

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (09/03):**

BUTTER: Grade AA closed at \$2.2250. The weekly average for Grade AA is \$2.2140 (+.0595).

CHEESE: Barrels closed at \$1.6850 and 40# blocks at \$1.7200. The weekly average for barrels is \$1.6720 (+.0355) and blocks, \$1.7110 (+.0420).

BUTTER HIGHLIGHTS: The CME Group daily cash butter price continues to steadily increase and closed the week at \$2.2250, 4 1/2 cents higher than last Friday. Churning activity across the country continues to lag desired levels. In many instances, butter producers are choosing to sell a portion of their cream supply versus churn. Many butter producers are wondering how much additional cream might become available during the upcoming Labor Day holiday weekend. Many Class II operations will be shuttered or running on reduced production schedules, thus the competition for cream is anticipated to be lower. Often, reduced churning is not generating sufficient fresh butter volumes to fulfill current demand thus suppliers are reaching into inventory. For many butter producers and handlers, inventories are at much lower levels than most desire for this time of the season. Since late July, Cooperatives Working Together (CWT) has accepted export assistance requests to clear about 33.1 million pounds of butter and/or anhydrous milk fat from the U.S. between July through February 2011. With this export commitment and lighter inventories, many butter producers and handlers are voicing concern about having sufficient butter stocks for domestic need between now and the end of the year when butter demand is typically the strongest. Current butter demand remains seasonally steady, although more comments from buyers about firm prices and consumer resistance are occurring. Some retail feature activity is being reported this week that was scheduled 8 – 12 weeks ago when butter prices were lower and stocks were less of a concern.

CHEESE HIGHLIGHTS: Cash cheese prices at the CME Group continue to set new daily and weekly 2010 highs. Current interest is steady to occasionally improved on natural but hardly robust. Process orders are steady to lighter as the summer vacation season winds down. Processors and packagers will be down an extra day over the holiday weekend, not all will need overtime next week to make up the difference. Current cheese supplies have tightened with a few orders being shorted or delayed due to the tight milk supplies. Others are making purchases from other producers. Supplemental supplies continue to move from storage for some applications. Any extra milk volumes available over the holiday weekend will be easily absorbed as most plants are operating on light seasonal schedules.

FLUID MILK: Most school terms have now started and Class I demand has increased. The Labor Day holiday will allow some extra supplies into manufacturing channels as bottlers have lower needs through the weekend. Ice cream demand has passed its peak and cream is moving into cream

cheese and dip production. Milk continues to be shipped from the Midwest and Southwest into the Southeast. California milk production is slightly lower and processors are anticipating extra supplies over the weekend. The Northwest has capacity to handle any extra supplies that the weekend may yield. Cream multiples are high as butterfat yields have been below expectations. Butter manufacturers are selling some cream supplies versus churning high value butter.

DRY PRODUCTS: The nonfat dry milk market showed some firmness this past week. NDM is higher as world market prices bolstered domestic pricing. Offerings are lower and export interest has picked up. Lower production levels are allowing for increased high heat production in the East. Buttermilk markets are steady to firm with light supplies offered. The weekend may see some increased production as butter producers use extra weekend cream. Whey prices are steady as demand increased from both foreign and domestic buyers. Whey protein concentrate 34% prices are steady in a quiet week. Lactose was steady.

INTERNATIONAL OVERVIEW (DMN): The milk production season in Europe continues to edge lower. Although the season got off to a slow start, milk deliveries quickly increased and, for many countries, output is running ahead of last year. Milk output is strong in Germany, France, the UK, and Ireland by as much as 3% over last year, while overall output for Europe is slightly below last year by 0.1% for the first half of the year. Manufacturing facilities remain quite busy processing the good volumes of milk available to them at this time of the season. Within the past few weeks, milk logistics are being redirected toward products of more need or better return. Casein production is one commodity that is feeling the squeeze. Traders and handlers are stating the European holiday/summer vacation season is about over and buying interest is starting to resume. For the most part, this buying interest is internal with international sales still limited. Suppliers and handlers of manufactured dairy products indicate that stocks are available for immediate and future needs. Russian buyer interest continues but has slowed from previous weeks. Traders feel that the slow down in this demand is occurring due to prices often higher than buyers desire to pay, thus they are looking beyond European borders for potential stocks. Traders and handlers do feel that international buyer interest will increase soon as buyers are now assessing their upcoming winter needs. On August 26, the Dairy Management Committee had their first meeting since late July and following the summer holiday period. No significant dairy issues were discussed or adjusted. Common refunds remained at zero and no tendered refunds were offered. Since March, the opening date of the current intervention year, no butter or skim milk powder has cleared to the program. Also no butter or skim milk powder was sold back to the trade from intervention inventories. Traders and handlers are

CONTINUED ON PAGE 1A

****SPECIALS THIS ISSUE****

INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)
DAIRY FUTURES (PAGE 9)
AUGUST AVERAGES AND SUMMARY (PAGES 10-12)
JUNE FMMO OVER-ORDER CHARGES (PAGE 13)
AUGUST AGRICULTURAL PRICES (PAGE 14)

JULY DAIRY PRODUCTS (PAGE 15)
AUGUST CLASS PRICES (PAGE 16)
CORRECTED FEDERAL MILK ORDER MARKETING AND UTILIZATIONS
SUMMARY (PAGE 17)
DAIRY GRAPHS (PAGES G1 – G3)

CME GROUP CASH TRADING

PRODUCT	MONDAY AUGUST 30	TUESDAY AUGUST 31	WEDNESDAY SEPTEMBER 1	THURSDAY SEPTEMBER 2	FRIDAY SEPTEMBER 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6650 (N.C.)	\$1.6650 (N.C.)	\$1.6750 (+.0100)	\$1.6700 (-.0050)	\$1.6850 (+.0150)	(+.0200)	\$1.6720 (+.0355)
40# BLOCKS	\$1.6950 (N.C.)	\$1.7100 (+.0150)	\$1.7100 (N.C.)	\$1.7200 (+.0100)	\$1.7200 (N.C.)	(+.0250)**	\$1.7110 (+.0420)
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	\$1.2000 (N.C.)	\$1.2150 (+.0150)	\$1.2150 (N.C.)	\$1.2300 (+.0150)	\$1.2300 (N.C.)	(+.0300)	\$1.2180 (+.0180)
(BUTTER							
GRADE AA	\$2.1800 (N.C.)	\$2.2150 (+.0350)	\$2.2250 (+.0100)	\$2.2250 (N.C.)	\$2.2250 (N.C.)	(+.0450)	\$2.2140 (+.0595)

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. **Last week's 40# Block weekly change should have read +.0475.

