NATIONAL DAIRY MARKET AT A GLANCE

CME GROUP CASH MARKETS (07/09):
BUTTER: Grade AA closed at $1.7625. The weekly average for Grade AA is $1.7531 (+.0151).
CHEESE: Barrels closed at $1.5000 and 40# blocks at $1.5275. The weekly average for barrels is $1.4781 (+.0871) and blocks, $1.5006 (+.0796).

BUTTER HIGHLIGHTS: The CME cash butter market remained unchanged at $1.7500 for over a week, but firmed 1 1/4 cents on Friday to close the week at $1.7625. Churning activity was heavier over the recent holiday weekend, although not as active as many butter producers anticipated or desired. Cream volumes were more available during that time, but quickly tightened early in the week as Class II operations resume production. Many butter producers were hoping to enhance lower than desired inventory levels during the holiday period. Cream pricing multiples remain firm. Butter buying interest this week was lighter as many butter buyers reviewed holiday carryover inventories before re-entering the marketplace. Some scattered retail feature activity in the Central part of the country is being reported at $1.7900 per pound.

CHEESE HIGHLIGHTS: Cheese prices broke out above their recent trading range at the CME Group cash cheese market to set new 2010 highs this week. Many processors/packagers are running on heavier schedules after the holiday weekend to offset the holiday downtime. While adequate volumes of current cheese remain in the pipeline, summer heat and humidity are causing milk volumes to decline noticeably through most, if not all, the country. Combined with the reopening of schools in a month and strong cream/butter/ice cream demand, cheese milk volumes could be appreciably different within weeks and this has buyers concerned. Elevated summer temperatures, some with humidity, are causing declines in already seasonally low milk component levels, leading to even lower cheese yields.

FLUID MILK: Farm milk production is trending lower seasonally in most regions as high daytime temperatures coupled with high humidity affect cow comfort. Bottling, cream and Class II-type demand decreased over the long holiday weekend, sending a higher proportion of farm milk into other manufacturing uses. Cream multiples fell over the weekend due to higher supplies and some surplus milk volumes cleared at a discount to class prices. Plant capacities were adequate for processing intakes. Churning activities increased in most areas. Dryers actively cleared condensed skim and buttermilk. Milk component levels continue to trail 2008 monthly levels, and the declines in butterfat and protein are being chalked up to lesser feed quality compared to one year ago.

DRY PRODUCTS: Weaker price trends are emerging in some of the dry product markets. Nonfat dry milk prices edged lower in all price series. Inventories at most locations are higher, and resale offerings on the secondary market are priced competitively. Central/Eastern dry buttermilk prices are unchanged but the Western dry buttermilk market is fractionally lower as the influence of lower dairy protein pricing on the NDM market spreads. Dry whey prices are steady to the East and West. Dry whey prices are slightly lower in the Central region as holdings prompt some manufacturers to make fractional adjustments to premiums to encourage sales. The whey protein concentrate 34% market is also feeling some impact from the NDM market and the high end of both the range and mostly moved lower. Lactose pricing adjusted for lower activity in the spot market and third quarter contract pricing.

INTERNATIONAL OVERVIEW (DMN): The major topic of discussion in the **Oceania** region is the outcome of the recent global/Dairy Trading event held on July 6. Most traders and handlers of dairy products anticipated that prices would trend lower, but the sharp declines were a surprise to many. The average price for all contracting periods for anhydrous milkfat declined 14.1% to $4,620 per MT, skim milk powder declined 11.8% to $3,067, and whole milk powder declined 14.8% to $3,224. It is still too early to realize what impact these auction prices will have on current pricing structures, but handlers and traders are stating that these prices send a market sentiment to current markets. Many state that this is an auction and depending on who is at the auction, the outcome is always uncertain. International supplies of most dairy products have been limited in the last few months, but recently, supply tightness has eased as milk production is seasonally strong in the Northern hemisphere. Many state that lower auction prices are sending a message to potential buyers that product prices will be lower. Most Oceania traders and

CONTINUED ON PAGE 1A

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

INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
DAIRY FUTURES (PAGE 9)
CORRECTED COMMERCIAL DISAPPEARANCE (PAGE 10)
JULY MILK SUPPLY AND DEMAND ESTIMATES (PAGES 11 - 12)
DAIRY GRAPHS (PAGES G1 – G2)

CME GROUP CASH TRADING

PRODUCT	MONDAY JULY 5	TUESDAY JULY 6	WEDNESDAY JULY 7	THURSDAY JULY 8	FRIDAY JULY 9	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	CME	$1.4500 (+.0500)	$1.4625 (+.0125)	$1.5000 (+.0375)	$1.5000 (N.C.)	(+.1000)	$1.4781 (+.0871)
40# BLOCKS	CLOSED	$1.4750 (+.0200)	$1.4800 (+.0050)	$1.5200 (+.0400)	$1.5275 (+.0075)	(+.0725)	$1.5006 (+.0796)
NONFAT DRY MILK							
EXTRA GRADE	HOLIDAY	$1.2300 (-.0150)	$1.2300 (N.C.)	$1.2300 (N.C.)	$1.2300 (N.C.)	(-.0150)	$1.2300 (-.0150)
GRADE A		$1.2100 (-.0200)	$1.2100 (N.C.)	$1.2100 (N.C.)	$1.2100 (N.C.)	(-.0200)	$1.2100 (-.0260)
BUTTER							
GRADE AA	OBSERVED	$1.7500 (N.C.)	$1.7500 (N.C.)	$1.7500 (N.C.)	$1.7625 (+.0125)	(+.0125)	$1.7531 (+.0151)

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

CONTINUED FROM PAGE 1

handlers will be adjusting their prices, but will probably not adjust to the extent of the sharp auction declines. As what occurred at the auction a few months ago when prices spiked sharply higher, commercial pricing did not adjust to those level and likewise in this situation, prices will probably not adjust to these much lower levels. Traders and handlers feel that sharp swings one way or another are situations that can occur at an auction which are not indicative of current market trends. Many within the dairy industry are looking forward to the twice a month auctions which will begin in September, stating that this will hopefully ease volatility within the market. Milk production in the Oceania region is at seasonally low levels. Many milk handlers and processors are stating that farmer optimism is favorable. Although **New Zealand** producers ended their most recent season quite suddenly, the outlook for the new season is positive. Various projections for milk production in New Zealand during the upcoming season are as much as 14% higher, with many projecting a 9 - 10% increase to be more probable. In **Australia**, the 2009 – 2010 milk production year came to an end on June 30th. Early reports are that annual output will have trailed the 2008 - 2009 season by about 4%. Late season strength is what helped second half figures to be positive when compared to the previous year. Early 2010 – 2011 projections are that output in Australia will be 1% higher than last season, with some more optimistic and projecting a 2 – 3% increase. Farmers in both New Zealand and Australia are looking to the new season with confidence. Many feel that farming margins will be better this season as grain and milk prices will be working together versus against each other as they have been in recent years. Milk processors are looking forward to a good production year and are hopeful that farmers will take the positive year as a recovery year and not over react with their operations. The **European** milk production season is now on the down side of the year. Milk processors and handlers are stating that although the season got off to a slow start, milk volumes quickly caught up with previous year levels and, for the most part, are at or slightly higher than last year at this time. Cheese production was the product of most milk clearance through peak levels, but now cheese output has eased and other manufactured products are able to once again enhance their production schedules. Butterfat continues to be the product of most tightness. At the July 8th Dairy Management Committee meeting, no significant dairy issues were adjusted or announced. Sales of intervention butter were reported with all skim milk powder bids again being rejected. The commission accepted bids for 210 MT (462,000 pounds) of intervention butter at levels around 3,610 Euros per MT ($4,548). This sale leaves about 1,734 MT (3.8 million pounds) of intervention butter left. There were some butter bids that were rejected. All 3,000 MT of skim milk powder bids at prices ranging 1,850 – 2,150 Euros per MT were rejected. Many traders and handlers were surprised at the volumes of skim powder bids, especially when European stocks are building. Many European traders and handlers are questioning what impact the sharply lower prices realized at the July 6th global/ Dairy Trading event may have on their prices. For the most part, they feel that these sharply lower prices will not have a significant effect, although the drop is sending a weaker market tone message to the marketplace. Traders and handlers state that sales activity is slow, typical for this time of the year. At this time, the summer holiday season is beginning, which typically slows buyer interest. Stocks of product, outside of butterfat, are readily available for domestic and international buyer interest.

CORRECTED COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first four months of 2010 totals 62.2 billion pounds, 2.2% above the same period in 2009. Comparing disappearance levels with year earlier levels: butter is +3.6%; American cheese, -0.6%; other cheese, +4.1%; NDM, +13.5%; and fluid milk products, -1.0%.

SUPPLY AND DEMAND ESTMATES (WAOB): Forecast milk production for 2010 and 2011 is raised slightly from last month. Milk cow numbers have remained higher than expected and milk per cow is expected to increase more rapidly than previously forecast. Exports for 2010 are raised reflecting strong sales of dairy products but fat-basis exports for 2011 are unchanged from last month as production of fat-based products by competing exporters is expected to increase in 2011. However, the forecast of skim basis exports is raised for 2011 as nonfat dry milk (NDM) exports will likely reflect improving economic conditions. Fat-basis imports for 2010 and 2011 are forecast lower reflecting tight world supplies and growing international demand. The Class III price forecast for 2010 is reduced on a lower cheese price forecast, but the Class IV price forecast is raised as the price forecast for butter is raised, more than offsetting a reduction in the NDM price. The 2011 forecast for butter is raised slightly but forecasts for other products are unchanged. The Class III and Class IV price forecasts are raised. The all milk price is forecast to average $15.80 to $16.10 per cwt for 2010 and $15.90 to $16.90 per cwt for 2011.

