

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (08/20):**

BUTTER: Grade AA closed at \$2.0400. The weekly average for Grade AA is \$1.9730 (+.0685).

CHEESE: Barrels closed at \$1.6150 and 40# blocks at \$1.6475. The weekly average for barrels is \$1.5950 (+.0120) and blocks, \$1.6310 (+.0130).

BUTTER HIGHLIGHTS: The CME Group cash butter price continues to firm. During the past five (5) trading sessions, the cash price increased 12 1/4 cents to \$2.0400. This one week increase is the largest since January when the cash price increased 18 cents. Cream supplies remain tight from coast to coast. Many butter producers continue to sell a portion of their cream to other uses versus churning. Most are selling their cream due to financial considerations and immediate cash returns. Churning that continues to occur is often not keeping pace with demand, thus many producers and handlers are reaching into lighter than desired inventories to fulfill current orders. Reports indicate that some buyers are starting to adjust their purchasing patterns as the cash price firms. According to FAS, exports of butter and milk for January – June 2010 total 56.3 million pounds, up 140% from January – June 2009. The exports equate to 6.8% of production in the U.S. for this period. Since late July, Cooperatives Working Together (CWT) has accepted bids totaling 29.6 million pounds of butter and anhydrous milk fat for export. These volumes will be exported during the next six months.

CHEESE HIGHLIGHTS: Cash cheese prices at the CME Group continued the trend of setting new daily and weekly 2010 highs. Current cheese offerings have tightened, in particular mozzarella. Orders by food service and restaurant suppliers have increased as they prepare for school/college demand. Larger volumes of milk are being shifted from manufacturing to fluid use each week to cover school needs. Plant milk intakes are also lower. Buyers may need to increase the lead time on specialty and/or short shelf life variety orders for plants to have milk supplies necessary to run them in some areas. Effective, August 19, the Mexican government announced 20 – 25% import tariffs on some U.S. cheese varieties as retaliation for the U.S. lack of compliance with Mexican cross-border trucking access to the U.S. The varieties affected include cheddar, mozzarella, jack, and cream cheese, among others. Mexico is the largest U.S. export market and exports totaled 44 million pounds of affected cheese varieties during the first six months of 2010.

FLUID MILK: Milk production is lower across the country except for a few pockets where cow comfort has not suffered from daytime heat and humidity. Milk production in the Northwest and Arizona is steady. Bottled milk demand continues to increase as more educational districts resume. This increased demand for fluid milk has spurred additional cream generation, but cream remains mostly tight. Class II demand is also strong. Some operations are opting to sell cream on the spot market for improved returns instead of churning. Condensed skim is mostly moving under contract agreements versus spot load sales. Operators in a few areas of the country report increasing difficulties in lining up transportation.

DRY PRODUCTS: Declining availability of manufacturing milk continues to cut into the production of many dry dairy products. NDM production is well below most plant capacities. Spot market activity is lower. The market tone is mixed, with the mostly price series for both the West and Central-East unchanged, but the range price series gaps narrowed. Dry buttermilk markets are mostly unchanged for the week. Production is below anticipated August volumes in most locations, as many handlers are clearing cream loads to active spot market interest. Dry whey markets are steady in the Central and East, but fractionally lower in the West as the influence of aggressive Far East buyers emerges in that price series. Whey protein concentrate 34% prices crept fractionally higher. WPC 34% demand is active, contracts are shipping mostly on time, and F.O.B. spot load offers are intermittent. The lactose mostly price series is unchanged for the week, but higher spot sale prices are reflected in the range price series. Interest is two-tiered, with somewhat sluggish interest for unground product and steady to higher interest for 100+ mesh lactose.

INTERNATIONAL OVERVIEW (DMN): The European milk production season continues to decline. Milk volumes appear to be holding up quite well on the down side of the season with early reports indicating that June's production was 2% above the previous year. On a year to date basis, milk output is about par with last year. Within recent weeks, heat and humidity levels have been high in many regions and will probably accelerate the seasonal decline. August is summer holiday time for many Europeans thus sales activity has been slow. Traders and handlers do indicate that Russian buyer interest continues, but often European prices are higher than desired, thus some buyers are looking beyond European borders for possible stocks. Whole and skim milk powder, along with cheese are items of most interest. Traders also are stating that some new buyer interest is developing as buyers start to look to fill fall/winter needs. For the most part, outside of butterfat, stocks are available for immediate and future needs. Early in the milk production season, milk volumes were being directed towards cheese output, but now other manufactured dairy products are realizing a better milk flow. The Dairy Management Committee will be returning from summer holiday on August 26 for the first time since late July. Traders and handlers are wondering if the balance of intervention butter (about 1,500 MT) will be cleared. Butterfat continues to be a limited item and previous sales of intervention butter were a welcomed item by many. Some butter/anhydrous milk fat from the U.S. is potentially scheduled to arrive in Europe during the next six months. Milk production increases are starting to be reported out of New Zealand. Milk handlers are stating that the increases are not huge, but noticeable. In Australia, the beginning of the new milk production season is still a number

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CME GROUP CASH TRADING

PRODUCT	MONDAY AUGUST 16	TUESDAY AUGUST 17	WEDNESDAY AUGUST 18	THURSDAY AUGUST 19	FRIDAY AUGUST 20	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5850 (N.C.)	\$1.5850 (N.C.)	\$1.5950 (+.0100)	\$1.5950 (N.C.)	\$1.6150 (+.0200)	(+.0300)	\$1.5950 (+.0120)
40# BLOCKS	\$1.6200 (N.C.)	\$1.6200 (N.C.)	\$1.6300 (+.0100)	\$1.6375 (+.0075)	\$1.6475 (+.0100)	(+.0275)	\$1.6310 (+.0130)
NONFAT DRY MILK							
EXTRA GRADE	1.2250 (N.C.)	\$1.2250 (N.C.)	\$1.2250 (N.C.)	\$1.2250 (N.C.)	\$1.2250 (N.C.)	(N.C.)	\$1.2250 (N.C.)
GRADE A	\$1.2100 (N.C.)	\$1.2100 (N.C.)	\$1.2000 (-.0100)	\$1.2000 (N.C.)	\$1.2000 (N.C.)	(-.0100)	\$1.2040 (-.0060)
BUTTER							
GRADE AA	\$1.9175 (N.C.)	\$1.9250 (+.0075)	\$1.9525 (+.0275)	\$2.0300 (+.0775)	\$2.0400 (+.0100)	(+.1225)	\$1.9730 (+.0685)

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**

of weeks away. Late winter weather conditions and temperatures continue to prevail. Grass growth remains dormant. Final milk production figures out of Australia were recently released for the 2009 – 2010 milk production year (July – June). As has been the case for much of the second half of the production year, end of season milk output has been stronger than previous year comparables. For June, milk output was 4.6% heavier than June 2009, thus the cumulative output for the year was down 3.9% from the 2008 – 2009 year. Although the cumulative total still lagged the previous season, milk producers and handlers were pleased to see that the decline was much smaller than early season predictions. The 2009 – 2010 season ended on a positive note. Australian farmers are optimistic about the upcoming milk production season as conditions are very good for a strong start to the season. Farmers and milk handlers are stating that the milking herd ended the previous season on a positive note and wintered well, thus a positive start is also expected due to these factors. Typical winter weather patterns, not seen in many years in Australia, provided much needed moisture to replenish depleted water levels and reserves. With many positive factors pointing to a good milk production season in Australia, milk handlers are questioning how farmers will handle the financial end. Many feel that farmers will be conservative and pay down debt incurred in recent years versus expanding their operations. Following the August 3 global/Dairy Trading event, Oceania handlers and traders adjusted their prices somewhat, but often not to the average level of the various products traded. Traders and handlers continue to state that this is an auction which provides a market sentiment at that time, but is not setting ongoing price levels. Traders and handlers are speculating that recent price weakness at the trading event will stabilize and will probably start to increase in the near future. In September, trading will go to twice a month with the next event on Wednesday, September 1. As milk production seasonally increases, manufacturers and handlers are deciding which direction to go with early milk volumes. Many traders and handlers state that good whole milk powder volumes are already in the sales books, thus initial milk volumes will probably be cleared in this direction. New buyer interest remains slow in developing as buyers are cautious with their purchases.

JUNE FLUID MILK SALES (AMS, CDFA): During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.0% lower than June 2009. After adjusting for calendar composition, sales in June 2010 were 1.8% lower than June 2009. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, low fat milk (1%), flavored fat-reduced milk and organic fat-reduced milk increased from June 2009, while sales of whole milk, flavored whole milk, reduced fat milk (2%), fat-free (skim) milk, and buttermilk decreased from a year earlier.

JULY MILK PRODUCTION (NASS): Milk production in the 23 major States during July totaled 15.3 billion pounds, up 3.0% from July 2009. June revised production at 15.2 billion pounds, was up 2.9% from June 2009. The June revision represented an increase of 23 million pounds or 0.2% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,830 pounds for July, 59 pounds above July 2009. The number of cows on farms in the 23 major States was 8.37 million head, 26,000 head less than July 2009, but 19,000 head more than June 2010.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for September 2010 is \$15.50, down 27 cents from August. This price is derived from the advanced Class IV skim milk pricing factor of \$8.79 and the advanced butterfat pricing factor of \$2.0047 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for September is \$9.49 and the Class II nonfat solids price is \$1.0544 per pound. The following are the two-week product price averages: butter \$1.8269, nonfat dry milk \$1.1542, cheese \$1.6008, and dry whey \$0.3586.

SUPPLY AND DEMAND ESTIMATES (WAOB): Forecast milk production for 2010 and 2011 is raised from last month. Producers continue to add cows to the herd and the rate of growth in milk per cow has increased. Exports for 2010 and 2011 are raised sharply as June exports were strong, global supplies remain relatively tight, and demand in a number of markets is expected to support higher than previously forecast sales. However, sales

in 2011 will be dampened by increased competition. Strong demand for butter and cheese resulted in higher forecast prices for 2010 but the prices for nonfat dry milk (NDM) and whey are lowered from last month. The Class III price forecast for 2010 is raised as the higher cheese price more than offsets the lower whey price, but the Class IV price forecast is reduced as the lower NDM price more than offsets the higher butter price. For 2011, cheese, NDM, and whey price forecasts are reduced but butter is raised. For 2011, the Class III and Class IV price forecasts are lowered. The all milk price is forecast to average \$15.90 to \$16.10 for 2010 and \$15.55 to \$16.55 for 2011.

MAY MAILBOX MILK PRICES (AMS & CDFA): In May 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.08, up \$0.57 from the previous month average, and up \$3.47 from May 2009. The component tests of producer milk in May 2010 were: butterfat, 3.57%; protein, 3.01%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas. Mailbox prices ranged from \$17.50 in Florida to \$13.50 in New Mexico.

DAIRY OUTLOOK (ERS): The most recent USDA forecasts indicate that feed prices will likely be higher next year than in the current year. The corn price forecast is \$3.50 to \$4.10 per bushel for the 2010/11 crop year. However, soybean meal prices are forecast slightly lower, at \$250 to \$290 per ton, for the 2010/11 crop year. The feed price outlook will keep the milk-feed price ratio for both the balance of this year and into next year below a level that usually signals expansion. The most recent *Milk Production* report showed that although producers added cows during the first half of the year, the number of U.S. milk cows remains below 2009 on a year-over-year basis as milk per cow continues to increase. Milk equivalent imports on both a fat and skim-solids basis are projected to decline this year. For next year, imports are expected to remain very near 2010 levels. Higher domestic production and a slow domestic economic recovery will limit imports. Next year, exports are expected to be lower as production in competing countries, notably Australia and New Zealand, is expected to increase. Butter prices are forecast at \$1.610 to \$1.650 per pound this year. Next year's butter prices, expected to moderate because of greater expected milk production, are forecast at \$1.435 to \$1.565 per pound. Cheese prices are expected to remain relatively high for the balance of 2010 on the basis of stronger exports and competition for milk from higher butter prices. Cheese prices are expected to average \$1.500 to \$1.520 per pound this year and climb slightly to \$1.505 to \$1.605 per pound in 2011. Nonfat dry milk (NDM) prices are sharply higher this year compared with 2009, mostly on stronger export projections. NDM prices are forecast to be \$1.145 to \$1.165 per pound in 2010 and rise slightly to \$1.175 to \$1.245 next year. Whey prices have been part of the overall recovery in dairy product prices this year and are projected to average 36.0 to 38.0 cents per pound; however whey prices are not expected to change much next year, averaging 35.5 to 38.5 cents per pound in 2011. The Class IV price is expected to be \$14.50 to \$14.80 per cwt this year, moderating slightly to \$14.00 to \$15.10 in 2011. The Class III price is expected to average \$14.15 to \$14.35 per cwt this year and rise to \$14.15 to \$15.15 in 2011. The Class III price is expected to rise above the Class IV price next year, restoring the more typical price relationship. The all milk price is expected to be \$15.90 to \$16.10 this year and to change very little next year, averaging \$15.55 to \$16.55 in 2011.

FEDERAL MILK ORDER MARKETING AND UTILIZATION (DAIRY PROGRAMS): During July, about 10.7 billion pounds of milk were received from producers. This volume of milk is 1.2% lower than the July 2009 volume. In July 2010, there were significant volumes of milk not pooled due to intraorder disadvantageous price relationships. About 3.6 billion pounds of producer milk were used in Class I products, 1.7% lower than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2010 as compared to 2009. The all-market average Class utilization percentages were: Class I = 34%, Class II = 10%, Class III = 48% and Class IV = 8%. The weighted average statistical uniform price was \$16.14 per cwt., \$0.43 higher than last month and \$4.82 higher than last year.