NATIONAL DAIRY MARKET AT A GLANCE

CONTINUED FROM PAGE 1

evaluating the midweek results of the recent global/Dairy Trading event in New Zealand which realized sharply higher prices. European traders continue to use this auction as a market indicator versus a market setter. Many traders felt that a bottom to recent weakness might be at hand and firmness would soon occur and this played out at the trading event. Overall prices for European stocks are mixed. The Euro has weakened against the U.S. dollar over the past few weeks, but pricing indices have often firmed. Traders state that often prices start to firm as the milk production season and manufacturing schedules decline. Milk production increases are becoming more noticeable on the North Island of New Zealand with the South Island and Australia still holding at seasonally low levels. Typically, the South Island of New Zealand lags the North Island by 2 – 3 weeks with Australian output about 3 – 4 weeks behind northern New Zealand. Winter weather conditions have been favorable for much of the Oceania region. On the North Island of New Zealand, wet conditions are being reported which may be slowing seasonal increases, but for the most part, milk volumes are on target with projections. Australian producers and milk handlers are reporting that the current winter season is the first “typical” season in many years. Good winter moisture and favorable temperatures are contributing factors. Milk producers are very optimistic about the upcoming milk production season. Although the 2009 – 2010 milk production season came to an abrupt end in New Zealand, decent cow conditioning, favorable winter conditions, and firm pay prices are all positive factors for a good start to the new season. Australian producers are likewise positive. Similar positive factors as their New Zealand counterparts along with a strong finish to the 2009 – 2010 season are contributing to positive outlook for the 2010 – 2011 season in Australia. At the September 1 global/Dairy Trading (gDT) event, prices for all delivery period were higher to sharply higher. The average price for anhydrous milk fat was \$4,681 per MT, 9.5% higher than the previous event average; buttermilk powder prices averaged \$3,199, +10.6%; skim milk powder prices averaged \$3,197, +15.8%; and whole milk powder prices averaged \$3,522, +18.8%. September is the first month that the gDT event will occur twice a month. The next event will be on Wednesday, September 15. Many traders and handlers felt that firmness could occur at the September 1 event, but this firmness caught many by surprise. Traders and handlers indicate that it is too early for them to respond to what impact the most recent auction sentiment may have on prices. Traders did say that some buyers were holding off with their purchases until the most recent event was held to see what auction trends might be doing as many feel that a price bottom to recent weakness might be near. Oceania traders and handlers are stating that order books are pretty full for the first half of the upcoming milk production season. Traders feel that once prices start to firm, buyers will quickly return to the marketplace seeking uncommitted volumes.

JUNE FEDERAL MILK MARKETING OVER ORDER CHARGES (AMS): For June 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.13 per cwt., down \$0.04 from the May 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.76 in the Pacific Northwest to \$3.58 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.16 per cwt., up \$0.01 from the May 2010 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

AUGUST AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2010 was unchanged at 182. Compared with July 2009, the index was up 5 points (2.8%). The index of prices received by farmers for dairy products advanced 4 points during the month of August 2010 to 127. Compared with July 2009, the index was up 34 points (36.6%). Prices received by farmers in August with changes from July were: for All Milk, \$16.60 (cwt.), up \$.60; for Fluid Grade Milk, \$16.60, up \$.60; and for Manufacturing Grade Milk, \$15.10, up \$1.00.

JULY DAIRY PRODUCTS (NASS): Butter production was 111.0 million pounds in July, 2.9% below July 2009 and 5.3% below June 2010. American type cheese production totaled 368.9 million pounds, 4.0% above July 2009 but 0.3% below June 2010. Total cheese output (excluding cottage cheese) was 882.3 million pounds, 4.7% above July 2009 and 0.2% above June 2010. Nonfat dry milk production, for human food, totaled 131.8 million pounds, 1.0% below July 2009 and 3.2% below June 2010. Dry whey production, for human food, was 82.7 million pounds, 8.1% below July 2009 but 5.6% above June 2010. Ice cream (hard) production totaled 79.0 million gallons, 6.3% below July 2009 and 6.2% below June 2010.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the August 2010 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$16.98 (-\$0.12), Class III \$15.18 (+\$1.44), and Class IV \$15.61 (-\$0.14). Product price averages used in computing Class prices are: butter \$1.8508, NDM \$1.1557, cheese \$1.6031, and dry whey \$0.3590. The Class II butterfat price is \$2.0406 and the Class III/IV butterfat price is \$2.0336. Further information may be found at: www.ams.usda.gov/DairyMarketStatistics select Prices, select Price Formulas - 2010

CME GROUP

MONDAY, AUGUST 30, 2010

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.6950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, AUGUST 31, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.7100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2150; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$2.2000, 1 @ \$2.2150; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.2150; LAST OFFER UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 1, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6750; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2400
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2250; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 2, 2010

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.6750, 1 @ \$1.6725, 2 @ \$1.6750, 1 @ \$1.6700; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 3, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6850; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group continue to climb to levels not reached in many years. Tuesday's trade saw butter move \$.0350 higher and close at \$2.2150. In the last 7 trading sessions butter has increased \$.1850. Cream supplies remain very tight with some possible increased availability as the Labor Day weekend approaches. Multiples are ranging mostly from 160-170. Increased butter orders are increasing churning schedules, but current production is falling short of need with inventories being tapped to cover orders. Butter makers remain concerned about having adequate inventories for this fall and holiday season. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages.

CENTRAL

The CME cash butter price remains firm and continues to increase and settled at \$2.2250 at midweek, 6 1/2 cents higher than midweek last week. A very steady cash price increase continues to occur. Traders and handlers are still unsure how much strength continues in the market. Churning continues to be lighter in the Central part of the country as butter producers continue to sell a portion of their cream to other uses. Many butter producers do anticipate that cream supplies will become more available to them by weeks' end as many Class II operations reduce production schedules during the long holiday weekend. Early reports are starting to surface that weekend cream is being priced in the upper 130's to 140's which is considerably lower than early week quotes, but still much higher than many butter producers desire. Many butter producers will take advantage of the offerings and churn as much as possible as inventories are often much lighter than desired for this time of the season. Butter orders have eased this week, typical for the period prior to a holiday, but firm prices are also impacting consumer buying patterns. Retailers are reporting that shelf prices are on the increase and consumers are responding to the higher prices by purchasing lighter volumes. Food service orders are also lighter as the end of the summer vacation season is at hand and many summer

vacation resorts and amusements are greatly reducing their operations or closing for the season. The CWT program accepted export assistance requests for nearly 300,000 pounds of butter for September–October shipment. Since late July, slightly more than 33 million pounds of butter/anhydrous milk fat have been awarded export assistance. These exports will be occurring from now through February 2011. 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 \$.0100 higher at \$2.2250. Cash butter trading has advanced eleven of the last twelve sessions. This week saw the price go \$.0450 higher with sales of two loads. Firm to higher butter prices overshadowed the marketplace. Buyers continue to purchase for contracted needs, but are becoming cautious as to forward purchases at current prices. Retail and club stores are watching inventories to keep a close eye on clearance of higher priced product. The holiday weekend is anticipated to allow for some extra butter churning as other manufacturers are dark. Increased cream will be welcomed as butter stocks are lighter than previous years. Butter manufacturers are reluctant to substantially increase inventories at the higher cream prices. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 5 million pounds last week to 28.6 million pounds. This total compares to 99.2 million pounds in 2009 and 80.9 million pounds in the comparable week in 2008. The 5 million pound reduction is the largest one week loss since the week ahead of the 4th of July. 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. CME Group average price for August 2010 for butter is \$1.9900 compared to \$1.2005 for August 2009. According to the Economic Research Service, the *Commercial Disappearance* of butter for January-June 2010 totals 766.2 million pounds, up 2.1% from the same period last year on a daily average basis.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
WEEKENDING					
AUGUST 28	1.6245	1.6166	1.1413	1.9659	0.3584
	10,666,932	9,320,340	23,503,193	4,341,969	11,075,916

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

NORTHEAST

CHEESE MARKETS

WEST

Cheese prices on the CME Group were mixed Tuesday as blocks advanced \$.0150 and closed at \$1.7100, while barrels were unchanged, closing at \$1.6650. Both barrels and blocks have been trading to higher levels in the last 7 trading sessions with barrels advancing \$.0500 and blocks advancing \$.0625. The recent increases advanced the weekly average, resulting in higher wholesale prices with the exception of Swiss Cuts, which were unchanged. Cheese production, despite increased Class I demand, has remained fairly steady in the Northeast. Demand for mozzarella has increased as most schools and universities are now open. Cream cheese makers have noted an increase in orders and aged cheddar has benefited from good vacation sales.

