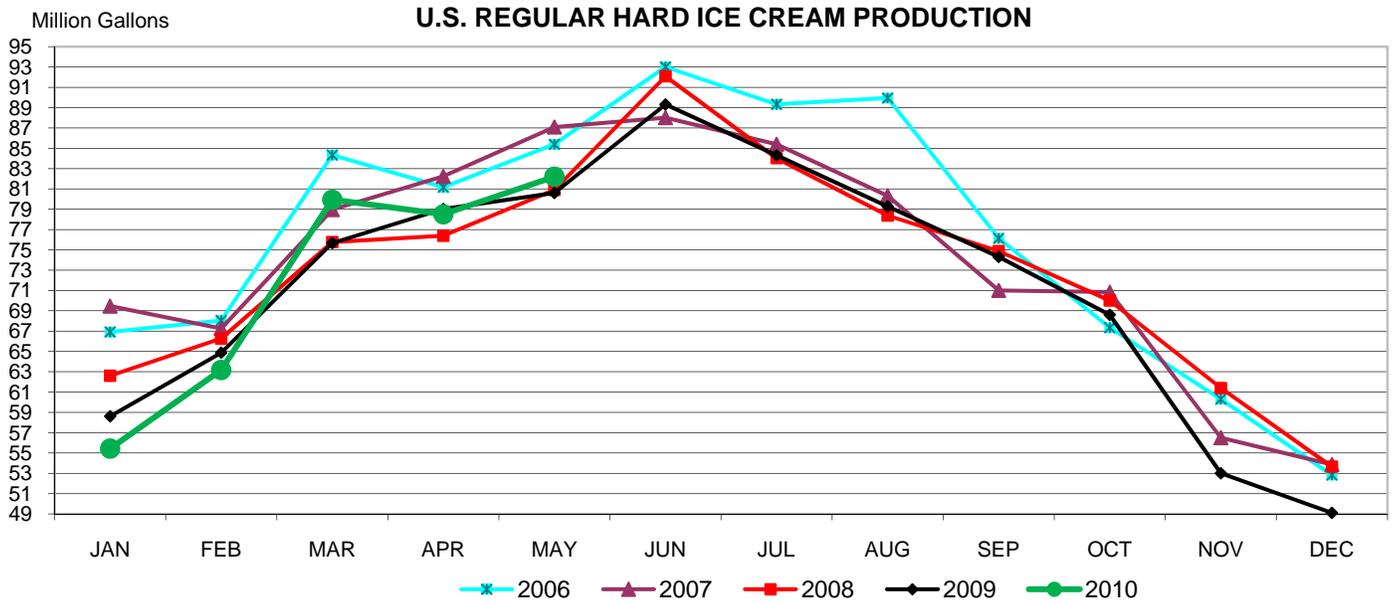
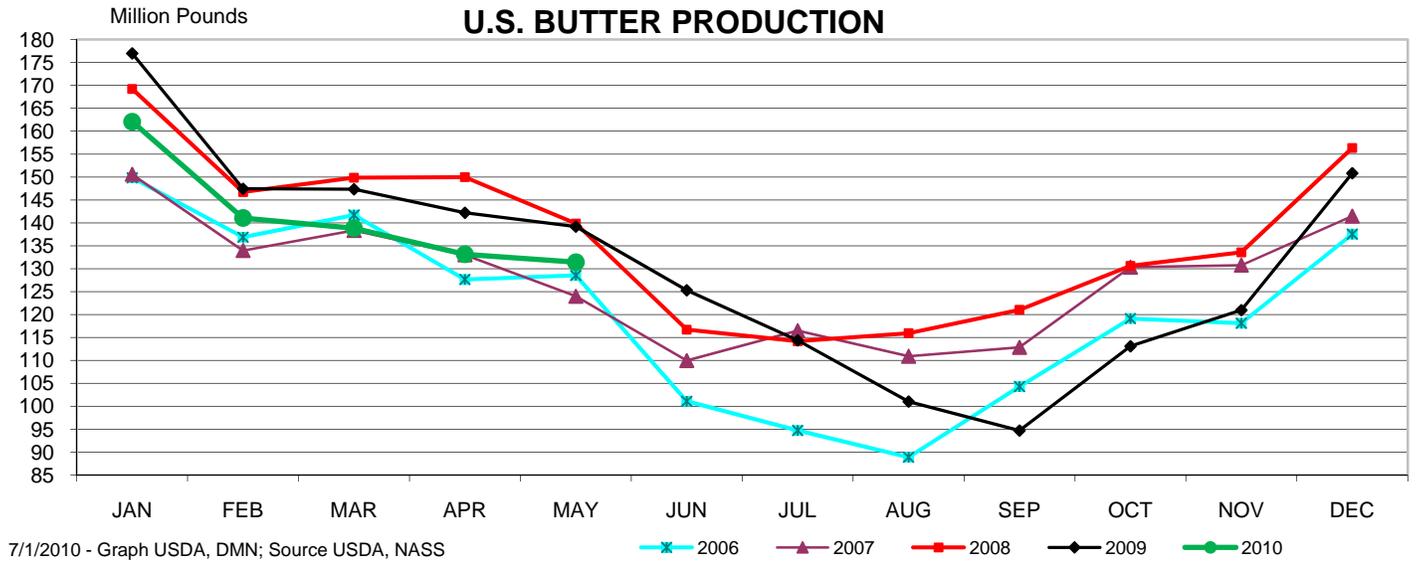