CME GROUP

MONDAY, AUGUST 16, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; 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: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9200

TUESDAY, AUGUST 17, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1900; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2100
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$1.9200, 1 @ \$1.9250; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9250; LAST OFFER UNCOVERED: NONE

WEDNESDAY, AUGUST 18, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5950; 1 CAR 40# BLOCKS @ \$1.6300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9525; LAST OFFER UNCOVERED: NONE

THURSDAY, AUGUST 19, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6375; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: 5 CARS GRADE AA: 1 @ \$1.9750, 1 @ \$1.9900, 1 @ \$2.0000, 1 @ \$2.0075, 1 @ \$2.0150; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0300; LAST OFFER UNCOVERED: NONE

FRIDAY, AUGUST 20, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6150; 1 CAR 40# BLOCKS @ \$1.6475; 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 @ \$2.0325; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0400; LAST OFFER UNCOVERED: NONE

NORTHEAST

The rate of price increases has slowed, but the price advance continues on CME Group butter market. Tuesday's close saw butter increase \$0.0075 and close at \$1.9250. Butter prices have increased \$0.0825 in the last ten trading sessions on the CME Group. Cream supplies remain very tight with multiples reaching 175 in limited spot market activity. Due to the tight cream supply, churns are operating on very light schedules and are often unable to fill current orders with current production. Foreign Agricultural Service report shows January-June 2010 exports of butter total 56.3 million pounds, a 140% increase compared to the same period last year.

CENTRAL

The CME cash butter price remains firm and continues to increase and settled at \$1.9525 at midweek, 3 1/2 cents higher than last week at this time. Churning schedules continue to edge lower as butter producers sell a portion of their cream supplies versus churn. Overall butter orders are holding up quite well, although more buyers, especially retail buyers, are stating that consumers appear to be responding to higher shelf prices by cutting back on their purchases. As churning edges lower, more suppliers are reaching further into inventoried stock to fulfill orders. In most instances in recent weeks, churning has not kept pace with demand thus butter stocks have been steadily declining versus being enhanced. Lighter than desired inventories have some suppliers concerned about stock availability for the balance of the year. Many feel that butterfat will remain limited and competitive at that time. Also, many butter producers and handlers are voicing concerns about the nearly 30 million pounds of butter/anhydrous milk fat that will be exported out of the U.S. during the next six months with CWT assistance. Many state that fulfilling these commitments will further tighten cream availability for domestic butter and Class II needs. Current 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 \$.0275 higher at \$1.9525. Since the first of the month, butter prices are \$.1375 higher. Butter prices continue to rise in the West as well as the remainder of the country. Supplies are adequate to fulfill contract needs, although orders are augmented from stored inventory. Cream supplies are tighter than usual and demand has pushed multiples higher. Milkfat content is lower and adding to the cream shortage. Cream is being sold directly rather than being churned in many cases where supply allows. Stored butter stocks are below normal and producers are keeping a watchful eye on supplies into the fall and holiday season. 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.

BUTTER MARKETS

According to the Foreign Agricultural Service, exports of butter and milkfat for January-June 2010 total 56.3 million pounds, up 140% from January-June 2009. The exports equate to 6.8% of production in the U.S. for January-June. According to the FAS, quota imports of butter for the first seven months of the year total 3.5 million pounds, 51.4% less than the same period in 2009. Imports of High-Tier butter (above quota and with a penalty) are 224,900 pounds, 35% of last year's amount in the same time period. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 2.6 million pounds last week to 37 million pounds. This total compares to 98.1 million pounds in 2009 and 85.3 million pounds in the comparable week in 2008. Since the peak storage week for 2010 in early June, inventories in CME approved warehouses are 31.4 million pounds (-45.9%) lower.

U.S. Butter and Milkfat Exports

	2010 Exports Jan. - June (Million Lb.)	% Change From 1 Year Ago
World	56.3	+140
Saudi Arabia	11.6	+ 20
Egypt	6.8	+740
Canada	5.0	+311
Morocco	4.5	Zero exports last year
South Korea	4.3	+469
Source:	Foreign Agricultural Service	

U.S. Butter Imports

	2010 Imports Jan. - July (Million Lb.)	% Change From 1 Year Ago
High Tier	0.22	-65.0
Quota	3.49	-51.4
Total	3.71	-52.5
The Jan.- July quota total is 22.7% of the yearly quota total.		
Quota Month to Month		
	July 2010 (Million Lb.)	July 2009 % Change
	.39	1.54 -75.0
Source:	Foreign Agricultural Service	

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEKENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
AUGUST 14	1.5974	1.5913	1.1354	1.8508	0.3583
	11,039,762	8,855,922	22,484,715	3,583,433	11,784,725

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 have leveled off after recent increases, closing Tuesday unchanged with barrels at \$1.5850 and blocks at \$1.6200. Weekly averages moved higher, after recent increases, resulting in higher wholesale prices with the exception of Swiss Cuts, which was unchanged. Cheese production in the Northeast remains steady, supported by good vacation sales and increased mozzarella orders for the upcoming school year. There is some concern from cheese makers that the current higher price levels, given the current economy, will result in sluggish sales after the Labor Day holiday and add to already heavy inventories. In the latest Foreign Agricultural Statistics report, January-June 2010 exports of cheese and curd from the United States totaled 178.0 million pounds, a 61% increase from the same period in 2009.

Cheddar Barrels on Wednesday at the CME Group were \$.0100 higher at \$1.5950. 40 Pound Blocks were also \$.0100 higher, at \$1.6300. Prices had remained unchanged for Blocks and Barrels early in the week. Wednesday's price increase was due to higher bids with no sales reported for either commodity. Although cheese prices continue to firm, cheese sales are in balance with current supplies. Contracted needs are handling the bulk of production with limited spot activity. Current inventories are larger than previous years, yet producers are confident in moving supplies. Cheese yields are lower and milk supplies are expected to be reduced as schools begin to place orders for the upcoming year. According to FAS, exports of cheese and curd for January-June 2010 total 178 million pounds, up 61% from January-June 2009. The exports equate to 3.5% of total cheese production in the U.S. for the period. According to FAS, quota imports of cheese for January-July 2010 total 79.1 million pounds, down 32.6% from a year ago. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 5.3 million pounds, 37.2% of the volume imported in 2009. Imports of quota Swiss cheese for 2010 total 24.1 million pounds, down 12.1% from last year. The two main countries for the Swiss imports are Norway and Finland, and they account for 17.2 million pounds or 71.4% of the year's total import of Swiss.

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

Cheddar 40# Block	:	1.9325-2.2075
Process 5# Sliced	:	1.6850-1.9950
Muenster	:	1.9525-2.1575
Grade A Swiss Cuts 10 - 14#	:	3.0325-3.3550

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

Process 5# Loaf	:	1.7075-1.9650
Cheddar 40# Block	:	1.7475-2.1000
Cheddar 10# Cuts	:	1.9275-2.1475
Monterey Jack 10#	:	1.9375-2.0975
Grade A Swiss Cuts 6 - 9#	:	2.6100-3.0400

MIDWEST

The cheese market is steady though uneven with supplies of some varieties and/or packages tight and others adequate. Tightening manufacturing milk volumes, between the weather and due to increased fluid shipments to bottlers has reduced current cheese production and offerings. To illustrate the change in milk utilization, the August 5-year (2005-2009) estimated daily U.S. fluid product sale average is just over 8 million pounds per day (or 160 tankers at 50,000 pounds) more than July. Since more schools open later in the month than early, more milk is needed in the latter half of August. Mozzarella is tight as food service accounts prepare for the reopening of schools/colleges. Retail demand remains spotty and generally depends on promotions to provide a boost. Process is irregular varying from solid for firms with government accounts while others are starting to see orders diminish as the end of summer/travel season nears. Barrel production is lower with a number of plants operating on sharply reduced schedules. Current barrel supplies have tightened. Processors are using more processing solids and barrels from storage to fill the cooker. At least one operation is seeing slightly higher cheese yields than July, but overall yields remain at low summer levels.

FOREIGN

Block cheese prices on the CME have leveled off after recent increases, closing Tuesday unchanged at \$1.6200. The CME Group weekly average price for block advanced, reflecting the recent increases, resulting in higher prices for domestic varieties with the exception of Swiss Cuts, which held steady. According to FAS, imports of high tier and quota cheese from January through July this year totaled 84.3 million pounds. Imports of quota cheese January through July totaled 79.1 million pounds, 32.5% below the same period last year and 26.4% of the annual quota. Imports of high tier cheese January through July totaled 5.3 million pounds, down 62.8% from the same period in 2009. Imports of Swiss/Emmenthaler varieties from January through July 2010 totaled 24.1 million pounds, 12.1% less than the same period last year. Norway and Finland, the two top sources, account for 71.4% of Swiss/Emmenthaler imports.

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

Process American 5# Loaf	:	1.9425-2.1250
Brick And/Or Muenster 5#	:	2.1300-2.1600
Cheddar 40# Block	:	2.0000-2.5650
Monterey Jack 10#	:	2.0900-2.5650
Blue 5#	:	2.4675-2.8800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9625-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4400-3.3300

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900	: 2.0725-3.5600*
Gorgonzola	: 3.6900-6.6900	: 2.5750-2.8350*
Parmesan (Italy)	: -0-	: 3.4800-3.6825*
Provolone (Italy)	: 3.4400-5.9900	: 2.1150-2.2725*
Romano (Cows Milk)	: -0-	: 3.2625-5.4050*
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-	: 3.1250-3.4475
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
08/16/10	9,669	: 131,246
08/01/10	9,846	: 130,294
CHANGE	-177	: 952
% CHANGE	-2	: 1

CHEESE MARKETS

U.S. Cheese and Curd Exports

	2010 Exports Jan. - June (Million Lb.)	% Change From 1 Year Ago
World	178.0	+61
Mexico	53.0	+22
South Korea	19.5	+79
Japan	14.2	+104
Canada	11.1	+20
Saudi Arabia	6.7	+198

Source: Foreign Agricultural Service

U.S. Cheese Imports

	2010 Imports Jan. - July (Million Lb.)	% Change From 1 Year Ago
High Tier	5.3	-62.8
Quota	79.1	-32.6
Total	84.3	-35.8

The Jan.- July quota total is 26.4% of the yearly quota total.