Cheddar Barrels on Wednesday at the CME Group were \$.0100 higher at \$1.6750. 40 Pound Blocks were unchanged at \$1.7100. One sale of Blocks occurred on Monday. Prices thus far this week are \$.0100 higher for Barrels and \$.0150 higher for Blocks. Cheese prices are firm and product is reported to be moving along expected volumes. The market remains firm in the face of large inventories. Stocks are being held with confidence as most production is forward contracted. Manufacturers continue to report lower volumes of farm milk and reduced yields of solids. The return of school lunch programs and college athletics are helping to clear inventories of various cheeses. CME Group monthly average price for August 2010 for Barrels is \$1.6006 compared to August 2009 at \$1.3271. Blocks averaged \$1.6367 for August 2010 compared to \$1.3471 for last year. USDA's Economic Research Service reports that *Commercial Disappearance* of American Cheese for January-June 2010 stood at 2,097.3 million pounds, 0.3% more than the same period last year on a daily average basis. Disappearance of Other Cheese for January-June 2010 was 3,088 million pounds, 4.8% higher or 142.3 million pounds more than the same period last year on a daily average basis.

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

Cheddar 40# Block	:	1.9825-2.2575
Process 5# Sliced	:	1.7400-2.0500
Muenster	:	2.0025-2.2075
Grade A Swiss Cuts 10 - 14#	:	3.0325-3.3550

MIDWEST

The cheese market is firm as prices set new 2010 highs with each increase at the CME Group cash market. However, a cautious undertone has developed as the recently imposed Mexican tariffs on many cheese varieties exported to Mexico has not been resolved. Demand has improved for a number of packagers though business is hardly seasonally robust. Concern about the affect of current and/or possibly higher prices may have on sales through the end of the year continue. Late summer interest is starting to grow, in part due to additional schools reopening, recent price increases, and nervousness over current cheese availability in the short term. Some customers purchasing on monthly averages had ordered heavier in August, expecting a large increase (8+ cents) on September deliveries. Other packagers are building finished product supplies ahead of the holiday weekend. A few manufacturers are shorting orders to a few customers and/or limiting purchase volumes due to milk availability. Lead times on a few orders have increased slightly. Aged cheddar and hard Italian interest remains light. Increased fluid needs, as more schools reopen, are limiting cheese production.

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

Process 5# Loaf	:	1.7625-2.0200
Cheddar 40# Block	:	1.7975-2.1500
Cheddar 10# Cuts	:	1.9775-2.1975
Monterey Jack 10#	:	1.9875-2.1475
Grade A Swiss Cuts 6 - 9#	:	2.6100-3.0400

FOREIGN

The block cheese price on the CME increased \$.0150 on Tuesday, closing at \$1.7100. In the last 7 trading sessions blocks have advanced \$.0625. The CME Group weekly average price for block followed the recent increases, resulting in higher prices for domestic varieties with the exception of Swiss Cuts, which was unchanged. Continued strong Class I pulls are limiting Swiss cheese production in the East. Wholesale activity for Swiss cheese has improved as of late.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900	: 2.1225-3.6100*
Gorgonzola	: 3.6900-6.6900	: 2.6250-2.8850*
Parmesan (Italy)	: -0-	: 3.5300-3.7325*
Provolone (Italy)	: 3.4400-5.9900	: 2.1650-2.3225*
Romano (Cows Milk)	: -0-	: 3.3125-5.4550*
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.

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

Process American 5# Loaf	:	1.9700-2.1800
Brick And/Or Muenster 5#	:	2.1600-2.1800
Cheddar 40# Block	:	2.0000-2.5650
Monterey Jack 10#	:	2.0900-2.5650
Blue 5#	:	2.5175-2.8800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0125-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4400-3.3300

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

	BUTTER	:	CHEESE
		:	
08/30/10	12,196	:	132,778
08/01/10	9,846	:	130,294
CHANGE	2,350	:	2,484
% CHANGE	24	:	2

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	104	0
SOUTHEAST STATE	90	0	110	0	14	0

More schools in the Northeast are opening or preparing to open, increasing Class I demand and tightening manufacturing milk supplies. Balancing plants in the Northeast and Mid Atlantic regions are covering contracts with limited additional supplies for manufacturing. Dryers, if operating, are on end of week schedules with many plants catching up on maintenance projects. Manufacturing supplies are expected to increase going into the upcoming holiday weekend. Milk production continues to decline along seasonal trends with some steeper declines noted in some areas, due to extended spells of heat and humidity. Class I demand in the Southeast region and Florida have leveled off with some supplies being pushed back ahead of the upcoming holiday weekend. Three bottling plants in the Southeast have had production issues, which have added to the number of loads being pushed back. Retail Class I sales are only steady at best. Cooler and less humid weather in the South has lessened the milk production declines with Florida noting marginal increases in production. Cream supplies continue to be tight, but some additional supplies may become available as Labor Day nears, as some ice cream plants will shut down for portions or all of the holiday weekend. Multiples early in the week ranged mostly from 160-170. Demand for cream is very strong as cream cheese and butter orders have increased with both concerns increasing production. Condensed skim is moving mostly through contracts. Some plants have eliminated spot sales to focus on high heat production and increasing inventories.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	3.4472-3.6626
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	3.1240-3.4472

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.20 - 1.25
NORTHEAST - CLASS III - SPOT PRICES	-	.97 - 1.07

M I D W E S T

Class I use was steady to occasionally higher where more schools reopened for the new term. Even in the upper Midwest, bottlers have to make more than just a phone call to get needed volumes from manufacturers. Milk shipments to the Southeast continue. Class II product (other than ice cream) output was strong again this week, particularly sour cream and dips. Ice cream output was steady to lighter as Labor Day weekend traditionally signals the unofficial end of summer and peak ice cream demand period. Churning remains light as many operations sell cream rather than make expensive butter. Increased churning may occur over the holiday weekend if cream multiples/prices continue to fall, as more users close for a long holiday weekend, and if adequate trucks/truckers are available. Fat tests remain low and continue to impact cream availability though increased bottling has increased standardized cream offerings. Manufacturing milk interest is good as cheese prices are at 2010 highs. Tight milk supplies and low seasonal yields have caused current supplies to tighten. Few manufacturers are able to secure additional milk volumes as supplies are very limited and there were not enough price reports

to report a range. If a truck is available, any extra fluid volume should be readily absorbed. Current milk intakes are steady to at least occasionally slightly higher. Larger empty spaces are appearing in cornfields where choppers have been active with silo and silo bag filling underway a couple weeks early. Soybeans leaves are turning color with earlier planted locations dropping leaves. In many of the wetter areas, harvest may be hampered or delayed.