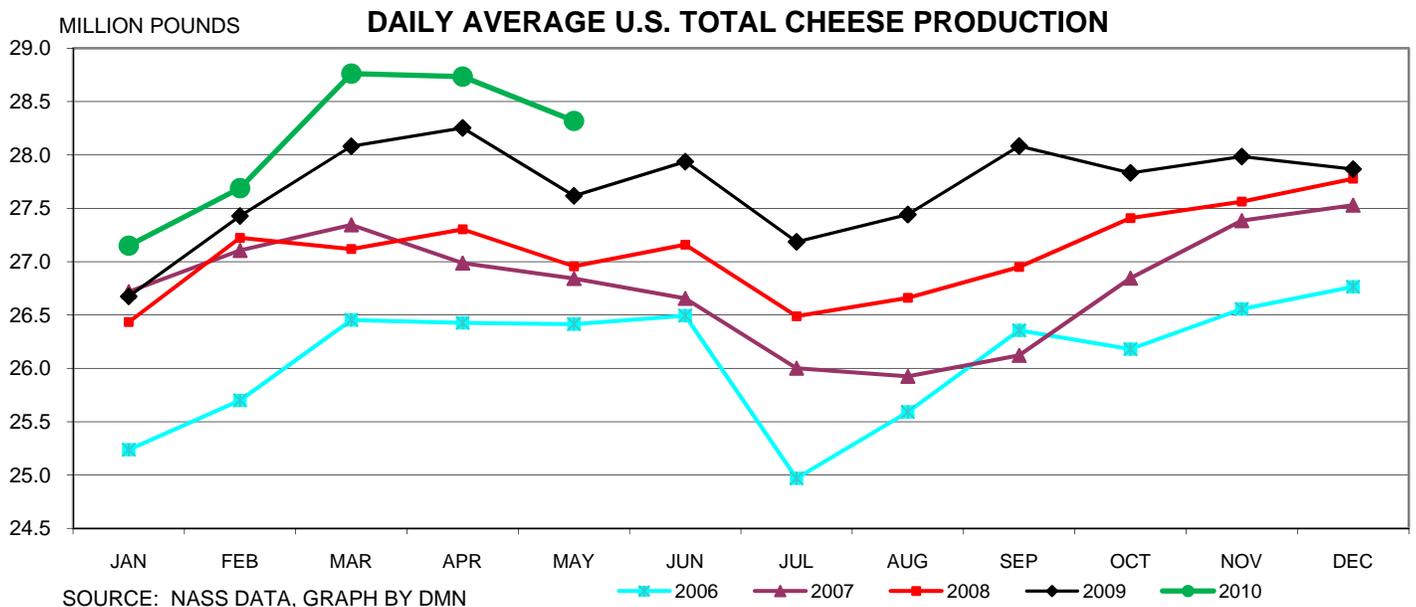
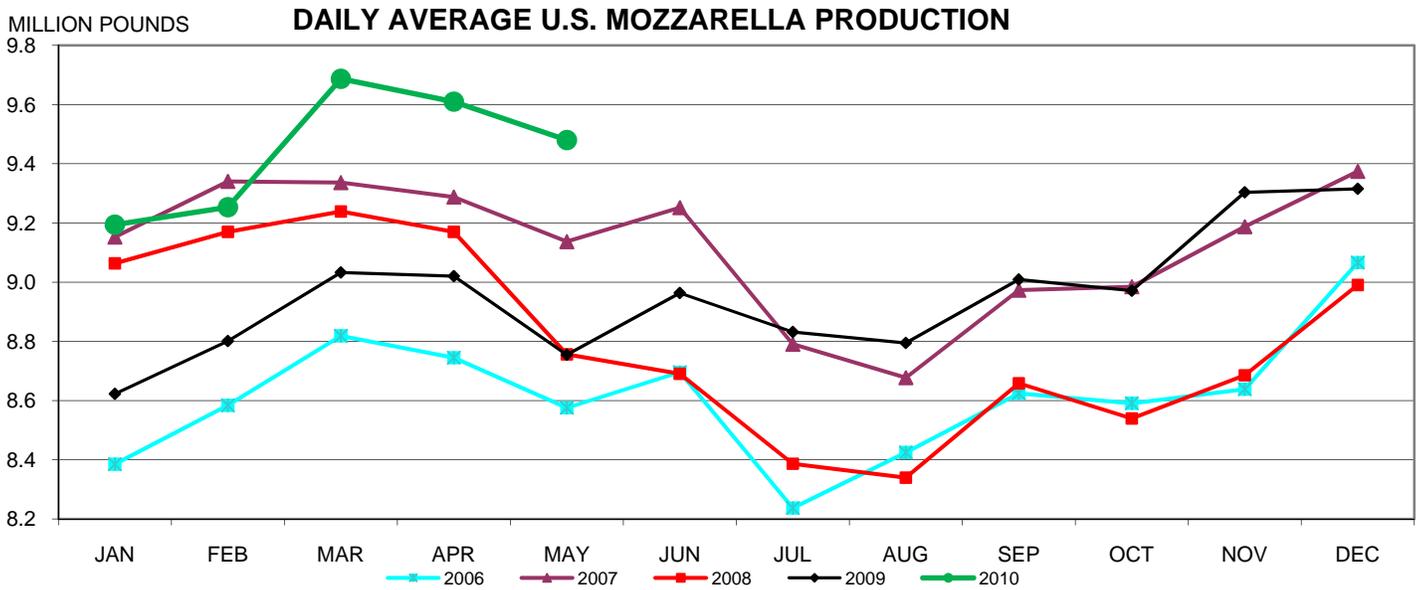
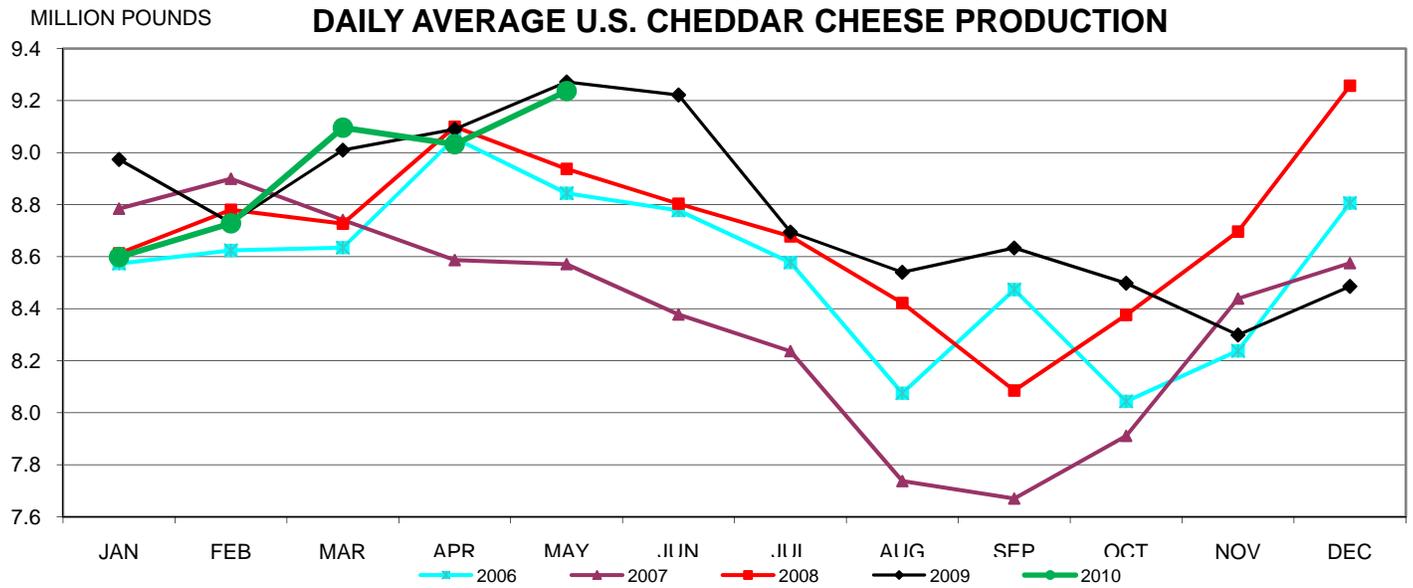
Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



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







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Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

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NORTHEAST/SOUTHEAST

Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

INTERNATIONAL

Steven Schneeberger
(608) 278-4154
Steven.Schneeberger@AMS.USDA.GOV

CENTRAL

George Koerner
(608) 278-4155
George.Koerner@AMS.USDA.GOV

ORGANIC

Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

SOUTHWEST

Lester "Butch" Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NORTHWEST/MOUNTAIN

Bob Hunter
(608) 278-4158
Robert.Hunter@AMS.USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

NATIONAL SUPERVISOR

Donald Nelson
(608) 278-4156
DonaldO.Nelson@AMS.USDA.GOV

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337