CME GROUP

MONDAY, JULY 5, 2010

NO TRADING, 4TH OF JULY HOLIDAY OBSERVED

TUESDAY, JULY 6, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ $1.4500; 1 CAR 40# BLOCKS @ $1.4750; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ $1.2300; 1 CAR GRADE A @ $1.2100
BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ $1.7500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8000

WEDNESDAY, JULY 7, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ $1.4625; 1 CAR 40# BLOCKS @ $1.4800; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $1.2100
BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ $1.7500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8000

THURSDAY, JULY 8, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ $1.5000; 1 CAR 40# BLOCKS @ $1.5200; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $1.2100
BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ $1.7500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8000

FRIDAY, JULY 9, 2010

CHEESE — SALES: 1 CAR BARRELS @ $1.5000; 1 CAR 40# BLOCKS @ $1.5225; LAST BID UNFILLED: 1 CAR BARRELS @ $1.5000; 1 CAR 40# BLOCKS @ $1.5275; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ $1.2300; 1 CAR GRADE A @ $1.2100
BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.7625; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8000

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group have retained recent gains and closed Tuesday, unchanged at $1.7500. Cream supplies were more available over the holiday weekend and early part of the week, resulting in marginal increases in butter production. Only a few butter makers are building inventories, while others fill current orders and opt to sell cream on the spot market. Butter inventories continue to be monitored closely with concerns regarding declining butterfat tests and having adequate butter supplies for the fall holiday season. According to ERS, commercial disappearance of butter for the first four months of this year totals 511.8 million pounds, up 4.5% or 17.6 million pounds compared to the same period last year. According to NASS, cumulative 2010 butter production through May was 6.2% below cumulative year production for the same period for 2009. U.S. butter production for May totaled 131.4 million pounds, down 1.3% from April and down 5.6% compared to May 2009. Atlantic region butter production in May totaled 12.7 million pounds, down 10.5% from last month, but 6.4% more than for the same period last year. 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 is firm and remains at $1.7500 at midweek. This past week has been the longest period of an unchanged price since mid April. Churning activity over the past holiday weekend was heavier, but not as heavy as many anticipated. Some surplus cream was offered to various butter operations at price levels below current quotes. Cream supplies once again tightened early in the week for churning as Class II operations resume regular production schedules. Butter operations that were able to take advantage of the holiday cream offerings were able to inventory finished stock with confidence. Early in the week, butter demand remained slow as most buyers are assessing their holiday carryover supplies before re-ordering. Some retail print activity is appearing in local newspapers around the Central part of the country at price levels that potentially should clear good volumes of butter. One such ad featured AA 1# quarters @ $1.7900 per pound. Some food service buyers stated that during the holiday weekend, traffic flow through their restaurant facilities was pretty good, especially with the holiday weekend generally running for three days. Current spot bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Wednesday's butter price at the CME Group was unchanged at $1.7500. Prices have been unchanged since last Wednesday. Sales of butter at the Exchange have been very light with no sales reported in the last four sessions. Although prices held steady for the week, retail buyer demand is cautious. Consumer resistance to higher prices has slowed private label sales in some cases. Food service orders are spotty also, depending on regional recreation sales. The holiday weekend allowed for some surplus cream to become available. Butter manufacturers took advantage of the excess cream to replenish stocks at lower cream multiples. Many producers are pulling from inventory to fill current orders. After the weekend, cream demand returned, although multiples were less than before the holiday. Butter stocks remain short and producers are balancing sales to regulate supplies for later in the year. Prices for bulk butter range from flat to 3.5 cents under the market, based on the CME with various time frames and averages used. According to the NASS *Dairy Products* report, May butter production for the U.S. totals 131.4 million pounds, down 5.6% or 7.7 million pounds from May of last year. Production was down 1.3% or 1.7 million pounds from the April 2010. Output in the Western region totals 72 million pounds, up 8.7% or 5.8 million pounds more than May 2009. The West produced 54.8% of the butter in the U.S. in May. Cumulative output for the year for the U.S. is 706.5 million pounds, down 6.2% from the same period in 2009. This works out to a decline of 46.6 million pounds. According to the Economic Research Service, the *Commercial Disappearance* of butter for January-April 2010 totals 511.8 million pounds, up 4.5% from the same period last year on a daily average basis. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 4 million pounds last week to stand at 51 million pounds. This total compares to 102.1 million pounds in 2009 and 115.1 million pounds in the comparable week in 2008. Stocks in storage are reduced for the fourth consecutive week. 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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
JULY 3	1.4025	1.4007	1.2816	1.7014	0.3727
	14,182,795	10,697,532	11,239,692	3,391,924	8,393,593

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

CHEESE MARKETS

NORTHEAST

CME Group cheese pieces have mounted significant gains recently with barrels advancing $.0725 in the last 4 sessions and blocks advancing $.0775 in the last 5 sessions. Trading Tuesday had barrels closing at $1.4500 and blocks at $1.4750. Cheese production remains steady at seasonal levels with cream cheese and cheddar production for aging programs very active. Condensed skim sales to mozzarella plants for fortification needs continues, prompted by good product movement through wholesale channels. According to ERS, Commercial Disappearance of American cheese for the first four months of the year totals 1,372.2 million pounds, up 0.1% compared to the same period last year. Disappearance of cheese in the Other category totals 2,029.2 million pounds, up 5.0% from last year. According to NASS, total U.S. cheese production for May, 2010 was 877.9 million pounds, 1.8% more than last month and 2.5% more than May 2009. The Atlantic region produced 108.8 million pounds in May, down 1.4% from April and 0.3% less than last year. The region accounts for 12.4% of the U.S. total. Individual state breakdowns show mixed production trends. New York's May production totaled 58.4 million pounds, down 1.2% compared to April, but up 2.1% compared to last year. Pennsylvania totaled 34.9 million pounds, up 1.9% compared to April and 0.3% higher than last year. Vermont totaled 8.4 million pounds, down 13.7% compared to April and 19.6% below last year. Most of the significant decline in Vermont can be attributed to a plant closure. The Atlantic region produced 58.3 million pounds of Italian cheese, 15.8% of the U.S. total. Individual state breakdowns show New York decreasing, but Pennsylvania increasing in total Italian cheese production. New York produced 28.8 million pounds, down 2.2% from April and 9.4 % less than last year. Pennsylvania produced 24.3 million pounds, up 4.8% compared to last month and 6.9% higher than last year. The Atlantic region's mozzarella production of 40.0 million pounds was 68.7% of its total Italian cheese output. The region's mozzarella production in May was down 1.0% compared to April and down 0.4% compared to last year.

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

Cheddar 40# Block	:	1.7375-2.0125
Process 5# Sliced	:	1.4925-1.8025
Muenster	:	1.7575-1.9550
Grade A Swiss Cuts 10 - 14#	:	3.0050-3.3275

MIDWEST

The cheese market continues to rebound within the recent trading range. As usual after a holiday, business takes an extra day or two to review holiday movement before reordering. Offerings remain heavy as cheese production declines slowly; heavy volumes remain in the current cheese pipeline. Most packagers and/or processors have line time available to fill additional orders. Demand is unsettled as many buyers are reluctant to set up promotions with prices bouncing around so much. Retailers and food service accounts that have been promoting are finding that sales are sluggish unless promoted. Swiss supplies remain heavy as production remains active. Mozzarella movement is mixed, often slower. With very high cream prices, plant operators have to reexamine adding NDM or condensed skim to milk vats to extend yields or whether to separate and sell extra cream makes more economic sense. Milk receipts are declining but not yet appreciably to tighten cheese supplies.

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

Process American 5# Loaf	:	1.7500-1.9325
Brick And/Or Muenster 5#	:	1.9350-2.0000
Cheddar 40# Block	:	1.8500-2.5650
Monterey Jack 10#	:	1.8975-2.5650
Blue 5#	:	2.2725-2.7300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7675-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4125-3.3300

WEST

Cheddar Barrels on Wednesday at the CME Group closed up $.0125 at $1.4625. 40 Pound Blocks were up $.0050 to close at $1.4800. No sales of Barrels or Blocks have been recorded over the last five trading sessions. Cheese prices have advanced on bids at the CME Group. Although inventories of cheese in storage are up, producers are content with contracted sales to keep moving product. Mozzarella sales have slowed as summer sales are typically slower. Processors were closed for the holiday in some instances and resumed demand after the 4th weekend. Increasing heat levels in the West have reduced milk intakes as well as yield of components. Current prices favor cheese production versus butter/powder destinations for balancing plants. According to the NASS *Dairy Products* report, total cheese production in the U.S. in May reached 877.9 million pounds, up 2.5% or 21.8 million pounds from last year. May total cheese production in the Western region was 374.6 million pounds, up 5.7% or 20.2 million pounds from May 2009. The West produced 42.7% of all the cheese in the U.S. in May. Cumulative total cheese output for the U.S. for the year is 4.2 billion pounds, up 1.9% or 79.4 million pounds from the same period in 2009. Swiss output for the U.S. in May is 28.9 million pounds, up 5% or 1.4 million pounds from last year. USDA's Economic Research Service reports that *Commercial Disappearance* of American Cheese for January-April 2010 stood at 1,372.2 million pounds, 0.1% more than the same period last year on a daily average basis. Disappearance of Other Cheese for January-April 2010 was 2,029.2 million pounds, 5% higher than the same period last year on a daily average basis.

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

Process 5# Loaf	:	1.5150-1.7725
Cheddar 40# Block	:	1.5525-1.9050
Cheddar 10# Cuts	:	1.7325-1.9525
Monterey Jack 10#	:	1.7425-1.9025
Grade A Swiss Cuts 6 - 9#	:	2.5825-3.0125

FOREIGN

Block prices on the CME Group advanced $.0775 in the last 5 trading sessions and closed Tuesday at $1.4750. The CME Group price advances resulted in a higher weekly average, which prompted higher prices for domestic varieties. Swiss Cuts also moved higher, following recent advances in the Class III milk price. Swiss cheese production remains steady with sluggish sales and expanded inventories. The stronger U.S. dollar continues to provide Swiss cheese imports with price advantages over their domestic counterparts. NASS reports domestic Swiss production during May, 2010 totaled 28.9 million pounds, 1.5% more than April and 5.0% more than May 2009.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	2.6400-5.3900	1.8775-3.3650*
Gorgonzola	3.6900-6.6900	2.3800-2.6400*
Parmesan (Italy)	-0-	3.2850-3.4875*
Provolone (Italy)	3.4400-5.9900	1.9200-2.0775*
Romano (Cows Milk)	-0-	3.0675-5.2100*
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-	3.0975-3.4200*
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
07/05/10	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	206	0	264	0	140
SOUTHEAST STATE	0	0	0	0	0	0

The heat is on in the East with temperatures approaching 100 degrees. The heat wave in the Mid Atlantic region has caused significant production declines. The Northeast has experienced fewer days of intense heat and the extent of the declines cannot be fully assessed at the release of this report. Declines in Class I demand and Class II holiday production schedules added to manufacturing milk supplies. Both regions had more than adequate manufacturing milk supplies, in some cases fairly heavy supplies, over the holiday weekend and into the early part of the week. The Southeast is also experiencing hot dry weather, causing crop stress and major declines in milk production. Steeper declines in production are prompting producers to "dry off" cows a little earlier this year than in previous years. Florida's production declines are following normal seasonal trends in most areas with some steeper declines, due to heat, noted in the northern Panhandle area. Exports totaled 206 loads, nearly 60 loads less than last week. Class I demand for Florida and the Southeast region remains flat. Cream supplies were more readily available over the holiday period and as a result multiples moved lower over the weekend and into the early part of the week. Multiples ranged mostly from 145-155 with sales later in the week above 155. Current multiple levels are 20-25 points higher than for the same holiday period last year. Cream supplies are expected to tighten as Class II returns to full production. Condensed skim movement through contracts and spot sales slowed as Class II production schedules were reduced over the holiday period. Drying schedules for low and high heat nonfat dry milk were increased to assist with clearing increased manufacturing milk volumes. According to NASS, ice cream production in the Atlantic region in May totaled 17.5 million gallons, 8.6% more than April, but 3.4% less than May 2009. Pennsylvania's ice cream production for May totaled 2.8 million gallons, down 1.0% from April and 5.2% lower than year ago levels. U.S. yogurt production (plain and flavored) for May totaled 339.9 million pounds, up 2.3% from April and 3.3% higher compared to the same period last year. Cumulative 2010 production through May totaled 1.73 billion pounds, 7.5% higher than through May 2009.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5201-2.6939
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.3463-2.6591

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 - 1.07

MIDWEST

Fluid movement is generally steady at lighter summer levels unless promoted. A local retail store brand featured gallons of skim, 1%, or 2% at $0.99 with a separate $5 purchase, limit one. Most features are occurring on reduced fat varieties as bottlers already struggle to meet the minimum fat content with the low component milk entering the plants and promoting skim products reduces the volume of cream needed to purchase. Class II product output (outside of ice cream) was generally back to regular levels after the holiday. Ice cream production was lower as many operations took an extra day off over the holiday weekend. Cream prices over the weekend were steady to often lower. Cream multiples were still recovering at midweek. Some extra churning occurred over the long holiday weekend with other users closed for an extra day or two. Surplus milk volumes, both local and from other areas, were disappearing aided by elevated temperatures and/or humidity in many locations across the country. Reported prices on surplus milk volumes went fractionally under class over the long holiday weekend to premiums of around $1.00 over class net to the seller after the weekend. One complaint already is about the unusually low component levels, particularly butterfat, in farm milk receipts. Some areas of the region were receiving ample quantities of rain while others, often on the eastern end, were hot and dry. Corn is already starting to tassel in Wisconsin, well ahead of normal.