W E S T

According to the NASS *Agricultural Prices* report for August, mid-month U.S. prices for baled alfalfa hay were \$116/ton, \$7/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$120, +\$10; California \$118, +\$19; Colorado \$125, -\$10; Idaho \$113, +\$7; Nevada \$120, +\$24; New Mexico \$156, +\$12; Oregon \$140, +\$26; Utah \$100, -\$5; and Washington \$135, +\$15. The August 4a price (butter/powder) in CALIFORNIA is \$15.69, up \$0.07 from July and \$5.48 higher than last year. The August 4b price (cheese) is \$14.39, \$1.02 higher than July and \$3.10 more than last year. CALIFORNIA milk production was lower over the last week as hot temperatures covered much of the state. Early indications were that intakes were down 1-3% across a wide section of the state. Temperatures did moderate early this week and milk output began to recover. Processors are expecting no problems handling the holiday milk supplies. Several smaller plants are taking at least one extra day off over the holiday and milk will back up to suppliers or be sold, but this will not create any issues this year. As cheese prices pass \$1.70 and butter prices move past \$2.22, there is not any big call to move milk to other usage. The biggest impact is that processors are selling cream and choosing not to make butter. ARIZONA milk output is steady to slightly higher on a week to week basis following some moderate temperatures. Milk processing remains low as milk continues to be sold and moves out of state. Processing plants have adequate capacity to handle any and all milk offered over the holiday weekend. NEW MEXICO milk production is steady to higher this week and often being noted that overall levels are several percentage points ahead of year ago levels. Milk is being shipped towards more eastern destinations. Processing plants are being run on reduced schedules to reflect the shipments. No issues are expected over the holiday weekend. The CREAM market remains firm with good demand noted for offered cream. There are some multiple reductions noted for cream over the holiday weekend, but overall demand remains good. Processors still want to sell cream and take advantage of the current pricing scenarios. At the CME Group, Grade AA butter price closed at \$2.2250 on Wednesday, September 1, up 6.5 cents from a week ago. Cream multiples are unchanged at the 135-160 range and vary based on class usage and basing point. Temperatures in the PACIFIC NORTHWEST for the unofficial last week of summer are seasonal. Cow comfort levels are good and milk production remains above a year ago. The Labor Day weekend will have some manufacturing plants working extra hours, but added supplies are welcomed to replenish inventories of selected products. Increased cream supplies will be utilized to churn some extra butter. Plant capacities will easily handle any extra milk intakes in the region. UTAH and IDAHO weather is conducive to good milk production also. Dairy farmers are completing third crop alfalfa harvest and measuring feed requirements for winter needs. Some extra milk is expected at manufacturing plants over the holiday as Class I needs are lowered temporarily. Manufacturing capacity in the region is sufficient to handle the expected volumes.

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: The NDM market seems to be firmer as interest has improved in recent weeks and supplies have tightened, between domestic and export interest. Drying schedules are lighter as fluid volumes entering plants is down. Some manufacturers anticipate operating on slightly heavier schedules over the holiday weekend.

EAST: Nonfat dry milk prices in the East were steady to firm. School openings in the Northeast have increased Class I demand, resulting in lower manufacturing supplies and overall declines in nonfat dry milk production. Lower manufacturing milk supplies are allowing plant managers to focus on high heat production and/or catch up on maintenance schedules. Recent export activity has significantly reduced inventories and product availability in the East with supplies viewed as tight in the short term. The tight supplies have added a firm undertone to the market with some manufacturers willing to build inventories and increasing their offering price. Export interest remains active and domestic demand has picked up. Some plant managers have continuing concerns regarding having adequate inventories for later in the year.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1900 - 1.2800 MOSTLY: 1.2000 - 1.2500
 HIGH HEAT: 1.3000 - 1.3600

NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk are sharply higher on the bottom ends of both the range and mostly series. The market tone is steady to firm. The changes reflect sellers increasing prices after recent lower priced sales transactions cleared product to domestic and export accounts. In addition, the higher world market prices are helping to bolster domestic, U.S. pricing levels as producers become more optimistic about market conditions. Current spot sales are often lighter as many buyers have nearby coverage. Producers' offerings have tightened in the short term, but with loads more available in mid September. Production levels are trending lower as milk is moving to bottled milk needs and clearing out of the region. Index-based pricing patterns could be sporadic in upcoming weeks as lower priced NDM is shipped out and then included in the index calculations. Stock levels are light to moderate and being held with more confidence than in August. Western high heat NDM prices and the market undertone are firming, and are following the direction and scope of the low heat market. Buyer interest is steady and capturing decent seasonal movement. Offerings are light for limited spot needs. Stocks are limited.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1000 - 1.2200 MOSTLY: 1.1200 - 1.1750
 HIGH HEAT: 1.1900 - 1.3400

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The buttermilk market is steady in a very light test. Churning remains light as operators would rather sell high priced cream than make expensive butter. Most buttermilk being produced is clearing as condensed rather than dried. Some extra butter and buttermilk volumes may be produced over the upcoming holiday weekend while other cream users are closed for a vacation day, assuming cream multiples weaken sufficiently over the weekend and trucks/truckers are available.

EAST: Prices for Eastern dry buttermilk remained steady for the week. Cream supplies continue to be tight, but supplies may be more available over the upcoming holiday weekend. Butter makers are increasing their churning schedules. Dry buttermilk production has increased, following the uptick in butter production. Current supplies are moving through contracts with very little activity on the spot market. Though supplies are tight in the Northeast, brokers report demand and interest as flat. The flat demand is viewed as a result of some users having found alternative products at lower prices.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices are trending higher for both the range and mostly series. The market undertone is steady to firmer. Market activity is light with limited offerings available from producers. Demand is fair to good with buying activity centered on contracts. Dry buttermilk output is seasonal lower and down from projections as butter production remains on the lighter side of expectations. Stocks remain light.

F.O.B. WEST: 1.1800 - 1.2525 MOSTLY: 1.2000 - 1.2200

DRY WHOLE MILK - NATIONAL

The whole milk market is steady to firm on a limited spot market. Buyers and producers were interested in the results of the recent global Trading Platform results on whole milk this week. Sharply higher cream/butter prices are being passed along by some producers.

F.O.B. PRODUCING PLANT: 1.5800 - 1.7000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 27	\$1.1257	20,531,412	0
August 20	\$1.1411	18,795,417	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Edible dry whey prices are steady this week. Market activity was quiet for the week leading to Labor Day. Class I sales for schools have reduced manufacturing supplies and tightened whey inventories. Current production is sufficient for contracted needs although some producers have delayed deliveries. Demand is picking up as more buyers prepare for fall orders and are beginning fourth quarter price negotiations. Export interest has reemerged from China and the Far East. Stocks are tight in some instances as production problems cause delays in deliveries. ANIMAL FEED DRY WHEY prices are unchanged. End of the month sales have been uneven and some feed producers are waiting on new prices and offerings for September. Sales of milk replacers for dairy beef have increased as beef prices have improved.

F.O.B. CENTRAL: .3100 - .3800 MOSTLY: .3250 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .3250

DRY WHEY - NORTHEAST

Prices for dry whey in the Northeast are again unchanged this week. Cheese and dry whey production in the Northeast continues to be fairly steady, despite reduced manufacturing supplies, due to increased Class I demand. Domestic demand remains good as users of dry whey are asking for increases in their contracted volumes. Export interest also continues to be active. Inventories in the Northeast continue to be tight with those seeking additional loads looking to the Midwest to fill their need. The steady market has prompted some increased activity on the spot market as of late.

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

DRY WHEY - WEST

Whey prices were mostly steady for the week preceding the holiday weekend. Market activity was at expected levels with some extra interest expressed towards fourth quarter contracts. Asian buyers will begin negotiations soon for fall and winter needs. Whey production levels are tight as other whey products take more of the whey stream. Production is adequate for current needs with little product being offered onto the spot market. Those offerings that are available have been clearing readily.