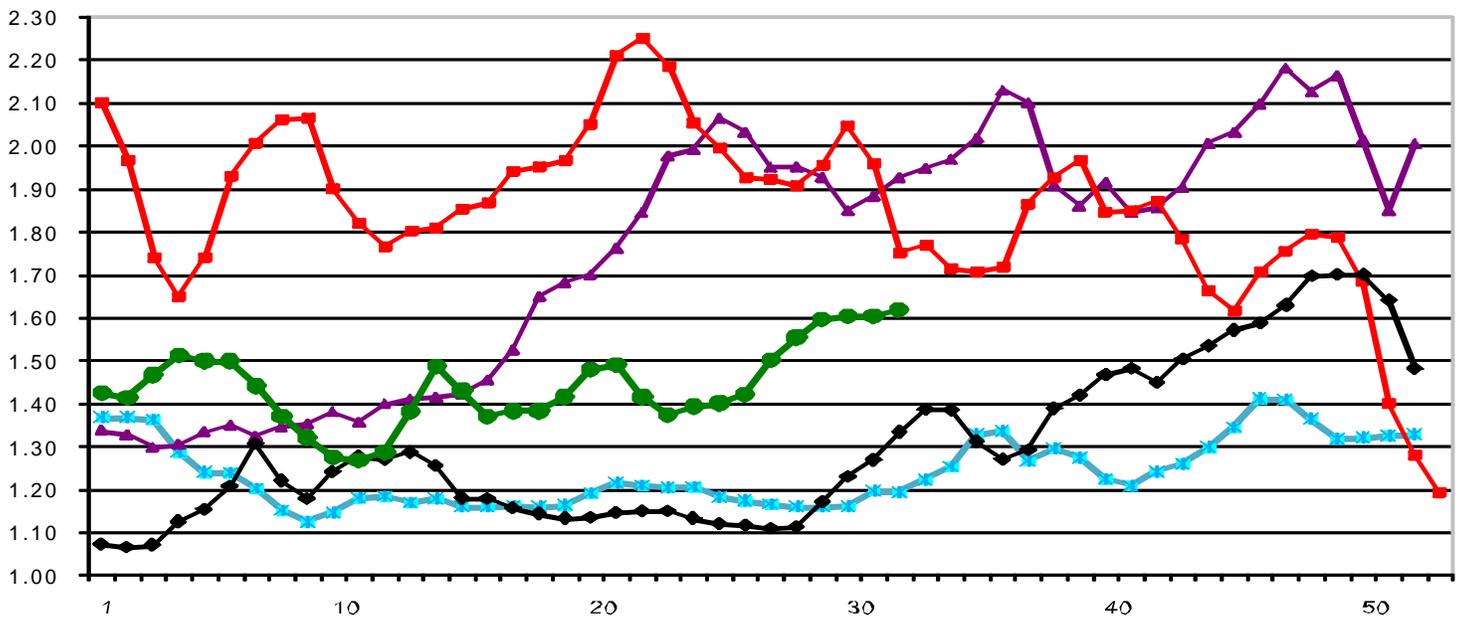
Quota Month to Month

	July 2010	July 2009	% Change
(Million Lb.)	13.7	15.0	-9.1

Source: Foreign Agricultural Service

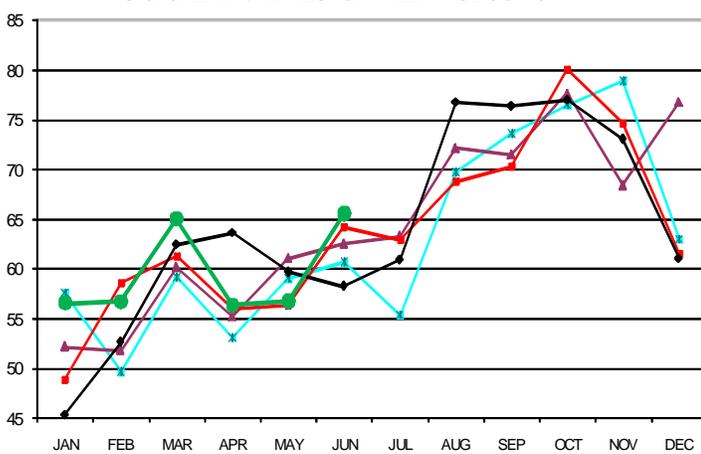
\$ Per Pound

CME Weekly Average Cash Cheddar Block Prices



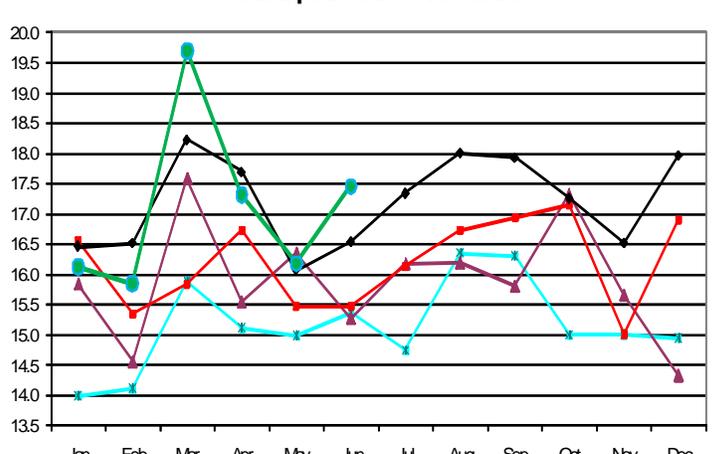
08/13/2010 - Graph USDA, DMN; Source CME GROUP

U.S. CREAM and NEUFCHATEL PRODUCTION



Graph USDA, DMN; Source USDA, NASS

U.S. Hispanic Cheese Production



NASSDATA: GraphbyDMN

FLUID MILK AND CREAM

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	0	43	0
SOUTHEAST STATE	25	0	33	0	0	0

Milk supplies are tightening in all the Eastern regions as school openings and preparations for school openings have significantly increased Class I demand. Milk production declines in the Northeast are following seasonal trends, but are more pronounced in the Mid Atlantic and Southeast regions, due to the effects of continued heat and humidity. Approximately 90% of the schools are back in session in the Southeast and securing enough trucks for longer hauls for needed supplies is becoming a problem. Temperature issues are also problematic due to the continuing heat and humidity. Class I pulls are expected to increase in Florida next week when most schools open. Cream supplies are very tight as milk production declines continue and components remain low. Demand is good with strong pulls from cream cheese and fairly steady ice cream production. Most cream supplies are moving through contracts, limiting spot market availability and pushing multiples as high as 175. Some manufacturers are limiting their production to their contracted cream supplies, unwilling to pay the higher multiples to secure additional loads. Class II demand remains good with most condensed skim moving through contracts. Most plants are on limited drying schedules, mostly on and near the weekend, allowing plants to conduct extended maintenance projects.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	3.1424-3.3328
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.7806-3.0853

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.30 - 1.35
NORTHEAST - CLASS III - SPOT PRICES	-	.98 - 1.05

M I D W E S T

Class I interest is stronger, aided by the return of additional students to classes. Class I milk needs will increase next week as additional schools reopen. Shipments from the upper Midwest to the Southeast continue, but not to Florida. Some operations are also seeing stronger Class II product orders (non-ice cream products). Milk supplies have tightened appreciably, even since the past weekend. Milk supplies are very tight. Manufacturing plant operators are simply unable to acquire extra supplies in the upper Midwest, and, for at least a couple of operators, price is not the problem. Cream is starting to loosen as standardized cream volumes generated from bottling school milk produces larger volumes. Ice cream production is steady to slightly lower though continued heat continues to move product. Bottlers with ice cream or other Class II high-fat products are expecting to make fewer cream purchases and others may start to offer cream for sale. A few reports indicated some sales were cancelled this week as plant intakes were lower and generated less cream than anticipated. In some areas of the country, finding trucks/truckers available to move extra load(s) of milk or cream can be a problem. To illustrate the change in milk utilization, the August 5-year (2005-2009) estimated daily U.S. fluid product sale average is just over 8 million pounds per day (or 160 tankers at 50,000 pounds) more than July. Since more schools open later in the month than early, more milk is needed in the latter half of August. Cooler weather finally reached at least upper tier states after a prolonged bout of heat and humidity. Handlers are hoping for an intake rebound but, thus far, volumes are generally lower since last week, as if the cows are "just plain tired". Some discussion was occurring about whether

much of a rebound in volume and/or components will take place before the cows freshen again. Estimated July 2010 milk production in selected Midwestern states compared with July 2009 is: Wisconsin, 2.267 billion pounds, +48 million pounds (2.2%); Minnesota, 794 million pounds, +11 million pounds (1.4%); Texas, 737 million pounds, +18 million pounds (2.5%); Michigan, 711 million pounds, +19 million pounds (2.7%); Iowa, 377 million pounds, +3 million pounds (0.8%).

W E S T

According to NASS, July *Milk Production* for the 23 surveyed states totals 15.3 billion pounds, up 3.0% or 449 million pounds from last year. Monthly milk production per cow for the 23 surveyed states was 59 pounds more than June 2009. July milk production for selected Western states is as follows: Arizona +8.8%, California +4.7%, Colorado equal to last year; Idaho +5.2%, New Mexico +3.2%, Oregon +8.3%, Utah +2.6, and Washington +6.2%. Compared to July 2009, the Arizona herd is up 8,000 head, California -41,000, Colorado -5,000; Idaho +17,000, New Mexico +3,000, Oregon +6,000, Utah +2,000, and Washington +13,000. These 8 states are up 3,000 while the 23 surveyed states are down 26,000. July cow numbers in these 8 states were 13,000 higher than last month. CALIFORNIA milk output levels are steady to slightly lower. Some hotter daytime temperatures were being noted and showing some slight effects on milk intakes. Cooling nighttime temperatures were helping to mitigate further potential declines. Milk contents are noted to be lower for fat and protein and often attributed to feeding. Plants in the state are running along at expected levels and handling the current milk supplies. The start of schools is pulling more milk into bottled milk plants to service increased school and retail needs. ARIZONA milk production is holding up fairly steady with recent weeks. Local weather is hot and humid, but cows are more acclimated to the conditions, especially with heat abatement measures in place. Localized areas were receiving heavy rains, which were more of an inconvenience and did not affect milk production or transportation to any great extent. Increased Class I milk orders are occurring as more schools and colleges start terms. Milk continues to be shipped out of state to supplement needs in other areas. The CREAM market is steady to slightly firm. Multiples and overages are being maintained; whereas the butter price and averages move upwards and result in increased cream prices. Demand for cream remains good and continues to move out of the region to ice cream, cheese, butter, and other Class II plants. Butter output remains lower as cream is being sold to capture this marketing opportunity and good returns for cream. At the CME Group, Grade AA butter price closed at \$1.9525 on Wednesday, August 18, up 3.5 cents from a week ago. Cream multiples are unchanged at 135-165 and vary based on class usage and basing point. Temperatures in the PACIFIC NORTHWEST were mostly seasonal, although a short spell of high temperatures was reported. The short lived heat did not cause any detrimental effects to milk production in the region. As farm milk price returns are better than recent months, farmers are looking to increase cow numbers. Prices for heifers at auction are showing some strength. Recent auction prices in Washington showed Supreme grade heifers ranging \$1300-1600 per head. Both Oregon and Washington have increased cows from last year and production levels are above last year. Most manufacturing facilities were able to handle milk supplies easily and milk was moved to balance production needs to appropriate plants. UTAH and IDAHO experienced warm days and cool nights that have kept cows comfortable and milk production levels at or above seasonal norms. Increased production capacity in the region has kept demand for fluid milk at a good level. Manufacturing plants have reported reduced yields of cream and milk solids. Cream demand remains very good. Forage prices are steady as quality has increased on second and early third crop alfalfa.

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 are unchanged to higher on a mixed market for Central nonfat dry milk. Offers to the spot market are generally less available this week in the Central region. Production of NDM is steady to lower at several locations and below plant capacities. However, a few plants are recouping milk volumes this week and next week as a few cheese plants work through maintenance and repairs. Those plants are increasing NDM production. According to the latest Foreign Agricultural Service report, January – July 2010 imports of dried skim milk in the high tier category totals about 48,000 pounds. Quota dried skim milk imports during July totaled about 43,000 pounds, representing the first dried skim milk imports in that category during this year.

EAST: Nonfat dry milk prices in the East moved marginally higher in fairly light spot market activity. Class I demand increases are being felt throughout the East due to school openings and preparation for school openings. As a result, manufacturing milk supplies have decreased significantly with a majority of condensed skim moving through contracts. As result, most plants are drying on limited schedules, mostly on and near the weekend, allowing plants to schedule increased high heat production and also conduct extended maintenance projects. There are a couple of producers however, that are expanding drying schedules and inventories in order to ensure contract coverage and/or to take advantage of possible future price increases. Demand for high heat is moderate to good, while low heat demand remains flat.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1500 - 1.2500 MOSTLY: 1.1800 - 1.2450
 HIGH HEAT: 1.2900 - 1.3600

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk market sentiment is unsettled. Prices are mostly unchanged, but higher on the bottom end of the range. Trading activity is lower this week after some recent export and domestic commitments have been negotiated. Some producers are seeing inventories tighten up somewhat, while others have current product and future sales to consider. Spot interest is light to fair and moving only limited volumes. Contracts are moving along expected levels. Stocks levels are moderate and available. There continue to be offerings of old stock and resale powder. Current production levels are often trending seasonally lower, yet most Western states are seeing milk production levels higher than a year ago. High heat prices are trending slightly lower. The market tone is weaker and reflecting the price movements of the low heat market and other pricing indices. Spot offering are light and closely match the limited producer offerings. Demand from some seasonal baked goods and mix accounts is increasing.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0500 - 1.2000 MOSTLY: 1.0800 - 1.1550
 HIGH HEAT: 1.1500 - 1.3400

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The Central dry buttermilk market is unchanged. The butterfat content of farm milk is low, meaning handlers must separate a larger volume of milk than usual to get each load of cream. This has led to snigger cream supplies than is usual for this time of year. Many manufacturers are opting to sell cream loads to active interest rather than churn butter and dry buttermilk. Production of dry buttermilk is lower than anticipated for this time of year at various plants and plant managers point to this cream selloff as the reason. Dry buttermilk inventories are building incrementally.

EAST: Prices for Eastern dry buttermilk remain unchanged for the week. Cream supplies continue to be very tight and butter production is limited to filling current orders. Most buttermilk supplies are being moved as condensed with very little going to the dryer. Spot market activity is very limited, reflecting a weaker demand and undertone as users are looking to lower priced alternative products to fill their needs.

F.O.B. CENTRAL/EAST: 1.2800 - 1.4400

DRY BUTTERMILK - WEST

Western dry buttermilk prices are steady to lower. The market undertone is steady to weaker. Some slight adjustments are being made, but with limited spot trading activity, the lower price trend of nonfat dry milk is not being followed as closely. Contract sales are being filled on time for the most part, but some producers are behind on orders. Production schedules remain light with butter churning below expectations and being limited because of cream sales and subsequently, less condensed buttermilk is available to the dryers. Dry buttermilk stocks are mostly light.

F.O.B. WEST: 1.1700 - 1.2575 MOSTLY: 1.1800 - 1.2200

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged. Inventories are building slowly, and are geared to contract fulfillment and internal use. Spot load offers are scarce. According to the latest Foreign Agricultural Service report, January – July 2010 imports of dry whole milk in the high tier category total about 132,000 pounds. Quota imports of dry whole milk during January – July 2010 total about 2.1 million pounds, about 57% lower than during the same time span of 2009. Total quota imports represent about 28% of the allowable imports under licensing requirements. July 2010 quota dry whole milk imports total about 30,000 pounds, a 98% decrease from July 2009. All 2010 quota import product originated in the Netherlands, Australia, or New Zealand.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 13	\$1.1211	16,037,142	0
August 6	\$1.1656	11,618,982	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

Central dry whey prices are steady to higher on the top of the range while the mostly price series is unchanged. Intermittent F.O.B. spot market offers are clearing readily. Many manufacturers, though, are also adamant about customers taking contract loads as agreed. This is helping manufacturers' inventories stay within the comfort zone at most facilities. A few Central whey producers indicate interest is increasing seasonally from edible accounts in the snack food industry as manufacturers of cheese powder blends respond to upticks in their orders. Dry whey production is below plant capacities at many locations due to the steady drop in farm milk production and increased demand from the fluid market for milk supplies. Also, one or two plants are scheduling maintenance and/or repairs that are idling those plants for multiple days and therefore decreasing dry whey production. Manufacturers report sales into Asia are on the rebound. ANIMAL FEED DRY WHEY prices are unchanged for the week. Inventories are steady to higher at a few locations. Some block offers are reportedly available from a few manufacturers, but interest is price sensitive. Some feed blenders indicate their dry whey needs are still below customary levels as the increased use of dairy product with 34% protein compared to product with 80% protein has decreased their overall need for dry whey as a blending agent.