WEST

CALIFORNIA milk production moved lower with recent heat affecting milk cows. In areas where daytime temperatures have moderated, milk is steady. Mild nighttime temperatures are a big factor in milk cow comfort. Processors are noting intakes are slightly lower to about even with year ago levels. Milk handling went well over the holiday weekend with few problems noted. There were plants that were scheduled down for an extra day. In ARIZONA, milk output is moving lower with temperatures over 100 and reaching towards 110 degrees. Humidity levels are beginning to rise, which generally causes output to decline further and faster. Processing plants were running at expected levels over the holiday and no problems were reported. NEW MEXICO milk production is flat in recent weeks. Milk was being moved around over the holiday weekend as a plant had some equipment issues. There was ample space to handle the displaced milk, but transportation issues and finding available tankers proved to be problems. CREAM markets are starting to regain the momentum seen ahead of the holiday period. Demand is returning with some reluctance noted to the higher multiples. Other buyers are only looking to keep their cream needs solved and are paying the price needed. Butter pricing at the CME Group closed at $1.7500 on Wednesday, July 7, unchanged from a week ago. Current multiples range from 125-160. There is a bigger spread depending on the day the deal was struck and multiples vary based on class usage and basing point. Warmer weather arrived in the PACIFIC NORTHWEST this week. Central Washington reported temperatures in the 90's. Although warmer, milk production levels remain at expected levels. Extra milk for manufacturing was available over the 4th of July weekend. No problems were reported in handling the extra supply. Surplus cream was priced lower over the weekend and butter manufacturers took advantage by churning some extra butter. Demand for cream picked up after the holiday. Milk component levels are reduced with cream in higher demand again. Forage quality in UTAH and IDAHO is holding prices down. Milk component levels are suffering with the lower quality feed. Dairy farmers are looking for high quality forages, but are very price conscious. Milk supplies are at expected levels and are being handled with available manufacturing capacity. Holiday volumes were not troublesome. Latest heifer auction prices in Idaho were reported steady to weak. At a recent auction, top heifer price was quoted as $1410, with the top 50 average at $1240. That figure for average was the lowest reported this year at that auction.

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: Central NDM prices are mostly lower on a weaker market. Offerings of older product at prices below the range are putting some pressure on the market. In addition, the recent *global*DairyTrade auction posted winning prices that gave back some of the price gains from earlier in the year. Low heat skim milk powder winning prices per pound for the various contract periods and percent changes in price from the previous auction are: Contract 1, $1.3631, -17.9%; Contract 2, $1.3767, -10.6%; Contract 3, $1.3903, -9.5%. Intakes of farm milk are steady to lower this week as the warm and humid weather blanketing many Central states during the last week affects cow comfort and farm milk production. Sales of condensed skim have backed down slightly compared to the last few weeks as some Class II end users reevaluate inventory and upcoming orders. Dryers remain active. The June 2010 Dairy Market News average of the mostly price series for Central nonfat dry milk, low/medium heat, was $1.3095 compared to $1.3175 one month ago and $0.9014 in June 2009. According to NASS, NDM production in the Central region totaled 16.7 million pounds during May 2010, 1.3% less than one month ago and 13.8% less than one year ago.

EAST: Nonfat dry milk prices moved lower as spot market sales turned sluggish coming out of the holiday weekend. Production of low and high heat nonfat dry milk increased as Class II production schedules were reduced over the holiday period, which channeled increased manufacturing volumes to dryers. Inventories are building, but are still not considered burdensome by producers. Demand has weakened after recent large volume sales have covered needs and taken some users out of the market. Producers are resisting significant lower priced offers, feeling the current heat wave in the East will considerably reduce nonfat dry milk production in the near future. The latest NASS Dairy Products report indicates nonfat dry milk production during May 2010 totaled 154.4 million pounds, up 2.6% from May 2009 and 1.3% higher than last month. Production in the Atlantic region totaled 24.3 million pounds, 15.8% of the nation's total. The Atlantic region production was 10.2% lower than one year ago and 4.2% lower than April. Month ending stocks, at 147.6 million pounds, are 25.5% below last year, but 2.5% more than April. According to ERS, Commercial Disappearance of Nonfat Dry Milk for the first four months of the year totals 524.0 million pounds, up 14.6% or 62.3 million pounds compared to the same period last year.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during May 2010 totaled 154.4 million pounds, up 1.3% from April 2010 production and 2.6% higher than May 2009. Cumulative 2010 nonfat dry milk powder production totals 690.3 million pounds, compared to 713.3 million pounds in 2009, a 3% decrease in production. Month ending stocks, at 147.6 million pounds, are 2.5% more than one month ago but 25.5% less than one year ago. May 2010 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 17.1 million pounds, 18.6% higher than one month ago but 35.8% lower than production one year ago. Cumulative 2010 skim milk powder production totals 102.0 million pounds, compared to 116.1 million pounds during the same time span in 2009, a 12% decrease in production.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.1700 - 1.3300	MOSTLY:	1.2200 - 1.3000
HIGH HEAT:	1.3400 - 1.3800		

NONFAT DRY MILK - WEST

Pricing levels moved lower for low/medium heat NDM in the West. The market tone is weaker. Spot and index pricing levels are adjusting lower. Increased production and declining sales are being noted in a slow, post holiday week. Buyers are cautious and mainly taking contracted volumes and very little extra on spot markets. Lower priced producer offerings are not resulting in immediate sales. Producers' inventories are building. The resale market is flush with offerings of current and older powders that are often being discounted to stimulate buying interest and to get product cleared. Export interest is slow and price sensitive. World SMP prices are trending lower, yet remain about U.S. pricing levels. Production levels were often higher over the holiday weekend to help balance the milk and component supplies. The good call for cream is creating more condensed skim to be sold or dried. Stock levels are moderate. High heat NDM prices are steady to trending lower and are showing more weakness of the low heat market. Demand is mainly to regular accounts with slow interest from spot buyers. Production is spotty and adjusting to current and future orders. U.S. NDM production in May 2010 totaled 154.4 million pounds, 2.6% higher than last year. Cumulative YTD output through May totals 690.3 million pounds, down 3.2% from the same period in 2009. NDM production in the Western region in May totaled 113.3 million pounds, up 9.0% from last year. The West produced 73% of the U.S. total in May. U.S. manufacturers' stocks of NDM at the end of May were reported at 147.6 million pounds, 25.5% lower than a year earlier but 2.5% higher than April. U.S. skim milk powder (SMP) production in May totaled 17.1 million pounds, 35.8% less than last year.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.1500 - 1.3000	MOSTLY:	1.1900 - 1.2600
HIGH HEAT:	1.2750 - 1.4050		

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged in the Central region for dry buttermilk. Manufacturers are holding prices steady and spot sale activity is generally slow. Some Western product is moving into the Central at delivered prices under the high side of the price range. Central dry buttermilk production is steady to somewhat higher as cream sales into Class II end uses eased slightly during the holiday weekend. The June 2010 Dairy Market News average of the range price series for Central and East dry buttermilk was $1.3464 compared to $1.2363 one month ago and $0.9743 in June 2009.

EAST: Buttermilk production marginally increased as cream was more readily available over the holiday resulting in some increases in churning schedules. Class II holiday production declines also limited condensed buttermilk sales, which channeled a little more volume to the dryers. Spot market activity is very light as available supplies continue to be very tight and difficult to locate. Demand is good with most production readily moving through contracts.

DAIRY PRODUCTS: NASS *Dairy Products* reports production of dry buttermilk during May 2010 totaled 6.6 million pounds, 0.5% more than April 2010 production, and 19.6% more than production one year ago. Cumulative 2010 dry buttermilk production totals 37.5 million pounds, 21.9% more than during the same time span of 2009. Month ending stocks of dry buttermilk, at 8.1 million pounds, are 3.9% higher than one month ago and 52.7% higher than stock levels of one year ago.

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

CONTINUED ON PAGE 5A

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.

CONTINUED FROM PAGE 5

DRY BUTTERMILK - WEST

Dry buttermilk markets are lightly tested and prices are steady to lower. The market tone is also being affected by the weaker NDM complex. Spot interest remains light and matched with light offerings. There are more producer offerings becoming available. Demand is fair into ice cream accounts; while flat to slow to bakery interest. Drying is steady to lower and reflects churning schedules. Dry buttermilk stocks are light to moderate. Buttermilk powder production in May 2010 for the U.S. totals 6.6 million pounds, up 19.6% from last year. Buttermilk stocks at the end of May are 8.1 million pounds, 52.7% more than the level a year ago and 3.9% higher than last month.