NONHYGROSCOPIC: .3425 - .4075 MOSTLY: .3500 - .3950

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are steady for the week leading up to the Labor Day weekend. Activity was described as quiet for the week. The market tone remains steady with some firmness noted by manufacturers. Stocks are adequate for contracted needs. One supplier reported movement as comfortable with product moving right behind the dryer. Spot offerings are limited as some product is going to higher protein concentrates. Buyer interest is good with fourth quarter needs beginning negotiations.

F.O.B. EXTRA GRADE 34% PROTEIN: .9200 - 1.0200 MOSTLY: .9450 - .9750

LACTOSE - CENTRAL AND WEST

Prices on lactose are steady this week. Anticipation of fourth quarter contract negotiations have reduced spot activity as August sales ended. Contract sales made up the bulk of recent reported sales. Producers report increased interest for future supplies. One Central manufacturer reported difficulties grinding product in high humidity conditions and had to delay some deliveries.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1800-.4275 MOSTLY: .2900- .3525

CASEIN - NATIONAL

Casein markets and prices remain firm. Domestic buyers are further questioning their European suppliers about recent rumors pertaining to milk volumes being pulled away from casein output. Suppliers are stating that this is the situation for some casein producers as milk volumes are being re-directed away from some manufactured products and towards products of better return or need. Although this situation is occurring for some casein manufacturers, those suppliers remain confident that they will fulfill their commitments. The Oceania milk production season is just getting underway and casein products has not yet resumed.

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 30 – SEPTEMBER 3, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 08/27/10	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	278,713,745	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	278,713,745	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUG. 30 – SEP. 3, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	-0.1	-6.0
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	162.4	3,244.8
CUMULATIVE JAN. 1 – SEP. 3, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	137.2	1,911.3

* 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 30 – SEPTEMBER 3, 2010 (POUNDS)

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

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

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	4,639,010	-0-	-0-	132,276	278,713,745	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	278,713,745	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 08/14/10 & 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	6.8	2.8	18.6	5.2	0.4	N.A.	13.1	3.1	52.3	1,743.6	46.2	44.0
2009-Dairy	N.A.	0.6	7.1	2.3	15.5	3.7	0.3	N.A.	18.4	3.6	53.0	1,811.5	45.1	47.7
2010-All cows	N.A.	0.6	8.6	13.2	31.4	20.9	12.0	N.A.	16.8	6.0	113.2	3,958.5		
2009-All cows	N.A.	0.7	8.9	12.0	30.6	20.0	13.1	N.A.	21.6	7.0	117.4	3,800.0		

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	16.98				
III	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18				
IV	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61				

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 23 - September 3, 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 milk production season in Europe continues to edge lower. Although the season got off to a slow start, milk deliveries quickly increased and, for many countries, output is running ahead of last year. Milk output is strong in Germany, France, the UK, and Ireland by as much as 3% over last year, while overall output for Europe is slightly below last year by 0.1% for the first half of the year. Manufacturing facilities remain quite busy processing the good volumes of milk available to them at this time of the season. Within the past few weeks, milk logistics are being redirected toward products of more need or better return. Casein production is one commodity that is feeling the squeeze. Traders and handlers are stating the European holiday/summer vacation season is about over and buying interest is starting to resume. For the most part, this buying interest is internal with international sales still limited. Suppliers and handlers of manufactured dairy products indicate that stocks are available for immediate and future needs. Russian buyer interest continues but has slowed from previous weeks. Traders feel that the slow down in this demand is occurring due to prices often higher than buyers desire to pay, thus they are looking beyond European borders for potential stocks. Traders and handlers do feel that international buyer interest will increase soon as buyers are now assessing their upcoming winter needs. On August 26, the Dairy Management Committee had their first meeting since late July and following the summer holiday period. No significant dairy issues were discussed or adjusted. Common refunds remained at zero and no tendered refunds were offered. Since March, the opening date of the current intervention year, no butter or skim milk powder has cleared to the program. Also no butter or skim milk powder was sold back to the trade from intervention inventories. Traders and handlers are evaluating the midweek results of the recent global/Dairy Trading event in New Zealand which realized sharply higher prices. European traders continue to use this auction as a market indicator versus a market setter. Many traders felt that a bottom to recent weakness might be at hand and firmness would soon occur and this played out at the trading event. Overall prices for European stocks are mixed. The Euro has weakened against the U.S. dollar over the past few weeks, but pricing indices have often firmed. Traders state that often prices start to firm as the milk production season and manufacturing schedules decline.

BUTTER/BUTTEROIL: European butter markets and prices are generally steady. Cream supplies are tight and the market tone remains firm. At the August 26 Dairy Management Committee meeting in Brussels, no intervention butter was sold back. Manufacturers speculate that there are about 1,500 MT of intervention butter left for potential offers. Some within the dairy industry were wondering early on what impact intervention butter sellback would have on current markets and for the most part, minimal, if any, negative results were realized. Many indicated that intervention sellbacks occurred at a time when butter stocks were limited already and these volumes helped the shortage situation.

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

COMMENTS AND PRICES CONTINUED
ON PAGE 8A

OCEANIA

OVERVIEW: Milk production increases are becoming more noticeable on the north island of New Zealand with the South Island and Australia still holding at seasonally low levels. Typically, the South Island of New Zealand lags the North Island by 2 – 3 weeks with Australian output about 3 – 4 weeks behind northern New Zealand. Winter weather conditions have been favorable for much of the Oceania region. On the North Island of New Zealand, wet conditions are being reported which may be slowing seasonal increases, but for the most part, milk volumes are on target with projections. Australian producers and milk handlers are reporting that the current winter season is the first “typical” season in many years. Good winter moisture and favorable temperatures are contributing factors. Milk producers are very optimistic about the upcoming milk production season. Although the 2009 – 2010 milk production season came to an abrupt end in New Zealand, decent cow conditioning, favorable winter conditions, and firm pay prices are all positive factors for a good start to the new season. Australian producers are likewise positive. Similar positive factors as their New Zealand counterparts along with a strong finish to the 2009 – 2010 season are contributing to positive outlook for the 2010 – 2011 season in Australia. At the September 1 global/Dairy Trading (gDT) event, prices for all delivery period were higher to sharply higher. The average price for anhydrous milk fat was \$4,681 per MT, 9.5% higher than the previous event average; buttermilk powder prices averaged \$3,199, +10.6%; skim milk powder prices averaged \$3,197, +15.8%; and whole milk powder prices averaged \$3,522, +18.8%. September is the first month that the gDT event will occur twice a month. The next event will be on Wednesday, September 15. Many traders and handlers felt that firmness could occur at the September 1 event, but this firmness caught many by surprise. Traders and handlers indicate that it is too early for them to respond to what impact the most recent auction sentiment may have on prices. Traders did say that some buyers were holding off with their purchases until the most recent event was held to see what auction trends might be doing as many feel that a price bottom to recent weakness might be near. Oceania traders and handlers are stating that order books are pretty full for the first half of the upcoming milk production season. Traders feel that once prices start to firm, buyers will quickly return to the marketplace seeking uncommitted volumes.

BUTTER: Oceania butter markets and prices are steady to firm. At the September 1 global/Dairy Trading event, the average anhydrous milk fat price was \$4,681 per MT, 9.5% higher than the previous average. Near term contracts (November) averaged \$4,688 per MT, +5.5%; Dec – Feb contracts averaged \$4,641, +10.1%; and Mar – May contracts averaged \$4,946, +16.1%. Traders and handlers anticipated strength in the trading event in the near future, but were quite surprised at the strength already. Many indicate that commercial butter prices are firming, but probably not as sharply as the anhydrous trading realized. The new milk production season is just getting underway in the Oceania region with milk output and butter production increases being reported out of areas of the North Island of New Zealand, but the noticeable increases on the South Island and Australia still a few weeks away. Traders indicate that butter order books are quite full for the first half of the milk production season and renewed buyer interest will quickly absorb uncommitted volumes.