F.O.B. CENTRAL: .3100 - .3800 MOSTLY: .3250 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2350 - .3250

DRY WHEY - NORTHEAST

Northeast dry whey prices remain steady. Cheese and resulting dry whey production in the Northeast continue to be steady to increasing, prompted by good vacation cheese sales and increased mozzarella orders ahead of school openings. Dry whey supplies continue to be viewed as somewhat tight with most supplies moving through contracts. Spot market activity is light to moderate as domestic demand is steady to flat. There continues to be fairly good export interest.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3525 - .3825

DRY WHEY - WEST

The Western whey market was unsettled after remaining steady for the last few weeks. The range widened slightly, while the mostly series showed some weakness as the export market began to show increased interest. Export buyers are looking to price product lower and seem to be testing the marketplace. Demand for whey domestically continued steady and at seasonal norms. Whey production levels are lower as milk volumes and cheese production overall has showed some slowdown. Producers are able to fill contract needs, though there are fewer spot loads offered currently. Stocks are at comfortable levels to match current demand in most cases.

NONHYGROSCOPIC: .3400 - .4075 MOSTLY: .3500 - .3975

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher for whey protein concentrate 34% and the market undertone is firming. Spot market interest is steady to higher from buyers representing the edible market sector. Some brokers indicate buyers are showing price resistance to spot market offerings, but other buyers are bidding competitively to obtain preferred provider stocks. Manufacturers' holding are mostly unchanged, and inventories are snug. Production has slowed over the last few weeks in response to lower manufacturing milk availability.

F.O.B. EXTRA GRADE 34% PROTEIN: .9100 - 1.0725 MOSTLY: .9400 - .9700

LACTOSE - CENTRAL AND WEST

The lactose market is mixed, with the top of the range price series moving higher and the mostly price series steady. Some unground product reportedly is vying for interest with other dairy solids containing carbohydrates. Demand for lactose at and above the 100 mesh level is active. Inventory conditions are split between the unground and ground types of lactose, with unground lactose loads reportedly available on the spot market while 100+ mesh lactose holdings are tight and mostly committed. Discussions about fourth quarter 2010, 2011 annual needs and contract variables are starting between some manufacturers and buyers.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1800- .4275 MOSTLY: .3000-.3525

CASEIN - NATIONAL

Casein markets and prices remain firm. Domestic buyers continue to question supply availability from their suppliers. In most instances, suppliers continue to assure that buyers will get their contracted volumes with spot availability limited. The current production season in Europe has been geared to cover commitments with unsold stocks being quite limited. In Oceania, the production season is soon to resume, thus it is still too early to speculate on the season. Manufacturers and handlers are optimistic about the upcoming season and indicate that they are proceeding cautiously with their contractual commitments. Oceania suppliers are also stating that they will probably not have any significant volume of uncommitted stock for spot buyer interest.

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

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF AUGUST 16 - 20, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 08/13/10	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	277,236,421	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	277,236,421	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 16 - 20, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	162.1	3,227.6
CUMULATIVE JAN. 1 - AUG. 20, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	136.9	1,894.1

* 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 AUGUST 16 - 20, 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	277,236,421	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	277,236,421	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 07/31/10 & Comparable Week 2009

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	7.2	2.4	18.9	6.6	0.8	N.A.	14.7	3.8	56.7	1,634.7	48.0	43.8
2009-Dairy	N.A.	0.6	8.2	2.5	15.1	3.6	0.5	N.A.	13.6	3.1	48.5	1,708.6	43.7	47.8
2010-All cows	N.A.	0.7	9.1	13.8	31.3	21.6	13.5	N.A.	17.8	6.6	118.1	3,730.5		
2009-All cows	N.A.	0.7	10.3	12.7	29.0	19.4	12.3	N.A.	16.7	6.6	110.9	3,571.4		

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

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL	SOURCE: USDA, APHIS
JULY 10, 17, 24, 31	N.A.	N.A.	

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	15.77	15.50			
II	15.22	15.65	14.46	13.78	14.90	16.01	17.10					
III	14.50	14.28	12.78	12.92	13.38	13.62	13.74					
IV	13.85	12.90	12.92	13.73	15.29	15.45	15.75					

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 August 9 - 20, 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 continues to decline. Milk volumes appear to be holding up quite well on the down side of the season with early reports indicating that June's production was 2% above the previous year. On a year to date basis, milk output is about par with last year. Within recent weeks, heat and humidity levels have been high in many regions and will probably accelerate the seasonal decline. August is summer holiday time for many Europeans thus sales activity has been slow. Traders and handlers do indicate that Russian buyer interest continues, but often European prices are higher than desired, thus some buyers are looking beyond European borders for possible stocks. Whole and skim milk powder, along with cheese are items of most interest. Traders also are stating that some new buyer interest is developing as buyers start to look to fill fall/winter needs. For the most part, outside of butterfat, stocks are available for immediate and future needs. Early in the milk production season, milk volumes were being directed towards cheese output, but now other manufactured dairy products are realizing a better milk flow. The Dairy Management Committee will be returning from summer holiday on August 26 for the first time since late July. Traders and handlers are wondering if the balance of intervention butter (about 1,500 MT) will be cleared. Butterfat continues to be a limited item and previous sales of intervention butter were a welcomed item by many. Some butter/anhydrous milk fat from the U.S. is potentially scheduled to arrive in Europe during the next six months.

BUTTER/BUTTEROIL: European butter markets and prices remain firm. Milk production is declining seasonally in Europe, thus is butter output. For much of the season, cream volumes have been limited and butter production has not been as strong as desired or projected. Cream handlers are stating that butterfat tests within milk are lower this year. This trend is not just limited to European milk output as this situation is also occurring in the U.S. The Dairy Management Committee will once again meet on August 26 after being on holiday since late July. Reports indicate that there are about 1,500 MT of intervention butter left for possible sellback.

82% BUTTERFAT:	4,825 - 5,050
99% BUTTERFAT:	5,175 - 5,700

SKIM MILK POWDER (SMP): European skim milk powder markets are mixed although the undertone is firm. Prices are steady to slightly lower. Much of the current weakness in price is being attributed to the weak Euro against the U.S. dollar. Stocks of powder are readily available for potential buyer interest. Much of Europe has been on holiday during August and sales have been limited. Traders and handlers are stating that buyer interest is starting to develop as the summer holiday season ends and buyers look for fall/winter needs. Powder production was slow to develop this season, but, in recent weeks, has attained stronger output.

1.25% BUTTERFAT:	2,725 - 2,950
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OCEANIA

OVERVIEW: Milk production increases are starting to be reported out of New Zealand. Milk handlers are stating that the increases are not huge, but noticeable. In Australia, the beginning of the new milk production season is still a number of weeks away. Late winter weather conditions and temperatures continue to prevail. Grass growth remains dormant. Final milk production figures out of Australia were recently released for the 2009 - 2010 milk production year (July - June). As has been the case for much of the second half of the production year, end of season milk output has been stronger than previous year comparables. For June, milk output was 4.6% heavier than June 2009, thus the cumulative output for the year was down 3.9% from the 2008 - 2009 year. Although the cumulative total still lagged the previous season, milk producers and handlers were pleased to see that the decline was much smaller than early season predictions. The 2009 - 2010 season ended on a positive note. Australian farmers are optimistic about the upcoming milk production season as conditions are very good for a strong start to the season. Farmers and milk handlers are stating that the milking herd ended the previous season on a positive note and wintered well, thus a positive start is also expected due to these factors. Typical winter weather patterns, not seen in many years in Australia, provided much needed moisture to replenish depleted water levels and reserves. With many positive factors pointing to a good milk production season in Australia, milk handlers are questioning how farmers will handle the financial end. Many feel that farmers will be conservative and pay down debt incurred in recent years versus expanding their operations. Following the August 3 global/Dairy Trading event, Oceania handlers and traders adjusted their prices somewhat, but often not to the average level of the various products traded. Traders and handlers continue to state that this is an auction which provides a market sentiment at that time, but is not setting ongoing price levels. Traders and handlers are speculating that recent price weakness at the trading event will stabilize and will probably start to increase in the near future. In September, trading will go to twice a month with the next event on Wednesday, September 1. As milk production seasonally increases, manufacturers and handlers are deciding which direction to go with early milk volumes. Many traders and handlers state that good whole milk powder volumes are already in the sales books, thus initial milk volumes will probably be cleared in this direction. New buyer interest remains slow in developing as buyers are cautious with their purchases.

BUTTER: Oceania butter markets and prices are firm. Butterfat volumes remain limited as milk volumes are seasonally low, but increasing. The 2010 - 2011 milk production season is now underway with milk volumes noticeably increasing in New Zealand with Australian output still at low levels. As milk volumes increase, the direction of early season milk volumes is often in question. Some manufacturers are stating that good whole milk volumes have been pre-sold, thus they feel early season milk volumes will be cleared into whole milk production, further limiting cream volumes for butter production. Usually, milk volumes increase at a pace that these diversions will not last too long. Traders and handlers are stating that regular and ongoing customer needs during the next few months are already on the sales books, with some additional buyer interest developing. At this time, these buyers remain cautious with their purchases and Oceania suppliers are cautious with their commitments.

82% BUTTERFAT:	3,800 - 4,300
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COMMENTS AND PRICES CONTINUED
ON PAGE 8A

COMMENTS AND PRICES CONTINUED
ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 9 - 20, 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

COMMENTS AND PRICES CONTINUED FROM PAGE 8

WHOLE MILK POWDER (WMP): European whole milk powder markets are generally steady although prices eased slightly. The significant portion of weakening prices is from the Euro/U.S. dollar conversion. Within the past two weeks, the Euro has declined against the dollar. European milk production is declining, thus whole milk powder production is trending lower. Traders and handlers are stating that stocks are available for buyer interest. The European summer holiday season is winding down, thus traders feel that buyers may be returning to the market within the next 2 – 4 weeks.

26% BUTTERFAT: 3,475 - 3,700

SWEET WHEY POWDER: European whey powder markets and prices are firm. Prices have been fluctuating both higher and lower over the past few weeks. Cheese production was strong early in the current milk production season, but now has eased as milk output declines and milk is being directed toward other manufactured dairy products. Whey stocks are available with most market activity centered around an internal or domestic market. Traders and handlers are stating that European stocks are often priced higher than international buyers are willing to pay.

NONHYGROSCOPIC: 850 - 1,150

EASTERN OVERVIEW: The milk production season continues to wind down in Eastern Europe. High heat and humidity levels of recent weeks are not helping the milk flow during the down side of the season. Milk handlers are stating that milk receipts are declining gradually, but also state that milk volumes are sufficient to maintain steady manufacturing schedules. Stocks of milk powders are available for immediate and future needs. As with their Western counterparts, butterfat is limited in Eastern Europe. Sales activity out of Eastern Europe is slow as the summer holiday period continues, although some traders are indicating that buyer interest is starting to develop for upcoming fall/winter needs.

OCEANIA

COMMENTS AND PRICES CONTINUED FROM PAGE 8

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are mixed, although the market undertone is firm. Lower prices realized at the recent global/Dairy Trading event had little impact on overall pricing of Oceania supplies. Some traders and handlers eased their prices slightly, but in most instances, stable prices remain. Many traders feel that prices will stabilize at the upcoming trading event on Wednesday, September 1 and will probably increase in the near future. Milk production remains seasonally low, but increasing, thus stocks of new powder remain limited.

1.25% BUTTERFAT: 2,800 - 3,200

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. Lower prices recorded at the recent global/Dairy Trading event did ease some commercial pricing, but for the most part, prices remain stable to slightly higher. Traders and handlers are speculating that the trading event prices will soon be increasing. The Oceania milk production season is underway, especially in New Zealand, with increases still a few weeks away in Australia. Some manufacturers and handlers are stating that good whole milk commitments are already on the sales books, thus early season milk volumes will probably be cleared in this direction.

26% BUTTERFAT: 2,900 - 3,400

CHEDDAR CHEESE: Cheese markets and prices in the Oceania region are holding steady. The new cheese production season is just about to resume as milk volumes start to increase. Cheese plants are ready to go as winter maintenance is now basically completed. Cheese handlers are stating that seasonal carryover stocks are low and they will be entering the new year at a comfortable level. Pre-season sales have been good and are in line with previous years and projections.