F.O.B. WEST: 1.2500 - 1.3300 MOSTLY: 1.2800 - 1.3275

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 2	$1.2765	8,083,373	0
June 25	$1.1963	23,967,185	0

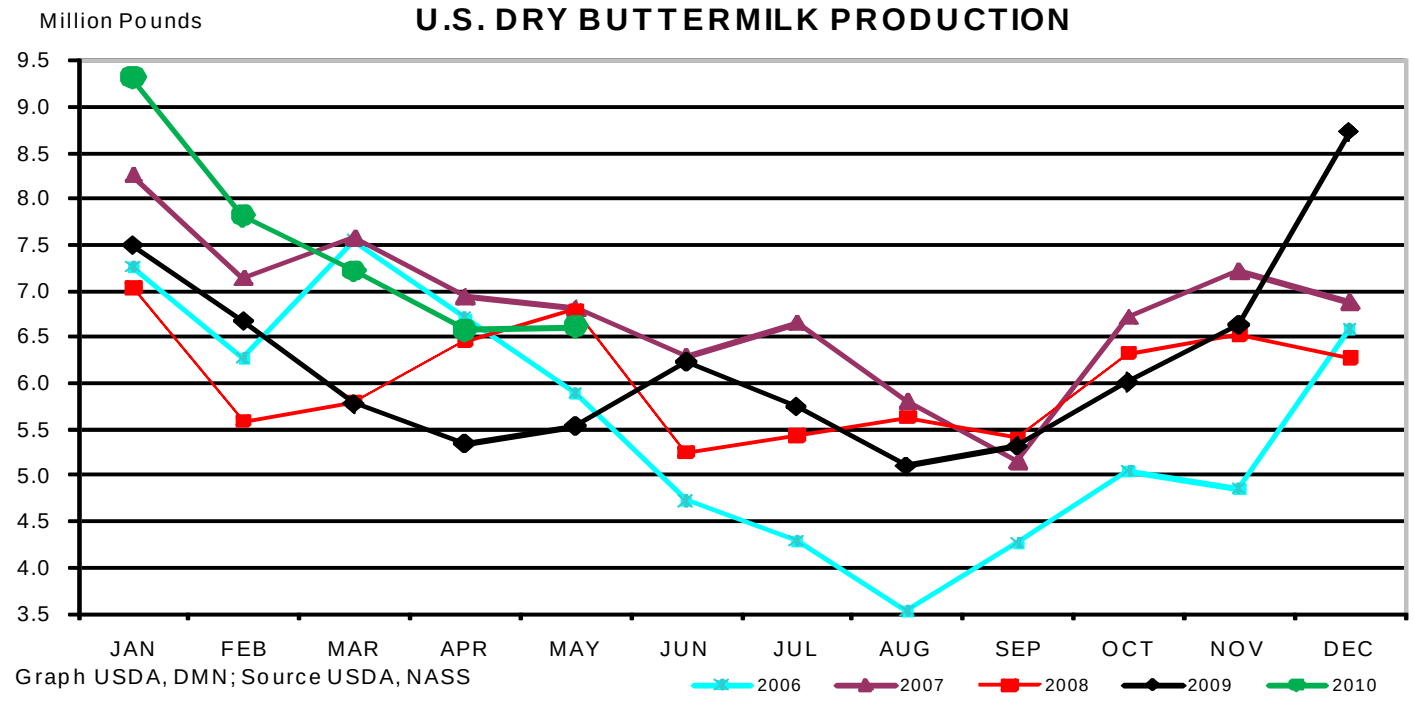
Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food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

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged for the week, and market conditions have reportedly not varied noticeably from conditions last week. Dry whole milk production is sporadic, inventories are modest, and demand is steady. Weather patterns with increasing temperatures and humidity present challenges for dry whole milk production. The June 2010 Dairy Market News average of the range price series for dry whole milk was $1.6100 compared to $1.5725 one month ago and $1.1625 in June 2009. As a departure from steady domestic prices, the latest Oceania auction results show dry whole milk prices trending lower in the near term. New Zealand regular dry whole milk winning prices per pound for the various contract periods and percent changes in price from the previous auction are: Contract 1, $1.5468, -15.0%; Contract 2, $1.4470, -14.9%; Contract 3, $1.3948, -14.9%. New Zealand offered quantities for the three contract periods were 7,500 MT, 19,000 MT and 8,000 MT, respectively. Total offered New Zealand quantities for the three contract periods increased 50%, to 76.1 million pounds.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during May 2010 totaled 6.8 million pounds, up 74.2% from April 2010 and 21.0% more than May 2009. Cumulative 2010 production totals 27.8 million pounds, a 38% increase from 2009 production.

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



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

The Central dry whey mostly price range is unchanged to fractionally lower. Dry whey production was mostly steady over the holiday weekend and continues this week. Contract sales of edible dry whey are steady to lower as some end users have adjusted delivery of loads seasonally lower to account for reduced hours of operation during the holiday week. Offers of dry whey to the spot market are somewhat higher. Interest is variable. Some Central product is clearing to both Eastern and Western buyers. Fractional premium reductions are occurring from some manufacturers as well as brokers. Some edible product cleared in bulk form. ANIMAL FEED DRY WHEY prices are steady and interest is level. Various buyers of condensed whey, especially animal feed whey producers, indicated loads of condensed whey were more available this week, although initial prices were not indicative of heavier supplies and reportedly provided little incentive for purchase. The June 2010 Dairy Market News average of the mostly price series for Central dry whey was $0.3450, unchanged from one month ago, while the June 2009 average was $0.2701. Human food dry whey production during May 2010 in the Central region totaled 41.5 million pounds. This dry whey production is 0.4% less than April 2010 production but 0.7% higher than May 2009.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN AND ANIMAL dry whey during May 2010 totaled 89.7 million pounds, 1.2% lower than April 2010, but 2.9% higher than production 1 year ago. Cumulative 2010 dry whey production is 7.3% higher than 2009 production, totaling 437.1 million pounds. May ending stocks of HUMAN FOOD dry whey totaled 48.2 million pounds, 0.1% higher than 1 month ago and 12.8% higher than May 2009. ANIMAL FEED dry whey month ending stocks totaled 5.7 million pounds, 27.3% higher than one month ago and more than three times the stocks of one year ago.

F.O.B. CENTRAL: .3100 - .3650 MOSTLY: .3250 - .3600
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .3000

DRY WHEY - NORTHEAST

Dry whey prices held steady coming off the holiday weekend. Production is steady to increasing as mozzarella production remains active and condensed whey sales have slowed, directing increased volumes to dryers. Domestic demand remains fairly good as users are pulling increased volumes through contracts. Supplies in the Northeast remain tight, causing those looking additional loads to pursue more readily available supplies in the Central region. Export interest continues, but at a somewhat reduced level due to the continued strength of the U. S. dollar compared to other currencies. The latest NASS Dairy Products report shows production of dry whey for human consumption in the Atlantic area totaled 20.1 million pounds, or 24.0% of the nation's total for May of 83.7 million pounds. The Atlantic area's production is 7.8% below April and 6.6% lower than production one year ago.

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

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to lower. Spot market sales are less active this week, and some price pressure may be developing from domestic and international markets for nonfat dry milk/skim milk powder products with comparable protein levels. Interest from edible end users is steady to lower, as some Class II plants are revamping production schedules. Edible product with slightly off specification qualities is reportedly clearing into the milk replacer market, dampening interest from those end users, as well, for extra grade material. WPC 34% production is unchanged at most locations. The June 2010 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was $0.9432 compared to $0.9238 one month ago and $0.5684 in June 2009.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during May 2010 totaled 20.5 million pounds, 2.5% more than April 2010 production but 9.9% less than production of one year ago. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 – 49.9% PROTEIN) totaled 21.1 million pounds, 6.0% less than April 2010 and 5.6% less than May 2009.

F.O.B. EXTRA GRADE 34% PROTEIN: .8800 - .9850 MOSTLY: .9200 - .9650

LACTOSE - CENTRAL AND WEST

Third quarter contract prices and weekly spot prices are reflected in the range and mostly price series this week. The mostly price series moved fractionally lower, while less spot market activity raised the bottom of the range price series. Most market participants attribute slow spot sale activities to vacation schedules of both buyers and sellers backing up to the holiday weekend as well as spot buyers sitting tight until more third quarter pricing information becomes available. The June 2010 Dairy Market News average of the mostly price series for Central and West lactose was $0.3295 compared to $0.3313 one month ago and $0.1742 in June 2009.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during May 2010 increased 4.9% compared to April 2010 to 75.1 million pounds and was 25.9% higher than May 2009 production. Cumulative 2010 lactose production totals 351.0 million pounds, 21.9% more than during the same time span in 2009. Month ending stocks, at 76.2 million pounds, are 3.6% more than one month ago, and 6.3% higher than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .2400-.3900 MOSTLY: .3000-.3550

CONTINUED ON PAGE 6A

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.

CONTINUED FROM PAGE 6

DRY WHEY - WEST

Western whey prices are steady. Activity in the market continues at an expected pace with contracts moving the bulk of the trade. Spot sales are light. Export activity remains at seasonally lower levels. Supplies are described as adequate for current demand. According to the NASS *Dairy Products* report, edible whey production in May totals 83.7 million pounds, up 0.4% compared to May 2009. The Western region produced 22.1 million pounds of whey in May, up 7.2% or 1.5 million pounds from last year. The West produced 26.4% of the whey in the U.S. in May. Cumulative total dry whey production for the year in the U.S. is 437.1 million pounds, up 7.3% or 29.9 million pounds from the same period in 2009. Manufacturers' stocks at the end of May for edible whey are 48.2 million pounds, up 12.8% or 5.5 million pounds from last year. The June 2010 Dairy Market News monthly average price for Western dry whey was $0.3828 compared to $0.3866 last month and $0.2985 a year ago.

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

CASEIN – NATIONAL

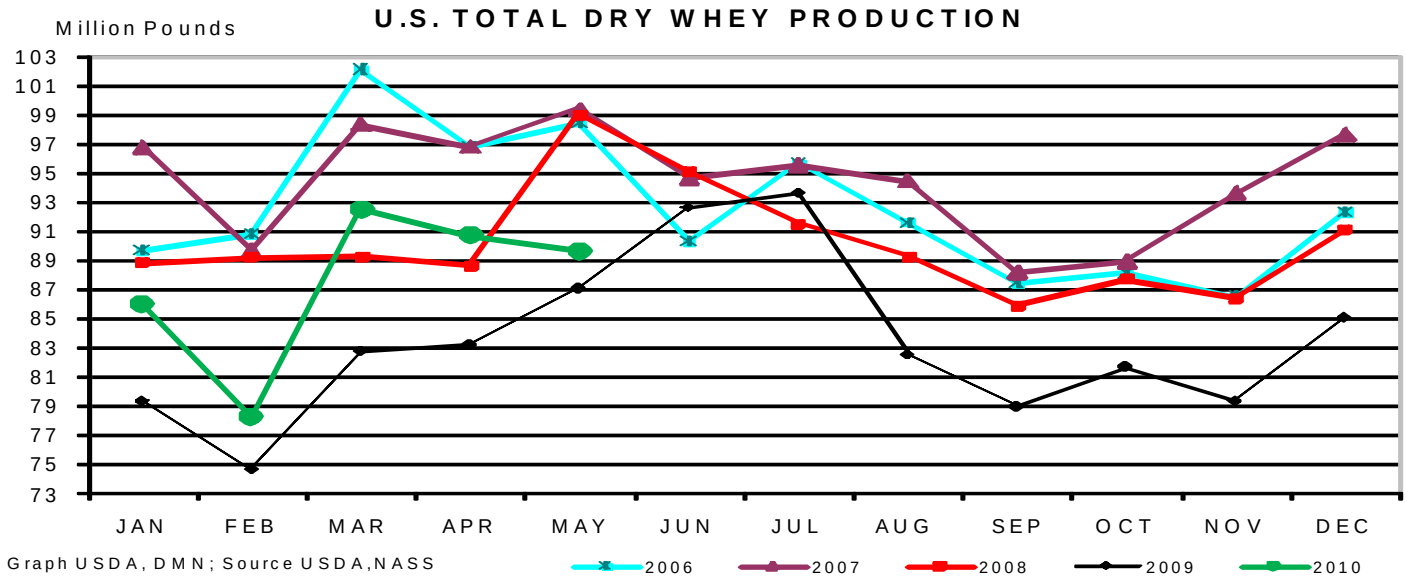
Casein markets and prices are firm. A new quarter is just beginning and new quarterly prices are being reported. At this time, the low end of the reported price range is inclusive of contracts that were negotiated earlier in the year. These prices are lower than current offerings but are reflective of contractual agreements for the 3rd quarter of the year (July – September). Conversations continue to focus on supply availability. European production has been lighter than projected for the first half of the season, although most suppliers continue to assure domestic buyers that they will meet contractual commitments. Oceania stocks are also lighter than projected, but suppliers are optimistic that they will be able to fulfill their commitments. The new milk production season will soon be beginning in New Zealand, thus new supplies are potentially not that far off into the future. If all factors continue to line up as they are developing, milk output in New Zealand is projected to get a good start to the 2010 – 2011 season.