82% BUTTERFAT: 3,800 - 4,400

COMMENTS AND PRICES CONTINUED
ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered August 23 - September 3, 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 continued from Page 8

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are mixed. Some slight weakness was reported earlier in the week which might be adjusted following the trend of the September 1 trading event in New Zealand. European traders are evaluating the recent results of the global/Dairy Trading event which realized a 15.8% average skim milk powder price increase from the previous event. Traders indicate that this average price of \$3,197 per MT is higher than most European prices, thus it is still early to see what impact this price might have on European quotes. The milk production season is winding down in Europe. In some instances, milk volumes are now being re-directed from one product to another, depending on need and best return. Often cheese output is getting the larger milk tilt, thus milk powder output is trending lower than desired.

1.25% BUTTERFAT: 2,700 - 2,950

WHOLE MILK POWDER (WMP): European whole milk powder markets are unsettled with prices trending lower. Traders and handlers are stating that weaker European prices are becoming more in line with other international supply possibilities. Traders feel that this trend will hopefully attract international buyers to their market. Manufacturers and handlers indicate that stocks are available for immediate and future needs. The European milk production season is trending lower, but milk volumes are sufficient to maintain steady whole milk powder production schedules.

26% BUTTERFAT: 3,325 - 3,525

SWEET WHEY POWDER: European whey powder markets are firm, although prices are mixed. Prices eased on the top of the reported range with most all other prices higher. Traders and handlers are not quite sure why prices are firming especially when cheese production remains strong for this time of the season. Stocks are available for both internal and international buyer inquiries. International sales are limited as European sourced whey volumes are often priced higher than buyers desire to pay.

NONHYGROSCOPIC: 900 - 1,050

EASTERN OVERVIEW: The Eastern European milk production season continues to wind down. Reports indicate that overall milk output in this region is trailing last year, although the decline is getting narrower. Manufacturers and handlers state that stocks are available for both internal and international buyer interest. Traders indicate that internal buyer interest is resuming and that international buyers will hopefully be returning to the marketplace in the near future to secure stocks for upcoming winter needs.

Oceania Continued from Page 8

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are firm. The new milk production season is just getting underway in the Oceania region, thus new product is being generated, especially in New Zealand. At the September 1 global/Dairy Trading event, the average skim milk powder price increased 15.8% from the previous average to \$3,197 per MT. November contracts increased 15.7% to \$3,131 per MT; Dec - Feb contracts averaged \$3,215, +15.7%; and Mar - May contracts averaged \$3,355, +16.4%. Traders and handlers were unsure as to what impact the sharply higher trading event prices will have on commercial pricing, but most feel that the bottom of the market is now past and firmer prices are in the future.

1.25% BUTTERFAT: 2,850 - 3,350

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. Recent sharply higher prices at the September 1 global/Dairy Trading event are sending a firm tone to commercial markets. The average price for whole milk powder at the trading event averaged \$3,522 per MT, 18.8% higher than the previous average. Near term contracts (November) averaged \$3,624, 24.9% higher than previous near term contract. Dec - Feb contracts averaged \$3,457, +17.7% with Mar - May contracts averaging \$3,595, 13.7% higher. Many traders and handlers were surprised at the strength in the near term contract, especially when stocks are typically more available than later contracting periods when supplies are often tighten and the averages eased.

26% BUTTERFAT: 3,000 - 3,625

CHEDDAR CHEESE: Oceania cheese markets and prices are steady to firm. Traders and handlers are indicating that cheese order books are quite full for the first half of the milk production season. Much of this buyer interest is from ongoing customers. Manufacturers and handlers are comfortable with the demand and potential supply situation. Early indications are that the milk flow is developing positively on the North Island of New Zealand and cheese output is building accordingly.

39% MAXIMUM MOISTURE: 3,750 - 4,100

Exchange rates for selected foreign currencies: August 31, 2010

.9377 Canadian Dollar	.0213 Indian Rupee
.2532 Argentina Peso	.6974 New Zealand Dollar
.0757 Mexican Peso	.8896 Australian Dollar
.3164 Polish Zloty	.0119 Japanese Yen
	1.2673 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0757) = 13.2100 Mexican Pesos. Source: "Wall Street Journal"