39% MAXIMUM MOISTURE: 3,700 - 4,100

Exchange rates for selected foreign currencies: August 16, 2010

.9572 Canadian Dollar	.0214 Indian Rupee
.2542 Argentina Peso	.7074 New Zealand Dollar
.0790 Mexican Peso	.8974 Australian Dollar
.3220 Polish Zloty	.0117 Japanese Yen
	1.2821 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0790) = 12.6582$ Mexican Pesos. Source: "Wall Street Journal"

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	08/05	08/06	08/09	08/10	08/11	08/12	08/13	08/16	08/17	08/18
CME - CLASS III MILK FUTURES (Pit-Traded)										
AUG 10	14.95 (4747) 0	15.04 (4736) 11	15.06 (4634) 0	15.06 (4609) 3	15.07 (4594) 0	15.08 (4584) 0	15.05 (4569) 0	15.05 (4610) 0	15.07 (4610) 0	15.10 (4618) 0
SEP 10	15.24 (5068) 0	15.31 (5050) 11	15.44 (4886) 0	15.51 (4706) 3	15.55 (4665) 1	15.54 (4681) 0	15.40 (4687) 9	15.32 (4705) 0	15.32 (4704) 0	15.37 (4667) 1
OCT 10	14.87 (4102) 0	14.92 (4106) 6	15.10 (4080) 5	15.13 (4082) 3	15.16 (4112) 0	15.17 (4116) 0	15.04 (4154) 8	15.02 (4217) 0	15.06 (4246) 0	15.13 (4303) 0
NOV 10	14.67 (3859) 0	14.68 (3859) 11	14.83 (3858) 0	14.84 (3836) 0	14.87 (3833) 0	14.88 (3825) 0	14.74 (3821) 9	14.71 (3803) 0	14.71 (3804) 0	14.74 (3790) 0
DEC 10	14.56 (3915) 0	14.60 (3916) 11	14.70 (3926) 0	14.72 (3928) 0	14.72 (3927) 0	14.74 (3940) 0	14.56 (3957) 9	14.56 (3952) 0	14.56 (3950) 0	14.57 (3956) 0
JAN 11	14.28 (916) 0	14.28 (916) 0	14.32 (1009) 16	14.35 (1018) 4	14.34 (1040) 0	14.31 (1050) 0	14.21 (1070) 8	14.20 (1078) 0	14.20 (1099) 3	14.23 (1129) 8
FEB 11	14.20 (690) 0	14.20 (687) 0	14.23 (714) 16	14.24 (718) 4	14.24 (738) 0	14.22 (755) 0	14.10 (774) 8	14.08 (780) 0	14.08 (795) 3	14.09 (826) 8
MAR 11	14.19 (730) 0	14.23 (737) 0	14.20 (764) 16	14.22 (761) 4	14.20 (784) 0	14.20 (800) 0	14.09 (805) 0	14.05 (814) 0	14.05 (831) 3	14.05 (860) 8
APR 11	14.37 (384) 0	14.40 (388) 0	14.39 (430) 16	14.40 (432) 4	14.37 (428) 0	14.32 (439) 0	14.20 (439) 0	14.15 (445) 0	14.13 (454) 3	14.13 (469) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
AUG 10	15.35 (77) 0	15.35 (77) 0	15.45 (77) 0	15.45 (77) 0	15.50 (77) 0	15.50 (77) 0	15.50 (77) 0	15.66 (77) 0	15.66 (77) 0	15.66 (77) 0
SEP 10	15.55 (51) 0	15.55 (51) 0	15.75 (51) 0	15.75 (53) 0	15.75 (53) 0	15.75 (53) 0	15.75 (53) 0	15.81 (53) 0	15.81 (53) 0	15.81 (53) 0
OCT 10	15.50 (60) 0	15.50 (60) 0	15.50 (62) 0	15.50 (62) 0	15.50 (62) 0	15.55 (62) 0	15.75 (64) 0	15.90 (64) 0	15.90 (64) 0	16.00 (74) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
AUG 10	182.00 (705) 2	182.00 (705) 0	182.50 (701) 4	182.50 (701) 0	184.00 (694) 7	184.00 (694) 0	184.00 (694) 0	184.00 (694) 0	184.00 (681) 23	184.00 (654) 27
SEP 10	183.98 (756) 14	183.98 (756) 0	187.50 (744) 26	188.00 (738) 20	190.05 (716) 53	190.00 (720) 19	189.50 (721) 16	189.00 (724) 5	190.00 (727) 4	191.75 (719) 16
OCT 10	181.00 (698) 5	181.00 (698) 3	185.00 (659) 56	185.00 (659) 0	187.50 (638) 28	188.50 (637) 6	188.50 (642) 10	188.50 (642) 0	188.50 (643) 2	189.00 (641) 9
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
AUG 10	116.00 (293) 0	117.00 (298) 0	116.75 (298) 0	116.50 (298) 0	117.00 (297) 0	116.50 (299) 0	116.75 (299) 0	116.78 (298) 0	116.50 (298) 0	116.50 (298) 0
SEP 10	116.25 (335) 0	116.25 (335) 0	116.25 (335) 0	115.53 (348) 0	115.53 (348) 0	116.00 (348) 0	116.00 (348) 0	116.05 (348) 0	116.25 (348) 0	116.25 (348) 0
OCT 10	116.00 (325) 0	116.00 (337) 0	116.00 (337) 0	116.00 (337) 0	117.00 (342) 0	117.03 (342) 0	117.25 (342) 0	117.25 (342) 0	117.50 (342) 0	119.00 (342) 0
CME – WHEY (Electronic-Traded)										
AUG 10	36.00 (284) 0	36.00 (286) 2	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0
SEP 10	35.25 (243) 0	36.00 (245) 2	36.00 (245) 0	36.00 (245) 0	36.00 (245) 0	36.53 (245) 2	36.53 (245) 0	36.53 (245) 0	36.53 (245) 0	36.95 (245) 1
OCT 10	35.00 (276) 0	35.00 (276) 0	35.00 (276) 0	35.00 (276) 0	35.00 (276) 0	36.00 (276) 1	36.00 (276) 0	36.00 (276) 1	36.00 (276) 1	36.75 (278) 2
CME – CHEESE CSC (Electronic-Traded)										
AUG 10	1.58 (8) 0	1.58 (8) 0	1.59 (8) 0	1.59 (8) 1	1.59 (8) 0	1.59 (8) 1	1.59 (8) 0	1.59 (8) 0	1.58 (8) 1	1.59 (8) 0
SEP 10	1.61 (18) 0	1.61 (18) 0	1.63 (18) 0	1.64 (18) 1	1.64 (18) 0	1.63 (20) 10	1.63 (20) 0	1.63 (20) 0	1.60 (29) 10	1.61 (29) 5
OCT 10	1.59 (15) 0	1.59 (15) 0	1.60 (15) 0	1.60 (15) 0	1.60 (15) 0	1.61 (20) 9	1.61 (20) 0	1.60 (20) 0	1.58 (26) 7	1.58 (37) 11
NOV 10	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 0	1.57 (36) 1	1.57 (36) 0
DEC 10	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.57 (32) 0	1.55 (32) 1	1.55 (32) 0
JAN 11	1.56 (4) 0	1.56 (4) 0	1.55 (4) 0	1.53 (4) 2	1.53 (4) 0	1.53 (4) 0	1.53 (4) 0	1.53 (4) 0	1.53 (4) 0	1.53 (4) 0

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.

JUNE FLUID MILK SALES

During June, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.0 percent lower than June 2009. After adjusting for calendar composition, sales in June 2010 were 1.8 percent lower than June 2009. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, low fat milk (1%), flavored fat-reduced milk and organic fat-reduced milk increased from June 2009, while sales of whole milk, flavored whole milk, reduced fat milk (2%), fat-free (skim) milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, JUNE 2010, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,133	7,005	-8.2	-5.9
Flavored Whole Milk	43	273	-6.5	-5.0
Reduced Fat Milk (2%)	1,468	9,212	-2.0	0.5
Low Fat Milk (1%)	531	3,522	1.2	3.4
Fat-Free Milk (Skim)	630	4,017	-3.7	-1.0
Flavored Fat-Reduced Milk	191	2,028	0.3	1.5
Buttermilk	37	229	-2.3	-32.2
Total Conventional Milk Products	4,033	26,321	-3.8	-1.6
Organic Whole Milk	34	198	10.6	8.9
Organic Reduced Fat Milk	36	3/	3/	3/
Organic Low Fat Milk	30	3/	3/	3/
Organic Fat-Free Milk (Skim)	32	3/	3/	3/
Organic Flavored Milk	12	3/	3/	3/
Organic Fat-Reduced Milk 4/	111	638	9.7	5.8
Total Organic Milk Products	145	837	9.9	6.5
Total Fluid Milk Products 5/	4,199	27,178	-3.0	-1.3
Total Fluid Milk Products Adjusted 5/ 6/	4,193	27,184	-1.8	-1.2

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Volume figures are not available for the previous year or earlier months. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, and flavored combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 2010, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	773	4,625	-3.5	-1.7
Appalachian (005)	280	1,799	-0.3	1.2
Southeast (007)	391	2,517	-1.1	-0.6
Florida (006)	220	1,466	-3.6	-1.3
Mideast (033)	452	3,048	-6.0	-0.8
Upper Midwest (030)	332	2,149	-0.9	-0.5
Central (032)	339	2,251	-5.0	-3.4
Southwest (126)	339	2,232	-0.9	0.2
Arizona (131)	89	590	-4.2	-0.8
Pacific Northwest (124)	176	1,103	-0.8	0.9
California (---)	512	3,225	-3.7	-3.7

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

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

AUGUST MILK SUPPLY AND DEMAND ESTIMATES*

Forecast milk production for 2010 and 2011 is raised from last month. Producers continue to add cows to the herd and the rate of growth in milk per cow has increased. Exports for 2010 and 2011 are raised sharply as June exports were strong, global supplies remain relatively tight, and demand in a number of markets is expected to support higher than previously forecast sales. However, sales in 2011 will be dampened by increased competition. Strong demand for butter and cheese resulted in higher forecast prices for 2010 but the prices for nonfat dry milk (NDM) and whey are lowered from last month. The Class III price forecast for 2010 is raised as the higher cheese price more than offsets the lower whey price, but the Class IV price forecast is reduced as the lower NDM price more than offsets the higher butter price. For 2011, cheese, NDM, and whey price forecasts are reduced but butter is raised. For 2011, the Class III and Class IV price forecasts are lowered. The all milk price is forecast to average \$15.90 to \$16.10 per cwt for 2010 and \$15.55 to \$16.55 per cwt for 2011.

U.S. MILK SUPPLY AND USE					
Commodity	2009	2010 Projected		2011 Projected	
		July	August	July	August
BILLION POUNDS					
MILK					
PRODUCTION	189.3	191.2	192.0	193.5	194.6
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	190.2	191.0	192.5	193.6
IMPORTS	5.6	4.5	4.2	4.7	4.3
TOTAL COMMERCIAL SUPPLY	204.0	206.1	206.6	207.7	208.4
FAT BASIS USE					
COMMERCIAL EXPORTS	4.1	5.3	6.3	5.1	5.6
ENDING COMMERCIAL STOCKS	11.3	10.5	10.5	9.8	9.9
CCC NET REMOVALS <u>1/</u>	0.7	0.2	0.2	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.7	190.0	189.5	192.8	192.9
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	11.3	11.3	11.3	11.4
MARKETINGS	188.3	190.2	191.0	192.5	193.6
IMPORTS	5.5	4.6	4.6	4.8	4.7
TOTAL COMMERCIAL SUPPLY	204.7	206.1	207.0	208.6	209.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	22.5	26.3	28.8	27.3	28.0
ENDING COMMERCIAL STOCKS	11.3	11.3	11.4	10.9	11.0
CCC NET REMOVALS <u>1/</u>	2.9	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	168.6	168.8	167.1	170.4	170.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
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

AUGUST MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2009	2010 Projected		2011 Projected	
		July	August	July	August
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u> CHEESE	1.2963	1.465-1.495	1.500-1.520	1.520-1.620	1.505-1.605
BUTTER	1.2094	1.530-1.590	1.610-1.650	1.400-1.530	1.435-1.565
NONFAT DRY MILK	0.9222	1.195-1.225	1.145-1.165	1.235-1.305	1.175-1.245
DRY WHEY	0.2584	0.365-0.385	0.360-0.380	0.375-0.405	0.355-0.385
DOLLARS PER CWT					
MILK PRICES <u>2/</u> CLASS III	11.36	13.80-14.10	14.15-14.35	14.40-15.40	14.15-15.15
CLASS IV	10.89	14.65-15.05	14.50-14.80	14.40-15.50	14.00-15.10
ALL MILK <u>3/</u>	12.84	15.80-16.10	15.90-16.10	15.90-16.90	15.55-16.55
QUARTERLY					
	2010 II	2010 III <u>4/</u>	2010 IV <u>4/</u>	2011 I <u>4/</u>	2011 II <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	49.7	47.7	47.2	48.3	50.0
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	15.07	16.30-16.60	16.65-17.25	15.60-16.50	15.05-16.05
CLASS III PRICE <u>2/</u>	13.31	14.60-14.90	14.80-15.40	13.95-14.85	13.90-14.90
CLASS IV PRICE <u>2/</u>	14.82	15.35-15.75	14.70-15.40	14.00-15.00	13.75-14.85

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-485, World Agricultural Outlook Board, USDA, August 12, 2010.

JULY MILK PRODUCTION

Milk production in the 23 major States during July totaled 15.3 billion pounds, up 3.0 percent from July 2009. June revised production at 15.2 billion pounds, was up 2.9 percent from June 2009. The June revision represented an increase of 23 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,830 pounds for July, 59 pounds above July 2009.

The number of cows on farms in the 23 major States was 8.37 million head, 26,000 head less than July 2009, but 19,000 head more than June 2010.