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:	3.9000 - 4.3000
ACID:	3.9000 - 4.2500

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during May 2010 totaled 40.1 million pounds, a 4.7% increase in production from April 2010 but 7.2% below May 2009. Manufacturers' end-of-month stocks totaled 108.6 million pounds, 21.5% higher than last month and 27.3% higher than one year ago.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 5 - 9, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 07/02/10	SAME PERIOD 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	272,997,668	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	272,997,668	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 5 - 9, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.1	6.7
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	161.2	3,178.2
CUMULATIVE JAN. 1 – JUL. 9, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	136.0	1,844.7

* 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 JULY 5 - 9, 2010 (POUNDS)

	BUTTER	CHEESE		NONFAT DRY MILK
REGION	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

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	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	272,997,668	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	272,997,668	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 06/19/10 & Comparable Week 2008

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2010-Dairy	N.A.	0.6	6.7	2.3	17.8	3.1	0.2	N.A.	14.9	2.8	49.9	1,337.1	42.4	44.0
2009-Dairy	N.A.	0.6	7.0	3.9	15.9	6.7	0.5	N.A.	17.4	5.7	59.5	1,403.7	51.5	48.2
2010-All cows	N.A.	0.7	8.5	13.0	31.5	21.1	13.0	N.A.	19.6	6.7	117.8	3,037.1		
2009-All cows	N.A.	0.7	8.8	12.7	28.0	21.1	13.1	N.A.	20.3	7.4	115.5	2,912.7		

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	
JUNE 26	228	6,852	SOURCE: USDA, APHIS

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

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 28 - July 9, 2010

Prices are U.S. $/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: The European milk production season is now on the down side of the year. Milk processors and handlers are stating that although the season got off to a slow start, milk volumes quickly caught up with previous year levels and, for the most part, are at or slightly higher than last year at this time. Cheese production was the product of most milk clearance through peak levels, but now cheese output has eased and other manufactured products are able to once again enhance their production schedules. Butterfat continues to be the product of most tightness. At the July 8th Dairy Management Committee meeting, no significant dairy issues were adjusted or announced. Sales of intervention butter were reported with all skim milk powder bids again being rejected. The commission accepted bids for 210 MT of intervention butter at levels around 3,610 Euros per MT ($4,548). This sale leaves about 1,734 MT of intervention butter left. There were some butter bids that were rejected. All 3,000 MT of skim milk powder bids at prices ranging 1,850 – 2,150 Euros per MT were rejected. Many traders and handlers were surprised at the volumes of skim powder bids, especially when European stocks are building. Many European traders and handlers are questioning what impact the sharply lower prices realized at the July 6th global/Dairy Trading event may have on their prices. For the most part, they feel that these sharply lower prices will not have a significant effect, although the drop is sending a weaker market tone message to the marketplace. Many are also stating that this is an auction and that any auction activity is a function of the participants and that a sharp decline at this time could quickly reverse itself during the next event. Traders and handlers state that sales activity is slow, typical for this time of the year. At this time, the summer holiday season is beginning, which typically slows buyer interest. Stocks of product, outside of butterfat, are readily available for domestic and international buyer interest.

BUTTER/BUTTEROIL: European butter markets and prices remain firm. At the July 8th Dairy Management Committee meeting, 210 MT of intervention butter were sold at a bid price of around 3,610 Euros per MT ($4,548). Reports indicate that some bids were rejected and that there is about 1,734 MT of intervention butter left. Butterfat remains tight in Europe, but somewhat less snug than in recent weeks. European traders and handlers are still unclear as to what impact the sharply lower anhydrous butterfat prices recorded at the recent global/Dairy Trading event may have on their butter prices. For many, they feel that these lower prices will not impact European prices to any significant level.

82% BUTTERFAT:	4,650 - 4,850
99% BUTTERFAT:	4,850 - 5,150

SKIM MILK POWDER (SMP): European skim milk powder markets are mixed with prices unchanged to slightly higher. Some traders and handlers are reporting that sales are difficult to finalize at current price levels, thus a weaker undertone might be developing. At the July 8th Dairy Management Committee meeting in Brussels, all bids seeking intervention skim milk powder were rejected. Reports indicate that around 3,000 MT were bid at prices ranging from 1,850 – 2,150 Euros per MT ($2,331 - 2,709). Many traders and handlers were surprised at the volume of bids, especially when skim milk powder stocks are building in Europe and are readily available.

1.25% BUTTERFAT:	2,875 - 3,000

WESTERN AND EASTERN EUROPEAN COMMENTS AND PRICES CONTINUED ON PAGE 8A

OCEANIA

OVERVIEW: The major topic of discussion in the Oceania region is the outcome of the recent global/Dairy Trading event held on July 6. Most traders and handlers of dairy products anticipated that prices would trend lower, but the sharp declines were a surprise to many. The average price for all contracting periods for anhydrous milkfat declined 14.1% to $4,620 per MT, skim milk powder declined 11.8% to $3,067, and whole milk powder declined 14.8% to $3,224. It is still too early to realize what impact these auction prices will have on current pricing structures, but handlers and traders are stating that these prices send a market sentiment to current markets. Many state that this is an auction and depending on who is at the auction, the outcome is always uncertain. International supplies of most dairy products have been limited in the last few months, but recently, supply tightness has eased as milk production is seasonally strong in the Northern hemisphere. Many state that lower auction prices are sending a message to potential buyers that product prices will be lower. Most Oceania traders and handlers will be adjusting their prices, but will probably not adjust to the extent of the sharp auction declines. As what occurred at the auction a few months ago when prices spiked sharply higher, commercial pricing did not adjust to those level and likewise in this situation, prices will probably not adjust to these much lower levels. Traders and handlers feel that sharp swings one way or another are situations that can occur at an auction which are not indicative of current market trends. Many within the dairy industry are looking forward to the twice a month auctions which will begin in September, stating that this will hopefully ease volatility within the market. Milk production in the Oceania region is at seasonally low levels. Many milk handlers and processors are stating that farmer optimism is favorable. Although New Zealand producers ended their most recent season quite suddenly, the outlook for the new season is positive. Various projections for milk production in New Zealand during the upcoming season are as much as 14% higher, with many projecting a 9 - 10% increase to be more probable. In Australia, the 2009 – 2010 milk production year came to an end on June 30th. Early reports are that annual output will have trailed the 2008 - 2009 season by about 4%. Late season strength is what helped second half figures to be positive when compared to the previous year. Early 2010 – 2011 projections are that output in Australia will be 1% higher than last season, with some more optimistic and projecting a 2 – 3% increase. Farmers in both New Zealand and Australia are looking to the new season with confidence. Many feel that farming margins will be better this season as grain and milk prices will be working together versus against each other as they have been in recent years. Milk processors are looking forward to a good production year and are hopeful that farmers will take the positive year as a recovery year and not over react with their operations.

BUTTER: Oceania butter prices are holding generally steady, although prices for anhydrous milkfat declined sharply at the July 6 global/Dairy Trading event. At the July 6th auction, the average price for anhydrous milkfat for all three contracting periods was $4,620 per MT, down 14.1% from the previous month. The near term contract (September) averaged $5,273, down 14.9%; October to December $4,481, down 13.3%; and January – March $4,417, down 15.1%. Butterfat remains tight in the Oceania region, thus many traders and handler were quite surprised at the sharp decline. Most felt that prices might ease, but not to levels recorded. Traders and handlers do acknowledge that the contracting periods are within the new milk production season when they anticipated that prices would ease. Currently, stocks of butter are limited and many traders are awaiting the new production season which will resume next month.

82% BUTTERFAT:	3,800 - 4,300

OCEANIA COMMENTS AND PRICES CONTINUED ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 28 - July 9, 2010

Prices are U.S. $/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN AND EASTERN EUROPEAN COMMENTS AND PRICES CONTINUED FROM PAGE 8

WHOLE MILK POWDER (WMP): European whole milk powder markets are generally steady with prices adjusting slightly higher and lower. Following the results of the most recent global/Dairy Trading (gDT) event in New Zealand, European traders and handlers are still unclear as to what impact these sharply lower prices will have on European prices. Currently, European prices are basically above the gDT levels. Most feel that the auction will not have a significant impact on prices, but will send a message to the marketplace that prices in that region of the world are weaker. Milk production in the Northern hemisphere is seasonally strong, thus whole milk powder stocks are available. Traders and handlers state that buying interest is slow, typical for this time of the summer and also many feel that buyers will step back from the market to see what impact the gDT may have on future European prices.

26% BUTTERFAT:	3,500 - 3,675

SWEET WHEY POWDER: European whey powder markets are weak as prices trended lower. Traders and handlers are now stating that European whey prices are nearing levels that may be of interest to international buyers, although sales are limited. The summer holiday season in Europe is starting which is also a time of the year when sales activity slows. Cheese production has been very active thus far this year, but has slowed as demand from international buyers is easing.

NONHYGROSCOPIC:	750 - 850

EASTERN OVERVIEW: Milk production in Eastern Europe is also at or slightly beyond peak levels. Milk volumes are reported to be in fairly good balance with need. Summer temperatures and humidity levels are starting to be reported in many Eastern European countries which could quickly reduce milk production trends. European producers and handlers state that stocks are available for both domestic and international buyer interest. Up to this point, sales activity has been fair at best.

OCEANIA

OCEANIA COMMENTS AND PRICES CONTINUED FROM PAGE 8

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are generally weaker. At the July 6th global/Dairy Trading event, the average price for skim milk powder for all three contracting periods declined 11.8% from the previous month to $3,067 per MT. The near term contracting period (September) declined 15.7% to $3,030, October – December declined 11.1% to $3,074, and January – March declined 9.1% to $3,099. Many Oceania traders and handlers anticipated a weaker price trend, but were surprised at the sharp decline. Internationally, skim milk powder suppliers are not as snug as they have been in recent months, thus a weaker market tone is developing. Currently, Oceania skim milk powder stocks are fully committed, thus sales activity is quiet. Sales negotiations for the upcoming milk production season continue, but reports of lighter buyer willingness to fully commit are being reported.