September 1, 2010 Global/Dairy Trading (g/DT) event recap \$ per metric ton				
Average prices and Changes in price Indices from Previous event	Contract #1 November 2010	Contract #2 December 2010 - February 2011	Contract #3 March - May 2011	All Contracts
Anhydrous Milk Fat	\$4,688	\$4,641	\$4,946	\$4,681
	5.5%	10.1%	16.1%	9.5%
Buttermilk Powder	\$3,125	\$3,370	N.A.	\$3,199
	11.2%	9.4%	N.A.	10.6%
Skim Milk Powder	\$3,131	\$3,215	\$3,355	\$3,197
	15.7%	15.7%	16.4%	15.8%
Whole Milk Powder	\$3,624	\$3,457	\$3,595	\$3,522
	24.9%	17.7%	13.7%	18.8%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	08/19	08/20	08/23	08/24	08/25	08/26	08/27	08/30	08/31	09/01
CME - CLASS III MILK FUTURES (Pit-Traded)										
AUG 10	15.09 (4621) 1	15.14 (4664) 0	15.14 (4606) 0	15.15 (4603) 0	15.15 (4593) 0	15.15 (4595) 0	15.15 (4595) 0	15.15 (4584) 0	15.15 (4582) 0	15.15 (4583) 1
SEP 10	15.38 (4646) 0	15.55 (4594) 0	15.58 (4545) 0	15.68 (4569) 0	15.73 (4622) 0	15.74 (4655) 9	15.88 (4698) 1	15.86 (4733) 5	16.07 (4835) 0	16.19 (4888) 7
OCT 10	15.08 (4463) 0	15.21 (4470) 0	15.30 (4595) 0	15.50 (4625) 0	15.51 (4711) 0	15.61 (4848) 14	15.60 (4799) 1	15.49 (4828) 5	15.75 (4842) 2	15.88 (4889) 6
NOV 10	14.68 (3792) 0	14.76 (3802) 0	14.87 (3808) 0	14.99 (3804) 0	14.94 (3848) 0	15.03 (3901) 9	15.01 (3921) 1	14.88 (3948) 5	15.07 (3960) 2	15.23 (3992) 6
DEC 10	14.52 (3969) 0	14.46 (3954) 0	14.47 (3967) 0	14.55 (3960) 0	14.55 (3995) 0	14.54 (4026) 9	14.56 (4055) 1	14.53 (4072) 5	14.65 (4070) 2	14.75 (4092) 5
JAN 11	14.23 (1136) 0	14.20 (1146) 10	14.18 (1155) 0	14.19 (1172) 0	14.18 (1198) 0	14.16 (1224) 0	14.17 (1289) 1	14.15 (1338) 5	14.17 (1367) 0	14.23 (1449) 5
FEB 11	14.09 (851) 0	14.05 (859) 10	14.00 (868) 0	14.05 (889) 0	14.05 (915) 0	14.05 (938) 0	13.98 (1018) 1	14.00 (1097) 5	14.00 (1120) 0	14.00 (1133) 5
MAR 11	14.00 (872) 0	14.00 (884) 11	14.00 (891) 0	14.03 (899) 0	14.01 (921) 0	14.02 (943) 0	14.04 (1013) 1	14.00 (1079) 5	14.00 (1141) 0	13.98 (1162) 5
APR 11	14.00 (477) 0	14.00 (488) 1	14.00 (495) 0	14.08 (502) 0	14.08 (513) 0	14.04 (515) 0	14.00 (539) 1	13.97 (549) 5	13.98 (599) 0	13.97 (619) 5
CME - CLASS IV MILK FUTURES (Pit-Traded)										
AUG 10	15.66 (77) 0	15.66 (77) 0	15.62 (77) 0	15.62 (77) 0	15.62 (77) 0	15.62 (77) 0	15.62 (77) 0	15.60 (77) 0	15.60 (77) 0	15.60 (77) 0
SEP 10	16.00 (65) 0	16.05 (65) 0	16.45 (65) 0	16.45 (65) 0	16.45 (65) 0	16.45 (71) 0	16.45 (71) 0	16.70 (71) 0	16.70 (71) 0	16.70 (71) 0
OCT 10	16.00 (74) 0	16.25 (76) 0	16.63 (76) 0	16.63 (76) 0	16.63 (76) 0	16.74 (84) 0	16.75 (84) 0	16.92 (84) 0	16.92 (84) 0	16.92 (84) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
AUG 10	184.00 (654) 0	184.00 (654) 0	184.00 (649) 5	184.00 (649) 0	184.00 (649) 0	184.00 (649) 0	184.00 (649) 0	184.00 (649) 2	184.00 (649) 1	184.00 (649) 0
SEP 10	195.00 (715) 16	199.00 (714) 2	204.00 (710) 11	206.90 (709) 8	206.50 (707) 6	208.50 (697) 25	210.00 (686) 14	210.00 (686) 3	211.00 (686) 11	212.00 (671) 15
OCT 10	194.00 (634) 26	197.50 (635) 6	202.50 (636) 3	205.00 (624) 19	204.00 (621) 3	205.98 (605) 50	207.00 (607) 17	206.50 (604) 20	206.50 (599) 12	207.00 (602) 10
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
AUG 10	116.50 (298) 0	116.00 (298) 0	116.25 (298) 0	116.25 (296) 0	116.00 (295) 0	116.00 (295) 0	116.00 (295) 0	116.00 (295) 0	116.00 (295) 0	115.75 (295) 0
SEP 10	116.75 (353) 0	116.00 (353) 0	116.03 (353) 0	116.03 (353) 0	116.03 (353) 0	116.03 (355) 0	116.03 (355) 0	116.03 (355) 0	116.25 (355) 0	116.25 (355) 0
OCT 10	118.85 (342) 0	118.85 (345) 0	118.85 (345) 0	118.85 (345) 0	118.85 (345) 0	120.00 (350) 0	120.00 (350) 0	120.25 (350) 0	120.00 (349) 0	120.00 (345) 0
CME – WHEY (Electronic-Traded)										
AUG 10	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.40 (286) 1	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0	36.00 (286) 0
SEP 10	36.50 (250) 6	37.55 (252) 9	37.50 (253) 1	37.25 (253) 1	37.25 (253) 0	37.25 (253) 1	36.95 (253) 0	36.75 (253) 0	36.25 (253) 1	36.25 (253) 0
OCT 10	36.75 (286) 8	36.75 (286) 0	36.75 (286) 0	36.75 (286) 0	36.75 (286) 0	36.75 (286) 0	36.75 (286) 1	37.00 (286) 1	37.00 (286) 0	37.00 (286) 0
CME – CHEESE CSC (Electronic-Traded)										
AUG 10	1.59 (8) 1	1.59 (8) 0	1.59 (8) 0	1.59 (8) 0	1.59 (8) 0	1.59 (13) 5	1.59 (13) 0	1.59 (13) 0	1.59 (13) 0	1.59 (13) 0
SEP 10	1.60 (68) 39	1.62 (92) 29	1.62 (92) 2	1.62 (92) 1	1.62 (92) 0	1.64 (93) 1	1.64 (93) 0	1.64 (93) 0	1.67 (93) 1	1.68 (93) 0
OCT 10	1.58 (67) 30	1.58 (70) 3	1.59 (70) 0	1.60 (71) 1	1.61 (71) 0	1.62 (71) 0	1.62 (71) 5	1.60 (77) 7	1.63 (77) 1	1.65 (77) 0
NOV 10	1.57 (36) 1	1.55 (36) 1	1.56 (36) 0	1.57 (36) 1	1.57 (36) 0	1.58 (38) 2	1.58 (38) 0	1.57 (41) 8	1.59 (41) 0	1.60 (41) 0
DEC 10	1.55 (32) 0	1.54 (36) 4	1.54 (36) 0	1.54 (37) 1	1.54 (37) 0	1.54 (37) 0	1.54 (37) 0	1.54 (37) 0	1.55 (37) 0	1.56 (37) 0
JAN 11	1.53 (4) 0	1.53 (4) 0	1.53 (4) 0	1.50 (12) 8	1.50 (12) 0	1.50 (12) 0	1.50 (12) 0	1.50 (12) 0	1.51 (20) 8	1.51 (22) 2

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.

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

COMMODITY	REPORT NUMBER 31 AUG 02 - 06	REPORT NUMBER 32 AUG 09 - 13	REPORT NUMBER 33 AUG 16 - 20	REPORT NUMBER 34 AUG 23 - 27	REPORT NUMBER 35 AUG 30 - 31	2010 Average or Total	2009 Average or Total
-----------	---------------------------------	---------------------------------	---------------------------------	---------------------------------	---------------------------------	-----------------------------	-----------------------------

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.8400 - 2.1025	:: 1.9225 - 2.1050	:: 1.9425 - 2.1250	:: 1.9550 - 2.1375	:: 1.9700 - 2.1800	:: 2.0216	: 1.6696
-- Brick And/Or Muenster 5#	:: 2.0000 - 2.1150	:: 2.1150 - 2.1600	:: 2.1300 - 2.1600	:: 2.1425 - 2.1600	:: 2.1600 - 2.1800	:: 2.1271	: 1.8044
-- Cheddar 40# Block	:: 1.8500 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.2655	: 2.0573
-- Monterey Jack 10#	:: 1.9400 - 2.5650	:: 2.0775 - 2.5650	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.3090	: 2.1073
-- Blue 5#	:: 2.4525 - 2.7300	:: 2.4525 - 2.8800	:: 2.4675 - 2.8800	:: 2.4800 - 2.8800	:: 2.5175 - 2.8800	:: 2.6570	: 2.2988
-- Mozzarella 5 - 6#	:: 1.8800 - 2.6650	:: 1.9475 - 2.6650	:: 1.9625 - 2.6650	:: 1.9750 - 2.6650	:: 2.0125 - 2.6650	:: 2.3064	: 2.1173
-- Grade A Swiss Cuts 6 - 9#	:: 2.4400 - 3.3300	:: 2.4400 - 3.3300	:: 2.4400 - 3.3300	:: 2.4400 - 3.3300	:: 2.4400 - 3.3300	:: 2.8850	: 2.7575