JULY 2010 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2009	2010	2009	2010	2009	2010	% CHANGE FROM 2009
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	171	179	1,800	1,870	308	335	8.8
CA	1,790	1,749	1,815	1,945	3,249	3,402	4.7
CO	124	119	1,970	2,050	244	244	---
FL	115	115	1,450	1,500	167	173	3.6
ID	550	567	1,930	1,970	1,062	1,117	5.2
IL	102	101	1,580	1,575	161	159	-1.2
IN	168	169	1,725	1,750	290	296	2.1
IA	215	211	1,740	1,785	374	377	0.8
KS	117	119	1,735	1,750	203	208	2.5
MI	356	359	1,945	1,980	692	711	2.7
MN	469	470	1,670	1,690	783	794	1.4
MO	108	100	1,195	1,190	129	119	-7.8
NM	321	324	2,050	2,095	658	679	3.2
NY	621	611	1,735	1,800	1,077	1,100	2.1
OH	278	270	1,630	1,690	453	456	0.7
OR	114	120	1,695	1,745	193	209	8.3
PA	545	541	1,640	1,680	894	909	1.7
TX	423	415	1,700	1,775	719	737	2.5
UT	83	85	1,840	1,850	153	157	2.6
VT	135	137	1,570	1,540	212	211	-0.5
VA	96	95	1,510	1,515	145	144	-0.7
WA	239	252	2,015	2,030	482	512	6.2
WI	1,257	1,263	1,765	1,795	2,219	2,267	2.2
23 STATE TOTAL	8,397	8,371	1,771	1,830	14,867	15,316	3.0

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," (August 2010), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for September 2010 is \$15.50 per cwt. This price is derived from the Class IV skim milk pricing factor of \$8.79 and the advanced butterfat pricing factor of \$2.0047. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to August 2010, the Class I base price decreased \$0.27 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.30 per cwt., -\$0.026 per gallon; reduced fat milk (2%), -\$0.46 per cwt., -\$0.040 per gallon; fat-free (skim milk), -\$0.64 per cwt., -\$0.055 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.79. Thus, the Class II skim milk price for September is \$9.49 per cwt., and the Class II nonfat solids price is \$1.0544. **Product Price Averages.** The two-week product price averages for September are: butter \$1.8269, nonfat dry milk \$1.1542, cheese \$1.6008, and dry whey \$0.3586.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
September 2010				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	18.75	12.04	2.0372
Appalachian (Charlotte) ^{5/ 6/}	005	18.90	12.19	2.0387
Southeast (Atlanta) ^{6/ 7/}	007	19.30	12.59	2.0427
Florida (Tampa) ^{6/ 8/}	006	20.90	14.19	2.0587
Mideast (Cleveland) ^{9/}	033	17.50	10.79	2.0247
Upper Midwest (Chicago) ^{10/}	030	17.30	10.59	2.0227
Central (Kansas City) ^{11/}	032	17.50	10.79	2.0247
Southwest (Dallas) ^{12/}	126	18.50	11.79	2.0347
Arizona (Phoenix)	131	17.85	11.14	2.0282
Pacific Northwest (Seattle) ^{13/}	124	17.40	10.69	2.0237
All-Market Average		18.39	11.68	2.0336

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 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 markets. ^{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.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MAY 2010, WITH COMPARISONS

In May 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.08 per cwt., up \$0.57 from the previous month average, and up \$3.47 from May 2009. The component tests of producer milk in May 2010 were: butterfat, 3.57%; protein, 3.01%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas. Mailbox prices ranged from \$17.50 in Florida to \$13.50 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	May 2009	April 2010	May 2010
	Dollars per hundredweight		
New England States <u>3/</u>	12.65	15.61	16.23
New York	11.96	14.52	15.22
Eastern Pennsylvania <u>4/</u>	12.14	15.16	15.84
Appalachian States <u>5/</u>	12.78	15.71	16.26
Southeast States <u>6/</u>	13.15	16.01	16.36
Southern Missouri <u>7/</u>	10.77	14.00	14.40
Florida	14.70	16.89	17.50
Western Pennsylvania <u>8/</u>	11.86	15.04	16.20
Ohio	12.32	15.20	16.26
Indiana	12.00	14.50	15.44
Michigan	11.55	14.35	15.50
Wisconsin	11.40	14.31	14.71
Minnesota	11.49	14.19	14.50
Iowa	11.81	14.78	15.22
Illinois	11.80	14.67	15.11
Corn Belt States <u>9/</u>	11.33	14.13	14.61
Western Texas <u>10/</u>	10.59	13.97	14.37
New Mexico	9.77	13.09	13.50
Northwest States <u>11/</u>	10.87	14.02	14.66
All Federal Order Areas <u>12/</u>	11.61	14.51	15.08
California <u>13/</u>	9.70	12.93	13.25

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

THE DAIRY OUTLOOK

More Milk Both This Year and Next Will Counter Higher Exports and Domestic Commercial Use, Keeping Next Year's Prices In Line With This Year

The most recent USDA forecasts indicate that feed prices will likely be higher next year than in the current year. The corn price forecast is \$3.50 to \$4.10 per bushel for the 2010/11 crop year, a rise from current year projected prices. However, soybean meal prices are forecast slightly lower, at \$250 to \$290 per ton, for the 2010/11 crop year. The feed price outlook will keep the milk-feed price ratio for both the balance of this year and into next year below a level that usually signals expansion.

The most recent *Milk Production* report showed that although producers added cows during the first half of the year, the number of U.S. milk cows remains below 2009 on a year-over-year basis as milk per cow continues to increase. The most current USDA forecast continues the trend of lower cow numbers that has been more than offset by increased output per cow in 2010. Output per cow is expected to rise by 2.5 percent compared with 2009, pushing current-year production to 192 billion pounds. This trend is expected to continue in 2011 as cow numbers decline fractionally, and production per cow is forecast to rise by 1.5 percent. On balance, milk production in 2011 is projected to reach 194.6 billion pounds.

Milk equivalent imports on both a fats and skims-solids basis are projected to decline this year, totaling 4.2 billion pounds on a fats basis and 4.6 billion pounds on a skims-solids basis. For next year, imports are expected to remain very near 2010 levels. Higher domestic production and a slow domestic economic recovery will limit imports. Milk equivalent exports have staged a strong recovery in 2010 from last year on both a fats and skims-solids basis. In 2010, exports are expected to reach 6.3 billion pounds on a fats basis and 28.8 billion pounds on a skims-solids basis. Next year, exports are expected to be lower as production in competing countries, notably Australia and New Zealand, is expected to increase. Also for next year, exports on a fats basis are forecast at 5.6 billion pounds and 28.0 billion pounds on a skims-solids basis. In 2011, domestic commercial use on both a fats and skims-solids basis is expected to show above-trend growth. Domestic commercial use is forecast to reach 192.9 billion pounds, a 1.8 percent year-over-year increase on a fats basis, and reach 170.6 billion pounds, a 2.1 percent year-over-year increase on a skims-solids basis. Growth in both domestic commercial use and exports will result in tighter ending stocks this year and next on a fats basis. Ending stocks on a skims-solids basis will be near 2009 levels this year and tighten by the end of 2011.

Butter stocks have been below 2009 in the first half of 2010 and are below 5-year trend on a seasonally adjusted basis. Lower production and rising domestic commercial use have tightened stocks and sharply increased butter prices. Butter prices are forecast at \$1.610 to \$1.650 per pound this year. Next year's butter prices, expected to moderate because of greater expected milk production, are forecast at \$1.435 to \$1.565 per pound. Cheese prices are expected to remain relatively high for the balance of 2010 on the basis of stronger exports and competition for milk from higher butter prices.

Cheese prices are expected to average \$1.500 to \$1.520 per pound this year and climb slightly to \$1.505 to 1.605 per pound in 2011. A stronger export forecast, as well as domestic commercial use, could offset expected greater milk production. Nonfat dry milk (NDM) prices are sharply higher this year compared with 2009, mostly on stronger export projections. NDM prices are forecast to be \$1.145 to \$1.165 per pound in 2010 and rise slightly to \$1.175 to \$1.245 next year. Whey prices have been part of the overall recovery in dairy product prices this year and are projected to average 36.0 to 38.0 cents per pound; however whey prices are not expected to change much next year, averaging 35.5 to 38.5 cents per pound in 2011.

The tightness in the butter market has precipitated the unusual situation of the Class IV price climbing above the Class III price. The Class IV price is expected to be \$14.50 to \$14.80 per cwt this year, moderating slightly to \$14.00 to \$15.10 per cwt in 2011. The Class III price is expected to average \$14.15 to \$14.35 per cwt this year and rise to \$14.15 to \$15.15 in 2011. The Class III price is expected to rise above the Class IV price next year, restoring the more typical price relationship. The all milk price is expected to be \$15.90 to \$16.10 per cwt this year and to change very little next year, averaging \$15.55 to \$16.55 per cwt in 2011.

SOURCE: "Livestock, Dairy, and Poultry Outlook", LDP-M-194, August 18, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, JULY 2010

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During July, about 10.7 billion pounds of milk were received from producers. This volume of milk is 1.2 percent lower than the July 2009 volume. In July 2010, there were significant volumes of milk not pooled due to intraorder disadvantageous price relationships. About 3.6 billion pounds of producer milk were used in Class I products, 1.7 percent lower than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2010 as compared to 2009. The all-market average Class utilization percentages were: Class I = 34%, Class II = 10%, Class III = 48% and Class IV = 8%. The weighted average statistical uniform price was \$16.14 per cwt., \$0.43 higher than last month and \$4.82 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2010										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,096.4	2.8	843.2	1.4	40	23	26	11	17.43
Appalachian (Charlotte)	005	484.2	-0.8	332.2	-2.5	69	17	7	7	18.54
Southeast (Atlanta)	007	552.1	-3.2	371.6	-2.7	67	9	22	2	18.37
Florida (Tampa)	006	224.5	-3.0	200.9	-2.3	89	8	2	1	20.87
Mideast (Cleveland)	033 3/	1,277.6	-12.5	506.4	-8.4	40	13	41	6	16.12
Upper Midwest (Chicago)	030 3/	2,916.0	-0.1	352.0	-2.2	12	2	86	4/	14.39
Central (Kansas City)	032 3/	1,120.8	-4.9	354.7	6.3	32	12	50	6	15.63
Southwest (Dallas)	126 3/	999.9	5.5	342.3	2.3	34	5	46	15	16.53
Arizona (Phoenix)	131	358.6	17.9	105.0	-10.2	29	9	26	36	15.68
Pacific Northwest (Seattle)	124	658.8	-3.8	176.8	-5.7	27	7	42	24	15.18
ALL MARKET AVERAGE OR TOTAL	3/	10,688.9	-1.2	3,585.1	-1.7	34	10	48	8	16.14

1/ Names in parentheses are the major city in the principal pricing point of the market.

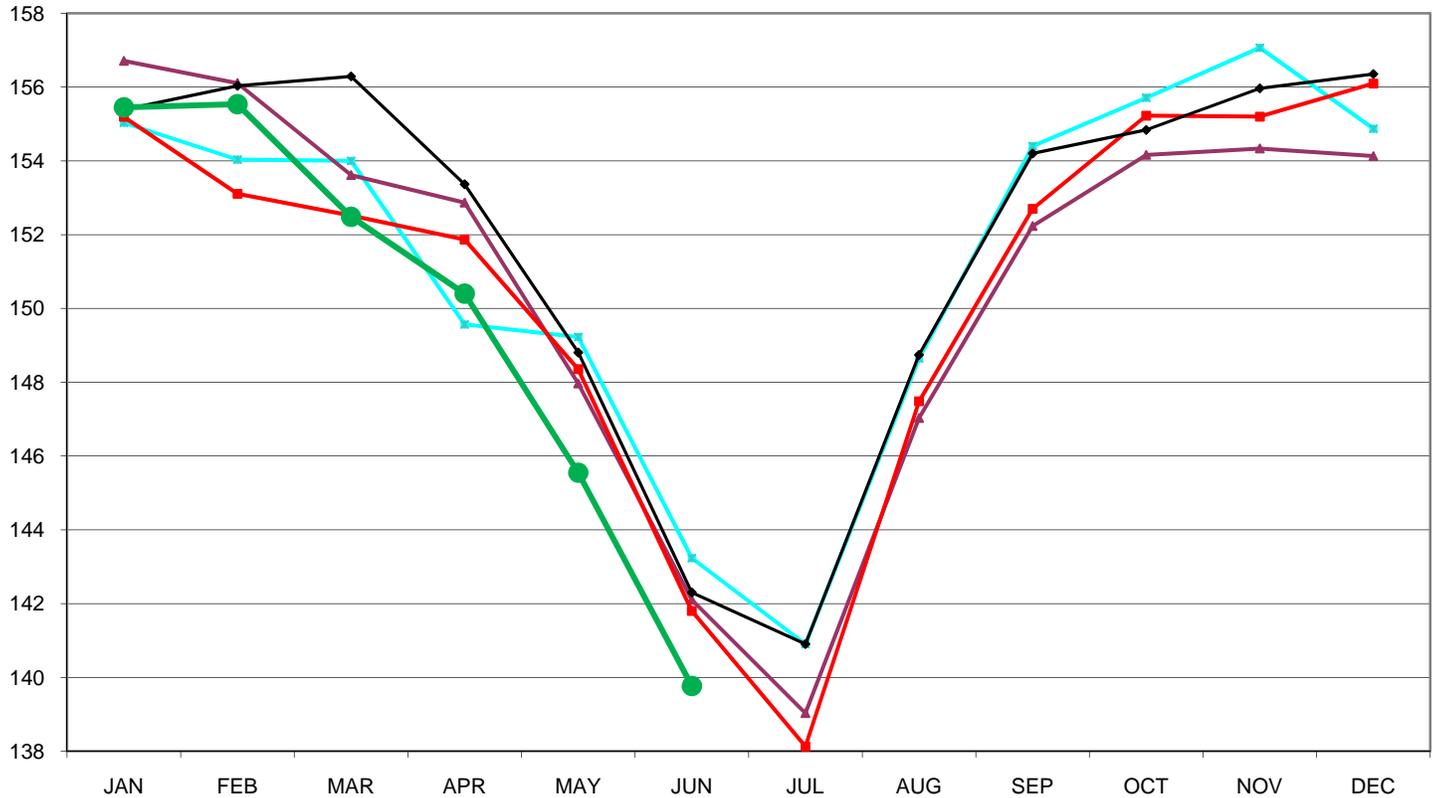
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 401 million pounds of milk that normally would have been associated with these markets. In July 2009, the estimated not pooled volume of milk was 82 million pounds, occurring in order numbers 030 and 032. After adjusting for non pooled milk, the year-to-year percent change is +1.7%.