1.25% BUTTERFAT:	3,000 - 3,300

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are weaker. At the July 6th global/Dairy Trading event, the average price for whole milk powder declined 14.8% from the previous event to $3,224 per MT. Basically, all three contracting periods were down 14.8% with the average price for September contracts being $3,435, October – December contracts $3,224, and for January – March contracts $3,100. At this point, traders and handlers do not know what impact these sharply lower prices will have on commercial sales quotes. Most feel that prices will ease, but many feel that they will not adjust as low as the auction reported, although the reported price range did dip to the low of the auction. Traders feel that buyers will shy away from new purchases until unsettled market conditions stabilize.

26% BUTTERFAT:	3,100 - 3,900

CHEDDAR CHEESE: Oceania cheese markets and prices are generally holding steady. Traders and handlers are stating that a significant portion of first half cheese production has been or is in the final stages of being committed. Currently, cheese production is at seasonally low levels with orders being filled from inventoried stock. The new milk production season is just around the corner, thus cheese plants are in the final stages of winter maintenance.

35% MAXIMUM MOISTURE:	3,800 - 4,100

Exchange rates for selected foreign currencies: July 05, 2010

.9387 Canadian Dollar	.0214 Indian Rupee
.2544 Argentina Peso	.6882 New Zealand Dollar
.0765 Mexican Peso	.8392 Australian Dollar
.3048 Polish Zloty	.0114 Japanese Yen
	1.2540 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0795) = 12.5786 Mexican Pesos. Source: “Wall Street Journal”

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	06/24	06/25	06/28	06/29	06/30	07/01	07/02	07/05	07/06	07/07
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 10	13.59 (4369) 0	13.63 (4383) 0	13.61 (4385) 0	13.62 (4397) 0	13.61 (4397) 0	13.61 (4397) 0	13.62 (3736) 0	NO TRADING		
JUL 10	13.30 (4328) 0	13.55 (4300) 0	13.38 (4298) 1	13.41 (4324) 0	13.50 (4293) 0	13.51 (4271) 0	13.45 (4261) 0		13.51 (4215) 0	13.50 (4209) 0
AUG 10	13.62 (4628) 1	13.85 (4624) 17	13.66 (4672) 1	13.87 (4725) 1	14.13 (4786) 7	14.34 (4734) 23	14.36 (4837) 12		14.62 (4823) 11	14.63 (4915) 8
SEP 10	14.35 (4043) 2	14.64 (4011) 0	14.45 (4072) 1	14.60 (4112) 1	14.76 (4134) 1	14.87 (4173) 13	14.82 (4222) 15		15.00 (4226) 11	15.00 (4244) 8
OCT 10	14.63 (3479) 2	14.68 (4371) 0	14.65 (3589) 1	14.70 (3616) 1	14.78 (3618) 0	14.85 (3621) 13	14.86 (3653) 12		14.97 (3664) 11	15.00 (3638) 8
NOV 10	14.55 (3358) 2	14.59 (3401) 0	14.46 (3400) 1	14.60 (3486) 1	14.65 (3498) 5	14.65 (3528) 13	14.73 (3555) 12		14.78 (3560) 11	14.72 (3573) 2
DEC 10	14.45 (3292) 2	14.50 (3392) 76	14.42 (3399) 1	14.54 (3452) 1	14.55 (3461) 5	14.55 (3492) 13	14.59 (3496) 12		14.72 (3515) 13	14.69 (3533) 2
JAN 11	14.37 (505) 5	14.45 (531) 11	14.38 (534) 6	14.40 (544) 8	14.45 (569) 5	14.45 (613) 0	14.45 (622) 10		14.52 (631) 0	14.52 (645) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 10	15.42 (69) 0	15.42 (69) 0	15.58 (69) 0	15.58 (69) 0	15.58 (69) 0	15.58 (69) 0	15.45 (69) 0	NO TRADING		
JUL 10	15.55 (49) 0	15.55 (49) 0	15.49 (49) 0	15.49 (49) 0	15.49 (49) 0	15.49 (49) 0	15.49 (49) 0		15.22 (49) 0	15.22 (49) 0
AUG 10	15.21 (74) 0	15.21 (74) 0	15.22 (74) 0	15.22 (74) 0	15.22 (74) 0	15.22 (74) 0	15.22 (74) 0		15.11 (74) 0	15.11 (74) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 10	159.00 (684) 3	159.00 (684) 0	159.25 (684) 0	159.25 (684) 0	159.25 (684) 0	159.25 (684) 0	159.46 (664) 0	NO TRADING		
JUL 10	168.00 (711) 6	169.00 (715) 10	169.75 (715) 0	169.75 (710) 5	171.00 (710) 1	172.00 (706) 7	172.00 (706) 0		172.00 (706) 2	172.00 (708) 21
AUG 10	170.75 (711) 3	171.00 (711) 6	171.00 (711) 0	171.00 (715) 6	172.00 (718) 11	172.00 (720) 3	172.75 (723) 3		172.50 (727) 28	172.98 (731) 4
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
JUN 10	127.00 (188) 0	127.00 (188) 0	128.00 (188) 0	128.00 (188) 0	128.00 (188) 0	128.00 (188) 0	126.31 (188) 0	NO TRADING		
JUL 10	122.50 (176) 0	121.78 (187) 0	121.78 (199) 0	121.78 (199) 0	121.50 (199)0	119.98 (199) 0	119.98 (199) 0		117.50 (195) 0	117.50 (195) 0
AUG 10	118.50 (162) 0	118.50 (162) 0	118.00 (164) 0	118.00 (164) 0	116.00 (166) 0	116.00 (168) 0	116.00 (173) 0		116.00 (177) 0	115.50 (179) 0
CME – WHEY (Electronic-Traded)										
JUN 10	36.75 (312) 0	36.75 (312) 4	37.00 (314) 4	37.00 (314) 0	37.00 (314) 0	37.00 (314) 0	36.88 (302) 0	NO TRADING		
JUL 10	35.75 (248) 0	36.00 (252) 6	36.00 (256) 4	36.00 (256) 0	36.00 (258) 4	36.25 (258) 7	36.00 (258) 0		36.00 (258) 0	36.00 (258) 0
AUG 10	34.50 (263) 7	34.50 (263) 5	34.50 (263) 0	34.63 (264) 1	35.50 (263) 1	36.00 (264) 5	34.50 (264) 2		34.50 (268) 4	34.50 (268) 0
CME – CHEESE CSC (Electronic-Traded)										
JUL 10	1.42 (2) 0	1.42 (2) 0	1.42 (2) 0	1.42 (2) 0	1.43 (2) 0	1.43 (2) 0	1.43 (2) 0	NO TRADING	1.43 (2) 0	1.43 (2) 0
AUG 10	1.47 (5) 5	1.47 (5) 0	1.47 (5) 0	1.48 (8) 3	1.50 (3) 5	1.52 (3) 0	1.53 (4) 1		1.55 (5) 1	1.57 (5)1
SEP 10	1.53 (17) 10	1.53 (17) 0	1.54 (18) 1	1.55 (13) 6	1.56 (14) 1	1.57 (15) 5	1.58 (15) 0		1.60 (13) 9	1.61 (12) 8
OCT10	1.55 (11) 0	1.55 (11) 0	1.55 (11) 1	1.56 (11) 1	1.57 (11) 1	1.58 (15) 5	1.58 (15) 0		1.59 (15) 0	1.61 (11) 5
NOV10	1.55 (11) 2	1.55 (21) 10	1.54 (24) 3	1.56 (27) 3	1.56 (27) 0	1.56 (27) 0	1.56 (27) 0		1.57 (27) 0	1.57 (27) 0
DEC10	1.55 (11) 2	1.55 (21) 10	1.55 (21) 0	1.55 (21) 0	1.55 (21) 0	1.55 (21) 0	1.57 (22) 1		1.57 (22) 0	1.57 (21) 1

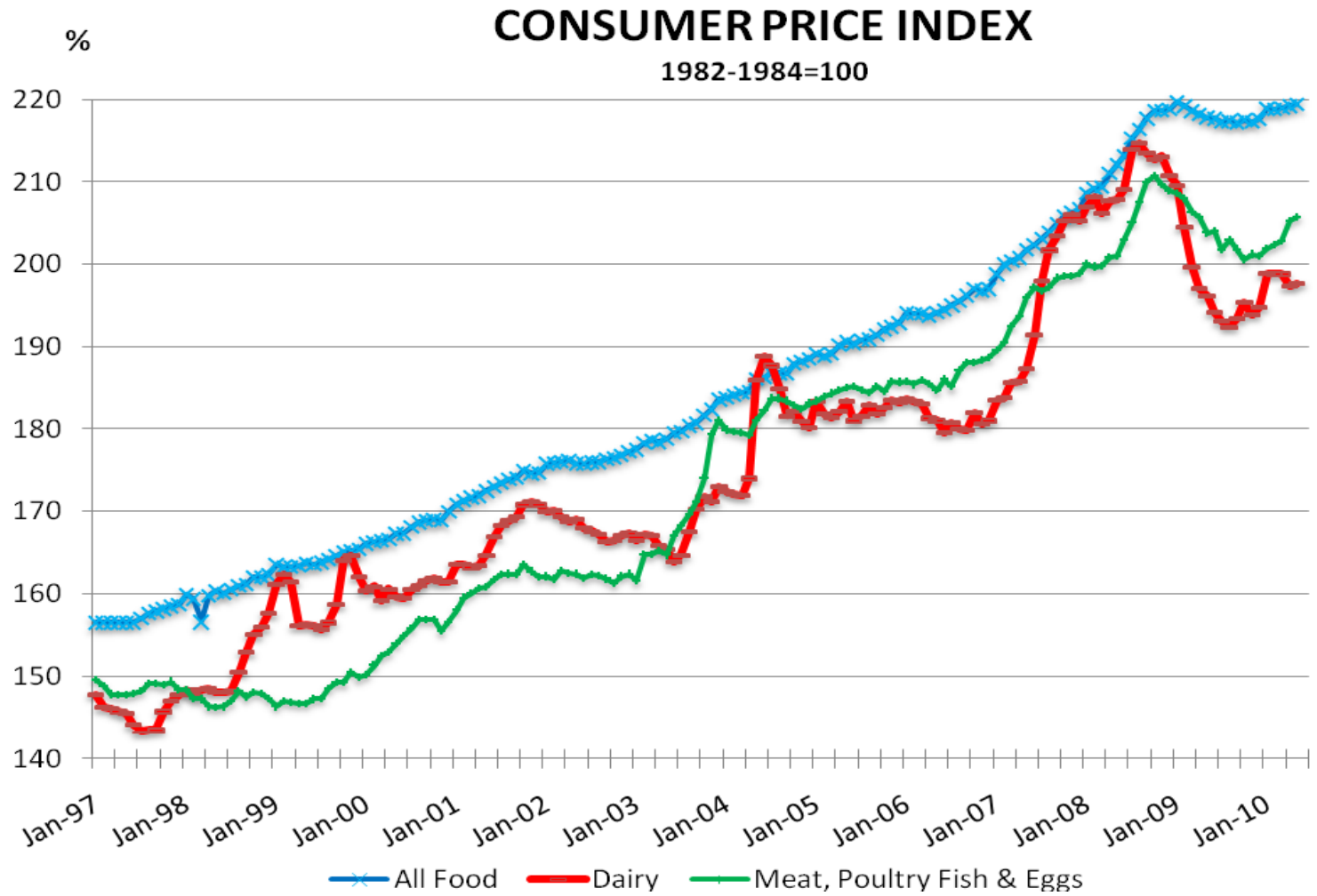
1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.

CORRECTED REPORT - 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	0.3
Marketings	47,123	0.3	47,462	0.7	63,179	0.5	63,396	0.3
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	-19.0
Total Supply 4/	59,498	2.1	60,329	1.4	74,414	0.5	75,693	1.7
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	2.2
SELECTED PRODUCTS 5/								
Butter	376.4	-1.0	386.2	2.6	494.2	-4.4	511.8	3.6
American Cheese	1,012.5	6.9	1,025.0	1.2	1,381.1	6.0	1,372.2	-0.6
Other Cheese	1,496.5	2.2	1,524.5	1.9	1,949.6	-1.0	2,029.2	4.1
Nonfat Dry Milk	344.8	-16.5	401.0	16.3	461.7	-11.9	524.0	13.5
Fluid Milk Products 6/	13,750.6	1.5	13,693.4	-0.4	18,637.5	1.5	18,459.9	-1.0

*Corrected.

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.



JULY MILK SUPPLY AND DEMAND ESTIMATES*

Forecast milk production for 2010 and 2011 is raised slightly from last month. Milk cow numbers have remained higher than expected and milk per cow is expected to increase more rapidly than previously forecast. Exports for 2010 are raised reflecting strong sales of dairy products but fat-basis exports for 2011 are unchanged from last month as production of fat-based products by competing exporters is expected to increase in 2011. However, the forecast of skim basis exports is raised for 2011 as nonfat dry milk (NDM) exports will likely reflect improving economic conditions. Fat-basis imports for 2010 and 2011 are forecast lower reflecting tight world supplies and growing international demand. The Class III price forecast for 2010 is reduced on a lower cheese price forecast, but the Class IV price forecast is raised as the price forecast for butter is raised, more than offsetting a reduction in the NDM price. The 2011 forecast for butter is raised slightly but forecasts for other products are unchanged. The Class III and Class IV price forecasts are raised. The all milk price is forecast to average $15.80 to $16.10 per cwt for 2010 and $15.90 to $16.90 per cwt for 2011.

U.S. MILK SUPPLY AND USE

Commodity	2009	2010 Projected		2011 Projected	
		June	July	June	July
			BILLION POUNDS		
MILK					
PRODUCTION	189.3	190.4	191.2	193.0	193.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.1	11.3	11.3	10.5	10.5
MARKETINGS	188.3	189.4	190.2	192.1	192.5
IMPORTS	5.6	4.8	4.5	4.9	4.7
TOTAL COMMERCIAL SUPPLY	204.0	205.5	206.1	207.5	207.7
FAT BASIS USE					
COMMERCIAL EXPORTS	4.1	5.0	5.3	5.1	5.1
ENDING COMMERCIAL STOCKS	11.3	10.5	10.5	9.8	9.8
CCC NET REMOVALS 1/	0.7	0.2	0.2	0.0	0.0
COMMERCIAL USE 2/	187.6	189.7	190.0	192.6	192.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	11.3	11.3	11.0	11.3
MARKETINGS	188.3	189.4	190.2	192.1	192.5
IMPORTS	5.5	4.4	4.6	4.8	4.8
TOTAL COMMERCIAL SUPPLY	204.7	205.2	206.1	207.8	208.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	22.5	26.0	26.3	27.1	27.3
ENDING COMMERCIAL STOCKS	11.3	11.0	11.3	10.6	10.9
CCC NET REMOVALS 1/	2.9	0.0	0.0	0.0	0.0
COMMERCIAL USE 2/	168.6	168.4	168.8	170.2	170.4
			MILLION POUNDS		
CCC PRODUCT NET REMOVALS 1/					
BUTTER	30	8	8	0	0
CHEESE	2	2	2	0	0
NONFAT DRY MILK	247	2	2	0	0
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 12

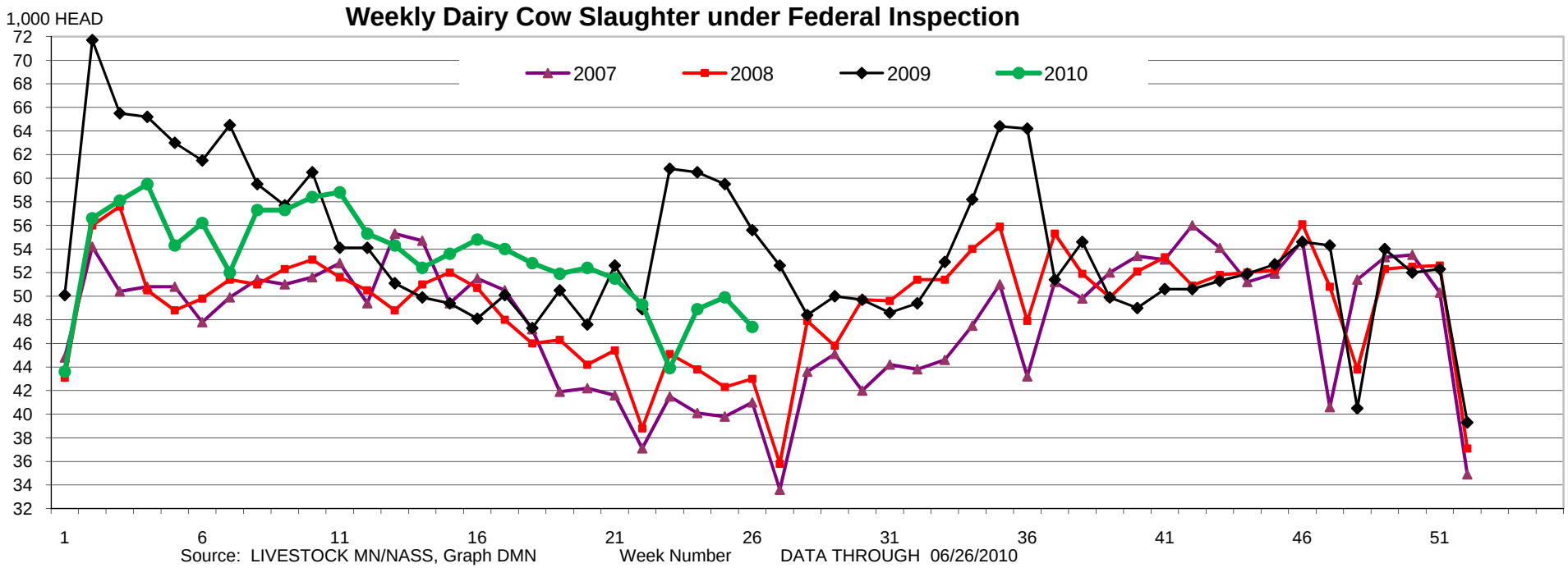
JULY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

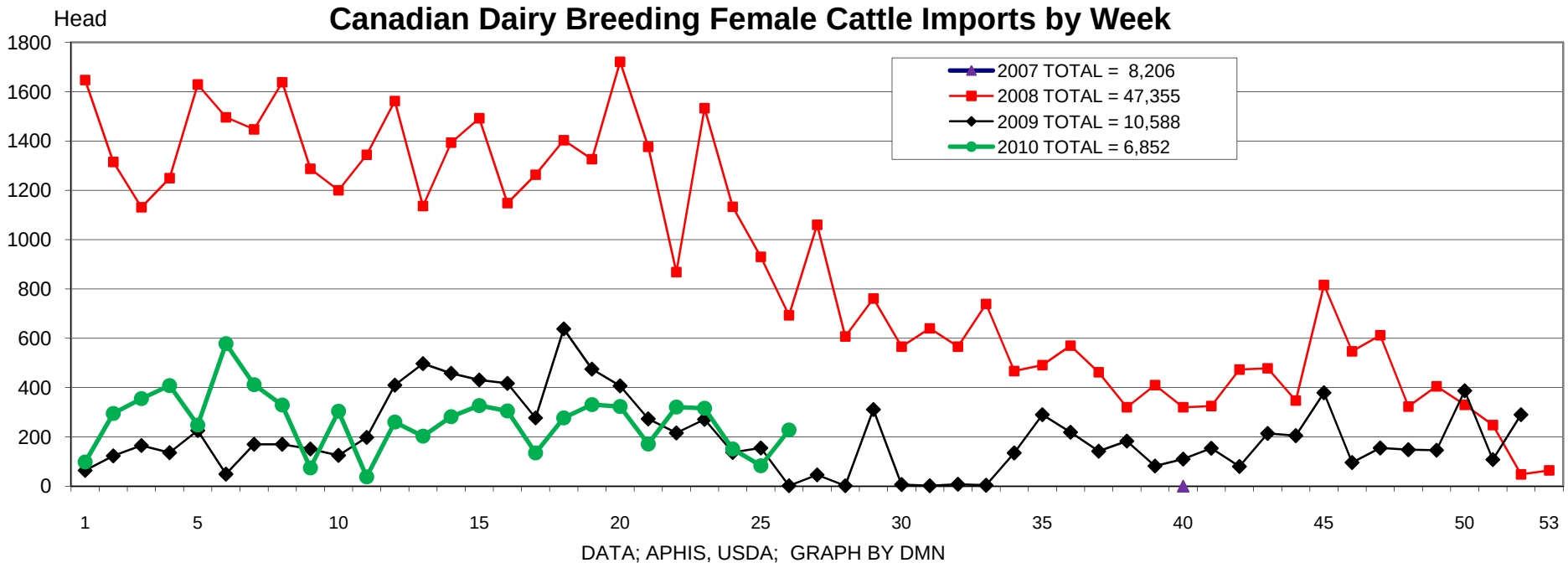
U.S. DAIRY PRICES					
Commodity	2009	2010 Projected		2011 Projected	
		June	July	June	July
			DOLLARS PER POUND		
PRODUCT PRICES 1/					
CHEESE	1.2963	1.485-1.525	1.465-1.495	1.520-1.620	1.520-1.620
BUTTER	1.2094	1.475-1.545	1.530-1.590	1.390-1.520	1.400-1.530
NONFAT DRY MILK	0.9222	1.200-1.240	1.195-1.225	1.235-1.305	1.235-1.305
DRY WHEY	0.2584	0.365-0.385	0.365-0.385	0.375-0.405	0.375-0.405
			DOLLARS PER CWT		
MILK PRICES 2/					
CLASS III	11.36	13.95-14.35	13.80-14.10	14.35-15.35	14.40-15.40
CLASS IV	10.89	14.45-14.95	14.65-15.05	14.35-15.45	14.40-15.50
ALL MILK 3/	12.84	15.75-16.15	15.80-16.10	15.80-16.80	15.90-16.90
			QUARTERLY		
	2010 II	2010 III 4/	2010 IV 4/	2011 I 4/	2011 II 4/
			BILLION POUNDS		
MILK PRODUCTION	49.4	47.4	47.0	48.0	49.8
			DOLLARS PER CWT.		
ALL MILK PRICE 2/ 3/	15.17	16.00-16.40	16.55-17.25	15.85-16.85	15.35-16.35
CLASS III PRICE 2/	13.31	13.90-14.30	14.25-14.95	13.95-14.95	14.10-15.10
CLASS IV PRICE 2/	14.82	15.55-16.05	15.15-15.95	14.45-15.55	13.95-15.05