4/ Less than 0.5 percent.

MILLION POUNDS

ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

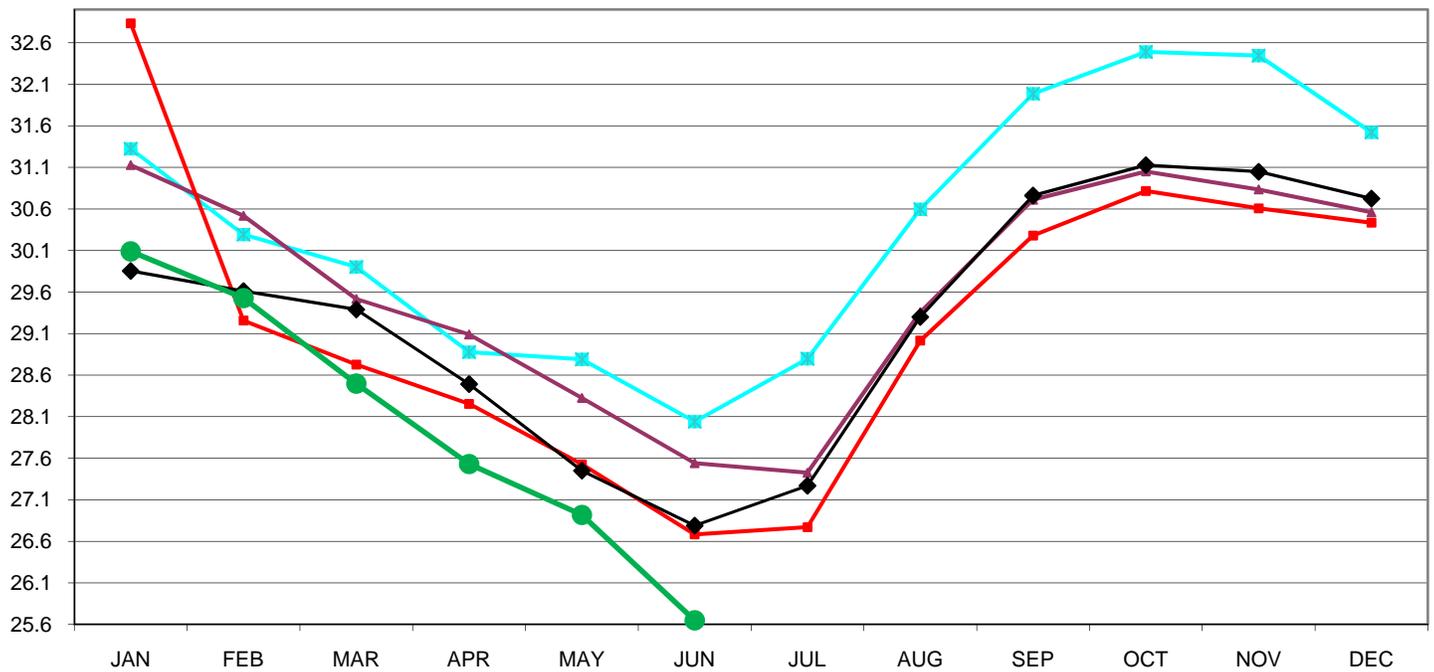


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2006 2007 2008 2009 2010

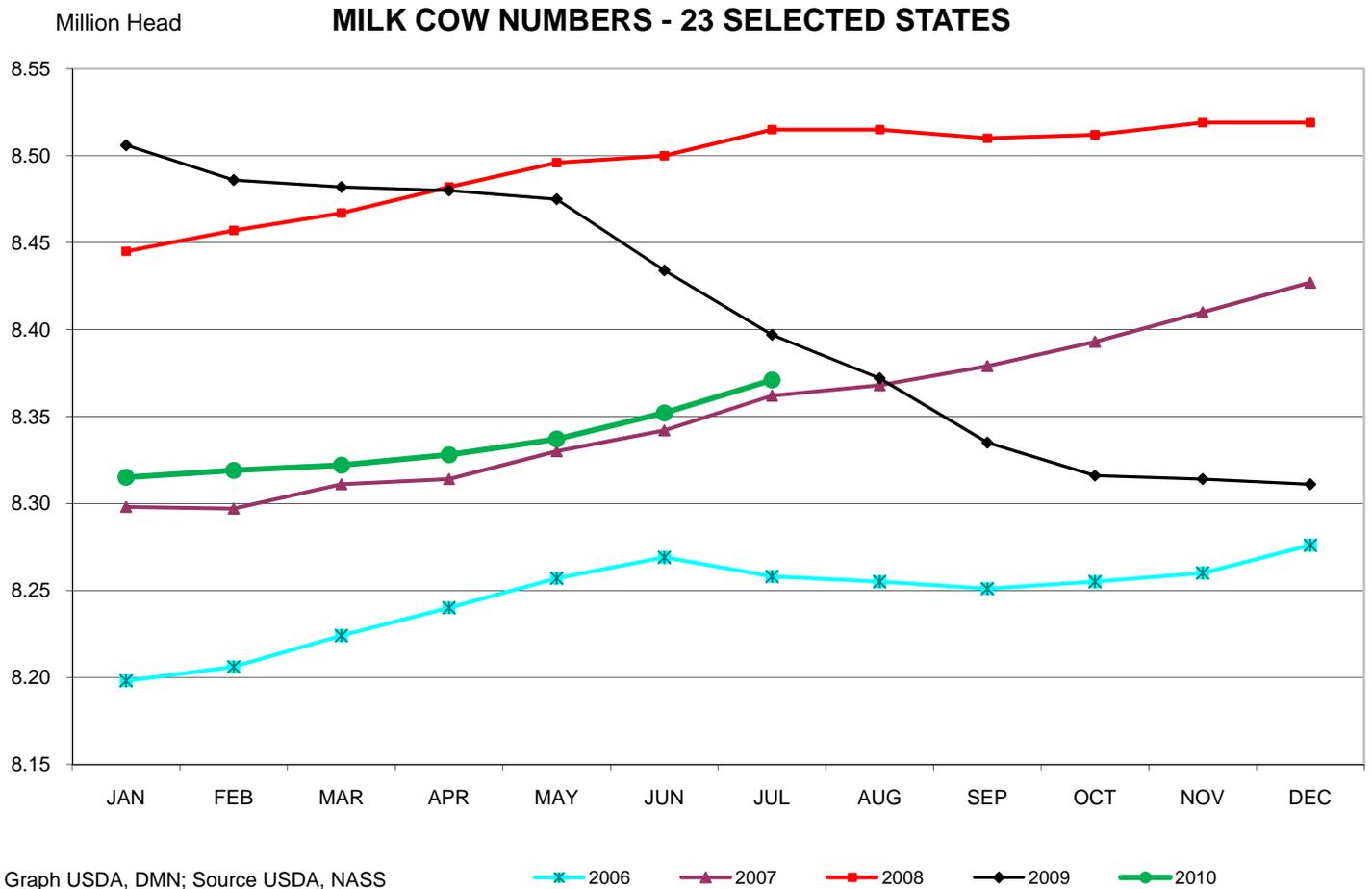
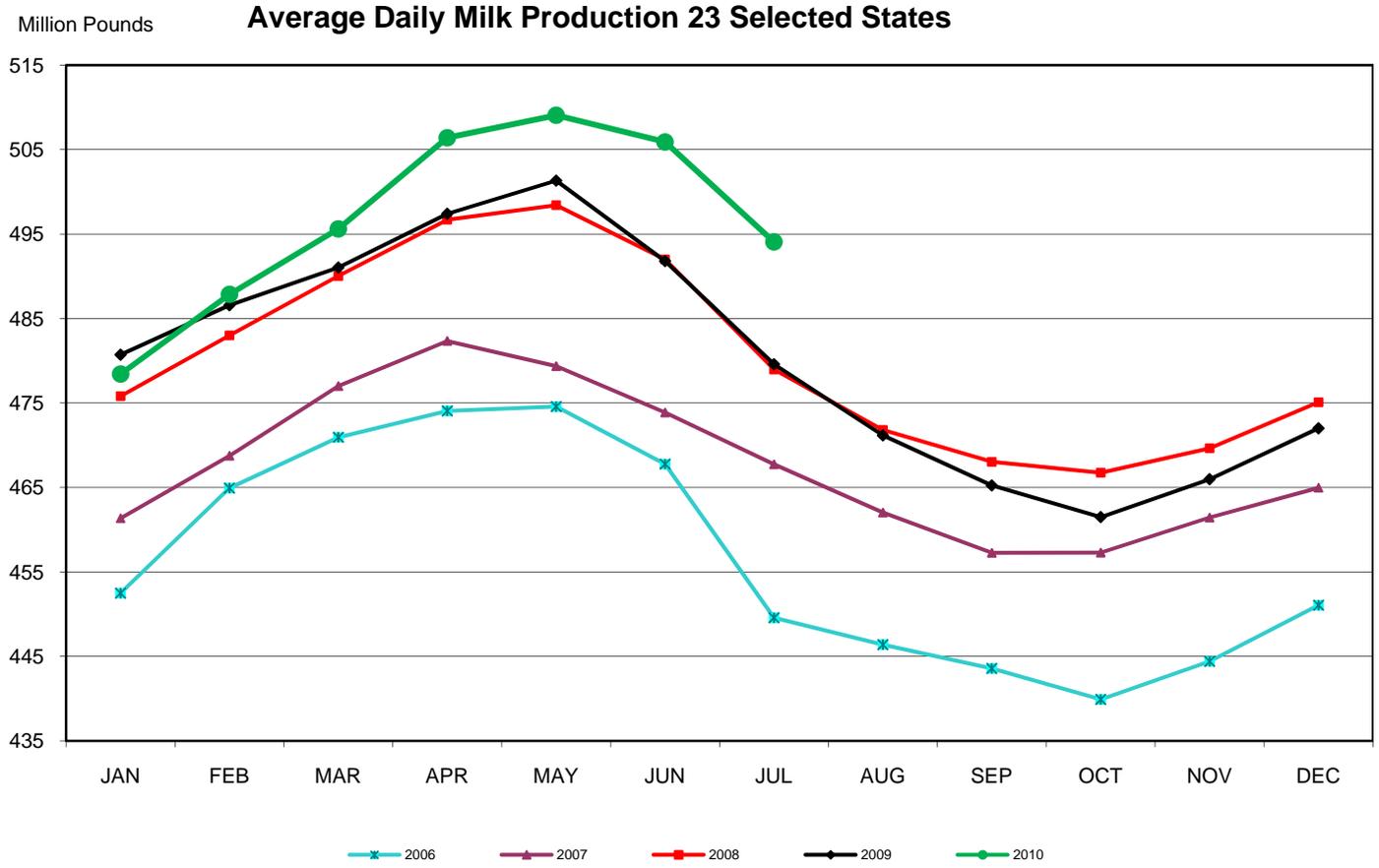
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS

%



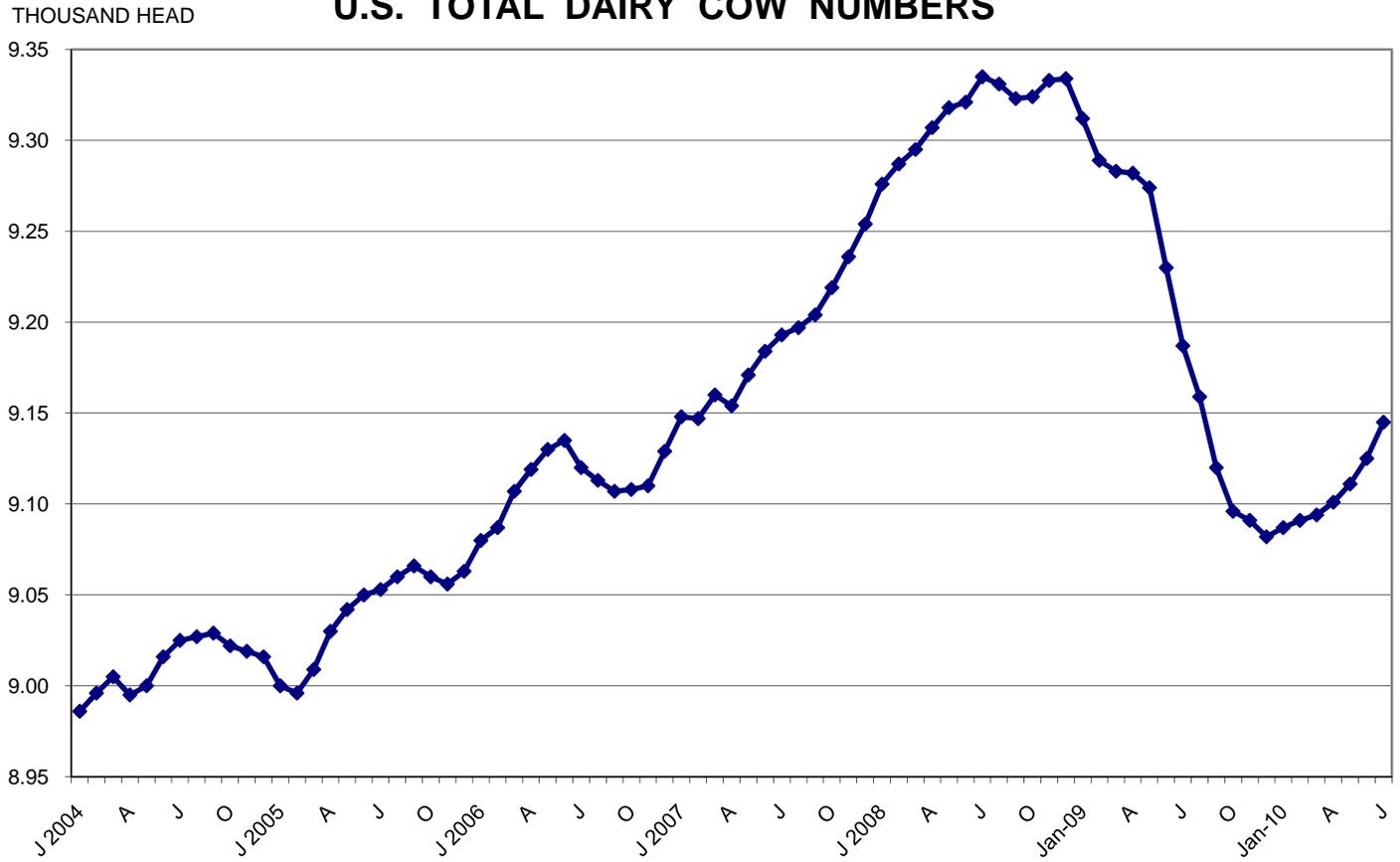
SOURCE: NASS US MILK PRODUCTION, AMS DAIRY PROGRAMS AND CDFA FLUID SALES DATA

2006 2007 2008 2009 2010

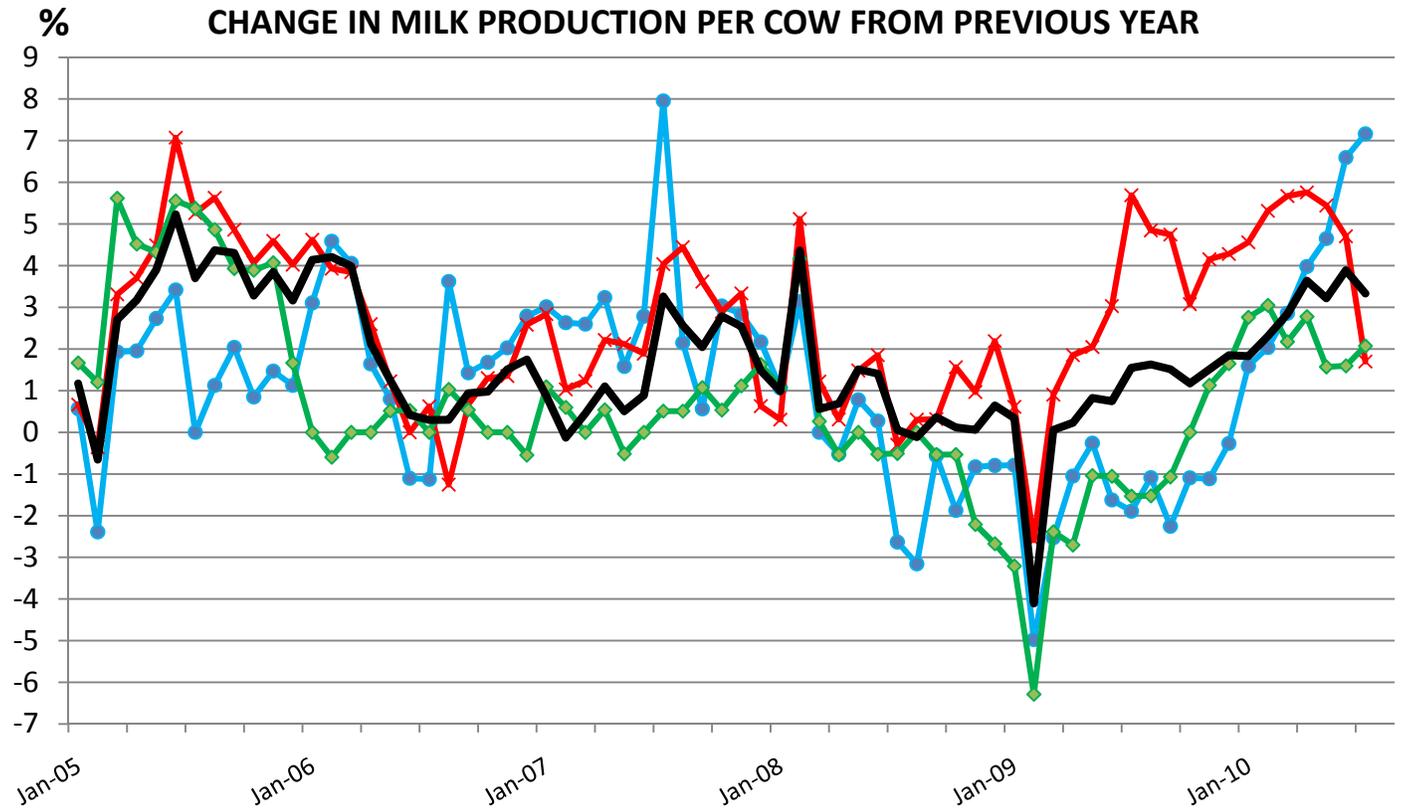


Graph USDA, DMN; Source USDA, NASS

U.S. TOTAL DAIRY COW NUMBERS



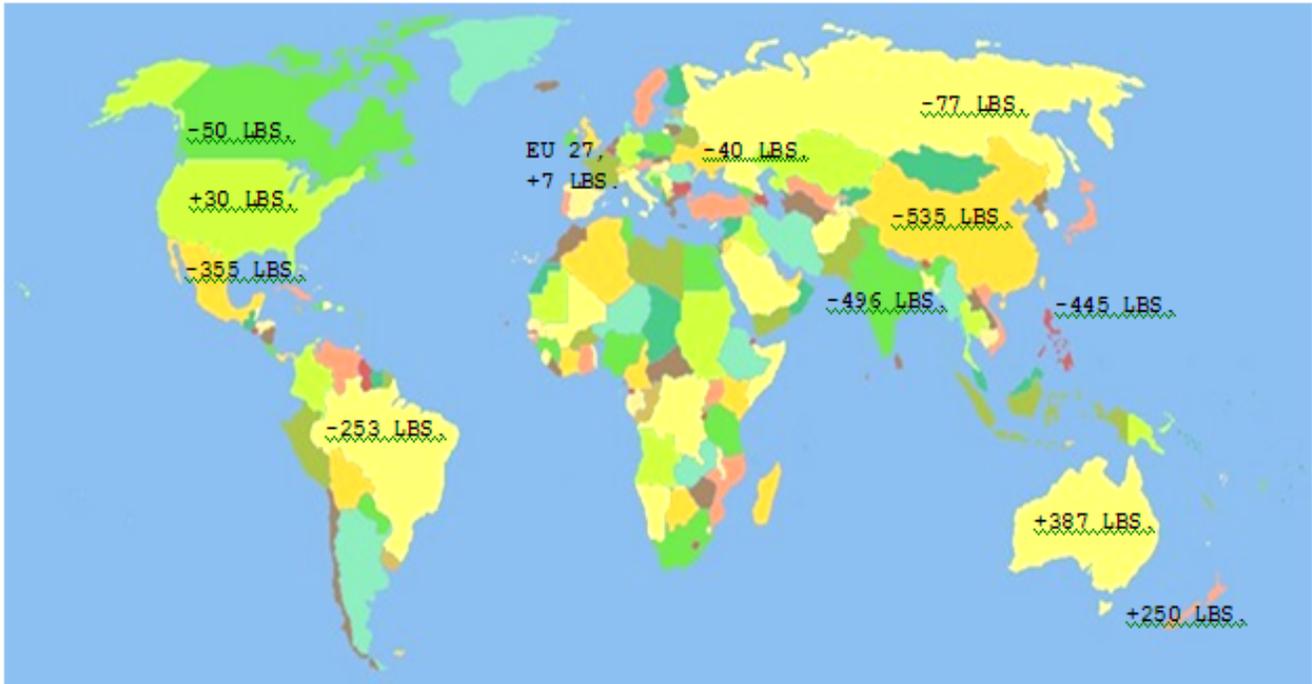
CHANGE IN MILK PRODUCTION PER COW FROM PREVIOUS YEAR



Graph by DMN, Source: NASS

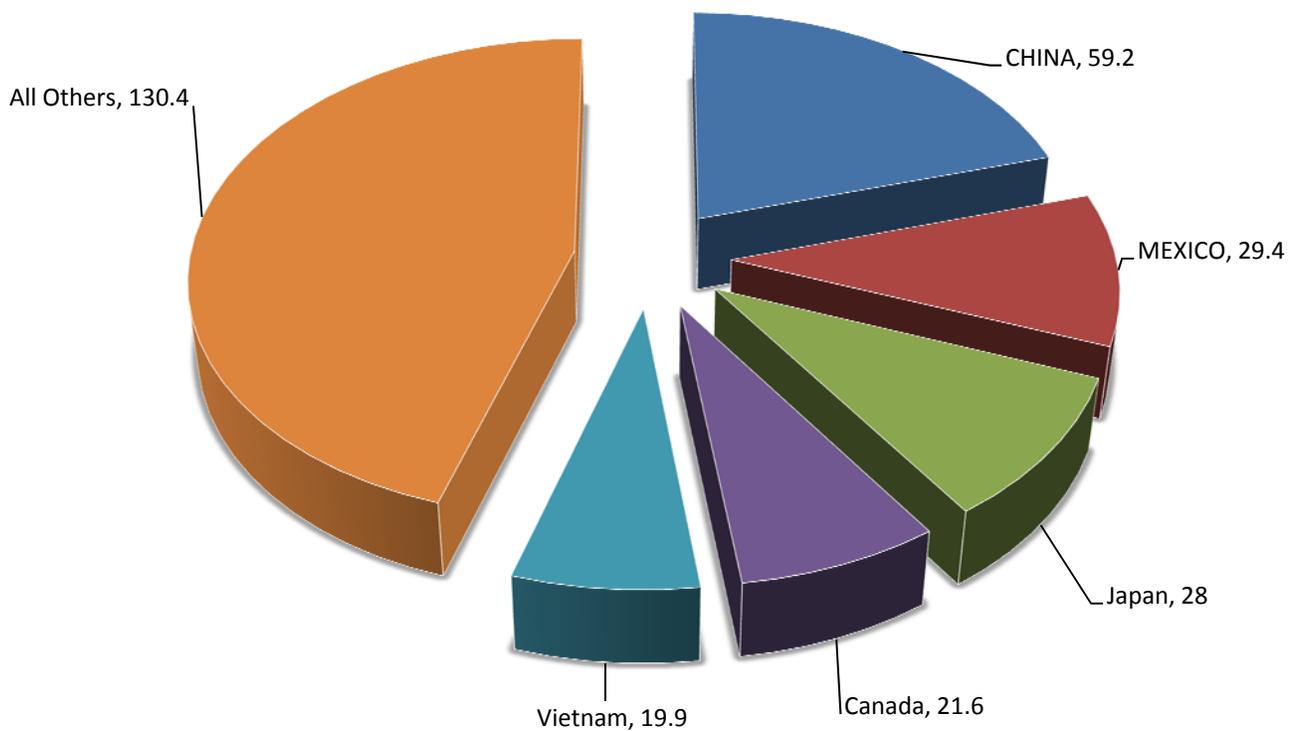
● CA × WI ◆ ID — 23 STS

13 LEADING COW MILK PRODUCING COUNTRIES' APPROXIMATE ANNUAL PER CAPITA MILK PRODUCTION SURPLUS(+) OR DEFICIT(-), IN LBS., COMPARED TO AVERAGE ANNUAL U.S. ALL DAIRY PRODUCTS MILK EQUIVALENT CONSUMPTION, MILKFAT BASIS



Derived from United Nations 2008 population estimates, Foreign Agricultural Service milk production information, and University of Wisconsin U.S. Dairy Product Consumption datasets

USDA-FAS Dry Whey Exports, Jan. - June 2010, in Millions of Lbs.



DAIRY MARKET NEWS

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