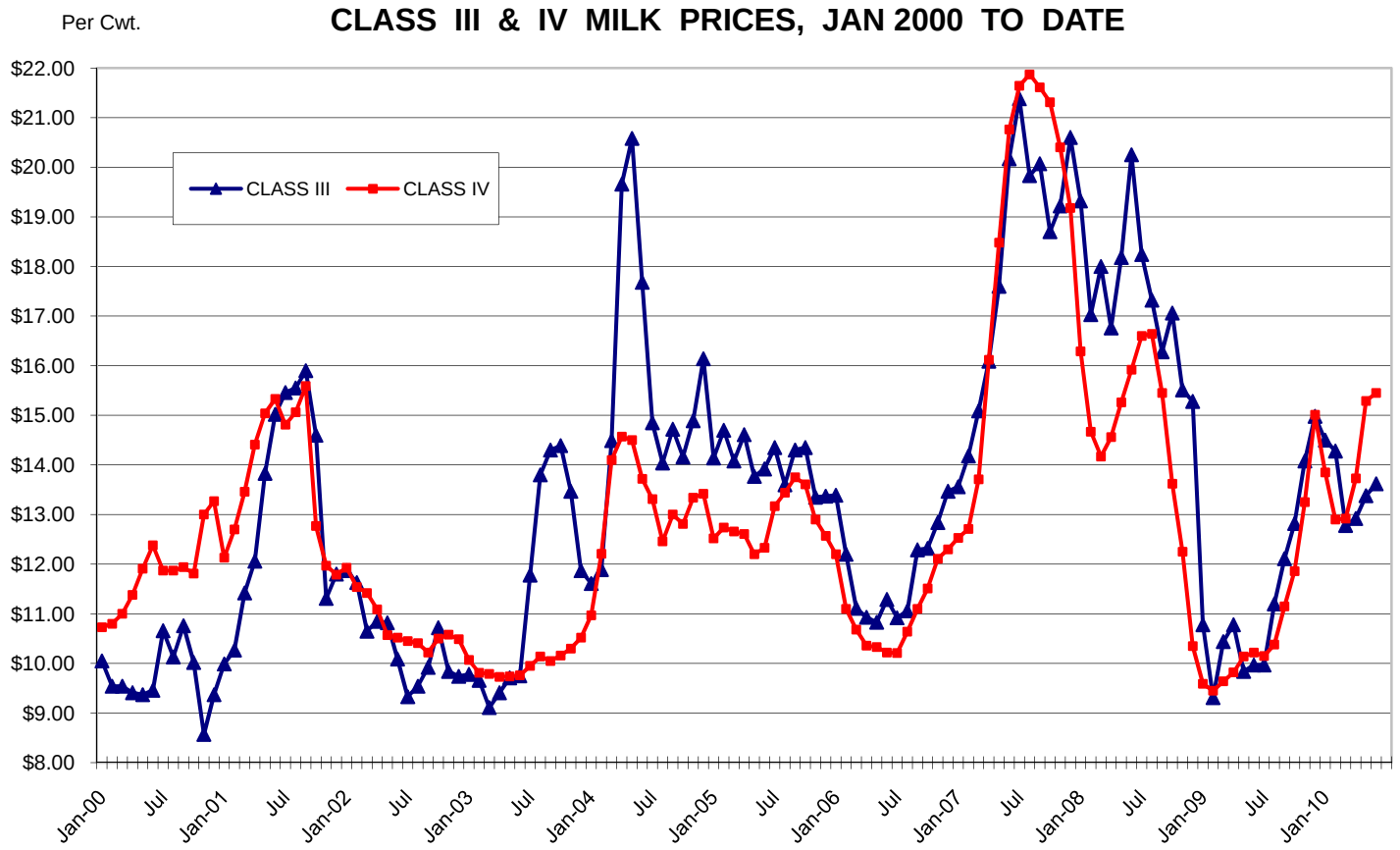
1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found by going to http://www.ams.usda.gov/DairyMarketStatistics; then select "Prices;" then select "Description." 2/ Annual and quarterly Class III and Class 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.

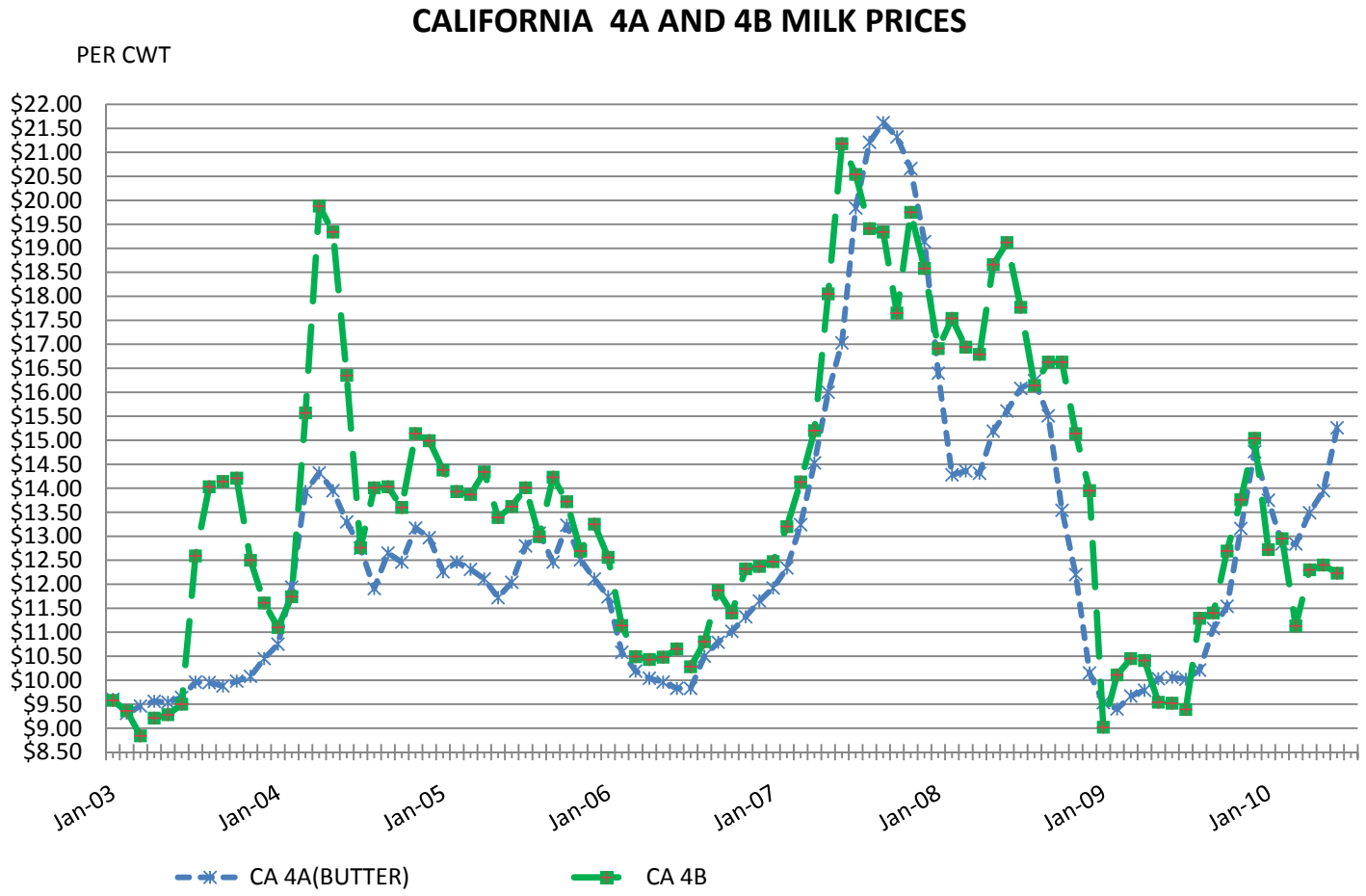
* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-484, World Agricultural Outlook Board, USDA, July 9, 2010


Weekly Dairy Cow Slaughter under Federal Inspection
1,000 HEAD
2007
2008
2009
2010
Source: LIVESTOCK MN/NASS, Graph DMN
Week Number
DATA THROUGH 06/26/2010


Canadian Dairy Breeding Female Cattle Imports by Week
Head
2007 TOTAL = 8,206
2008 TOTAL = 47,355
2009 TOTAL = 10,588
2010 TOTAL = 6,852
DATA; APHIS, USDA; GRAPH BY DMN


Per Cwt.
CLASS III & IV MILK PRICES, JAN 2000 TO DATE
CLASS III
CLASS IV
$22.00
$21.00
$20.00
$19.00
$18.00
$17.00
$16.00
$15.00
$14.00
$13.00
$12.00
$11.00
$10.00
$9.00
$8.00
Jan-00
Jul
Jan-01
Jul
Jan-02
Jul
Jan-03
Jul
Jan-04
Jul
Jan-05
Jul
Jan-06
Jul
Jan-07
Jul
Jan-08
Jul
Jan-09
Jul
Jan-10


CALIFORNIA 4A AND 4B MILK PRICES
PER CWT
$22.00
$21.50
$21.00
$20.50
$20.00
$19.50
$19.00
$18.50
$18.00
$17.50
$17.00
$16.50
$16.00
$15.50
$15.00
$14.50
$14.00
$13.50
$13.00
$12.50
$12.00
$11.50
$11.00
$10.50
$10.00
$9.50
$9.00
$8.50
Jan-03
Jan-04
Jan-05
Jan-06
Jan-07
Jan-08
Jan-09
Jan-10
CA 4A(BUTTER)
CA 4B

DAIRY MARKET NEWS

GENERAL NUMBER
(608)278-4200

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

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

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

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

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

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

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

VOLUME: 77

REPORT: 27

DATE: 07/09/2010

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

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

MARKET NEWS PORTAL

www.marketnews.usda.gov

RECORDED INFORMATION SYSTEM
(608) 278-4142

FAX
(608) 278-4141

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