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 1.9175 - 2.1925	:: 1.9175 - 2.1925	:: 1.9325 - 2.2075	:: 1.9450 - 2.2200	:: 1.9825 - 2.2575	:: 2.0706	: 1.6718
-- Process 5# Sliced	:: 1.6625 - 1.9725	:: 1.6650 - 1.9750	:: 1.6850 - 1.9950	:: 1.6975 - 2.0075	:: 1.7400 - 2.0500	:: 1.8382	: 1.4948
-- Muenster	:: 1.9375 - 2.1425	:: 1.9375 - 2.1425	:: 1.9525 - 2.1575	:: 1.9650 - 2.1700	:: 2.0025 - 2.2075	:: 2.0556	: 1.6530
-- Grade A Swiss Cuts 10 - 14#	:: 3.0325 - 3.3550	:: 3.0325 - 3.3550	:: 3.0325 - 3.3550	:: 3.0325 - 3.3550	:: 3.0325 - 3.3550	:: 3.1938	: 2.9738

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.6850 - 1.9425	:: 1.6850 - 1.9425	:: 1.7075 - 1.9650	:: 1.7200 - 1.9775	:: 1.7625 - 2.0200	:: 1.8339	: 1.5435
-- Cheddar 40# Block	:: 1.7325 - 2.0850	:: 1.7325 - 2.0850	:: 1.7475 - 2.1000	:: 1.7600 - 2.1125	:: 1.7975 - 2.1500	:: 1.9243	: 1.6205
-- Cheddar 10# Cuts	:: 1.9125 - 2.1325	:: 1.9125 - 2.1325	:: 1.9275 - 2.1475	:: 1.9400 - 2.1600	:: 1.9775 - 2.1975	:: 2.0381	: 1.7343
-- Monterey Jack 10#	:: 1.9225 - 2.0825	:: 1.9225 - 2.0825	:: 1.9375 - 2.0975	:: 1.9500 - 2.1100	:: 1.9875 - 2.1475	:: 2.0181	: 1.7143
-- Grade A Swiss Cuts 6 - 9#	:: 2.6100 - 3.0400	:: 2.6100 - 3.0400	:: 2.6100 - 3.0400	:: 2.6100 - 3.0400	:: 2.6100 - 3.0400	:: 2.8250	: 2.8300

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.8503 - 3.0668	:: 3.0442 - 3.1918	:: 3.1424 - 3.3328	:: 3.1568 - 3.3541	:: 3.4472 - 3.6626	:: 3.1799	: 1.6492
-- Upper Midwest - f.o.b	:: 2.7060 - 2.9760	:: 2.6199 - 3.0443	:: 2.7806 - 3.0853	:: 2.7622 - 3.1173	:: 3.1240 - 3.4472	:: 2.9227	: 1.5659

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 1.30 - 1.34	:: 1.30 - 1.35	:: 1.30 - 1.35	:: 1.20 - 1.25	:: 1.20 - 1.25	:: 1.2920	: 0.8829
-- Class III	:: 1.00 - 1.08	:: 0.98 - 1.05	:: 0.98 - 1.05	:: 0.97 - 1.07	:: 0.97 - 1.07	:: 1.0223	: 0.9100

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

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2010	2009
	AUG 02 - 06	AUG 09 - 13	AUG 16 - 20	AUG 23 - 27	AUG 30 - 31	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.1600 - 1.2800	:: 1.1200 - 1.2700	:: 1.1500 - 1.2500	:: 1.1500 - 1.2500	:: 1.1900 - 1.2800	:: 1.2066	: 0.9858
-- Mostly	:: 1.2000 - 1.2650	:: 1.1800 - 1.2450	:: 1.1800 - 1.2450	:: 1.1800 - 1.2450	:: 1.2000 - 1.2500	:: 1.2182	: 0.9480
-- High Heat	:: 1.3200 - 1.3650	:: 1.2900 - 1.3400	:: 1.2900 - 1.3600	:: 1.2700 - 1.3600	:: 1.3000 - 1.3600	:: 1.3249	: 1.0242
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0000 - 1.2500	:: 1.0000 - 1.2350	:: 1.0500 - 1.2000	:: 1.0500 - 1.2000	:: 1.1000 - 1.2200	:: 1.1265	: 0.9325
-- Mostly	:: 1.0800 - 1.1850	:: 1.0800 - 1.1550	:: 1.0800 - 1.1550	:: 1.0800 - 1.1550	:: 1.1200 - 1.1750	:: 1.1236	: 0.9289
-- High Heat	:: 1.2050 - 1.3850	:: 1.1525 - 1.3750	:: 1.1500 - 1.3400	:: 1.1500 - 1.3400	:: 1.1900 - 1.3400	:: 1.2624	: 0.9824
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)							
-- Mostly	:: 0.3100 - 0.3700	:: 0.3100 - 0.3700	:: 0.3100 - 0.3800	:: 0.3100 - 0.3800	:: 0.3100 - 0.3800	:: 0.3427	: 0.2956
-- West (f.o.b.)	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3450	: 0.3000
-- Mostly	:: 0.3425 - 0.4050	:: 0.3425 - 0.4050	:: 0.3400 - 0.4075	:: 0.3400 - 0.4075	:: 0.3425 - 0.4075	:: 0.3739	: 0.3214
-- Northeast (f.o.b.)							
-- Mostly	:: 0.3550 - 0.4025	:: 0.3550 - 0.4025	:: 0.3500 - 0.3975	:: 0.3500 - 0.3950	:: 0.3500 - 0.3950	:: 0.3756	: 0.3200
-- Mostly	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3675	: 0.2963
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.9100 - 1.0700	:: 0.9100 - 1.0250	:: 0.9100 - 1.0725	:: 0.9200 - 1.0200	:: 0.9200 - 1.0200	:: 0.9788	: 0.6545
-- Mostly	:: 0.9350 - 0.9700	:: 0.9350 - 0.9700	:: 0.9400 - 0.9700	:: 0.9450 - 0.9750	:: 0.9450 - 0.9750	:: 0.9555	: 0.6374
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2300 - 0.3050	:: 0.2350 - 0.3250	:: 0.2350 - 0.3250	:: 0.2400 - 0.3250	:: 0.2400 - 0.3250	:: 0.2780	: 0.1948
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)							
-- West (f.o.b.)	:: 1.2800 - 1.4400	:: 1.2800 - 1.4400	:: 1.2800 - 1.4400	:: 1.2800 - 1.4400	:: 1.2800 - 1.4400	:: 1.3600	: 0.9889
-- Mostly	:: 1.1800 - 1.2650	:: 1.1800 - 1.2600	:: 1.1700 - 1.2575	:: 1.1700 - 1.2525	:: 1.1800 - 1.2525	:: 1.2168	: 0.8686
-- Mostly	:: 1.1800 - 1.2200	:: 1.1800 - 1.2200	:: 1.1800 - 1.2200	:: 1.1800 - 1.2200	:: 1.2000 - 1.2200	:: 1.2009	: 0.8902
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.5500 - 1.6700	:: 1.5800 - 1.6700	:: 1.5800 - 1.7000	:: 1.6161	: 1.1760
LACTOSE							
-- Central And West (f.o.b.)							
-- Mostly	:: 0.2000 - 0.3900	:: 0.1800 - 0.3850	:: 0.1800 - 0.4275	:: 0.1800 - 0.4275	:: 0.1800 - 0.4275	:: 0.2969	: 0.2614
-- Mostly	:: 0.3000 - 0.3550	:: 0.3000 - 0.3525	:: 0.3000 - 0.3525	:: 0.2900 - 0.3525	:: 0.2900 - 0.3525	:: 0.3249	: 0.2458
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.9000 - 4.3000	:: 3.9000 - 4.3000	:: 3.9000 - 4.3000	:: 3.9000 - 4.3000	:: 3.9000 - 4.3000	:: 4.1000	: 2.8750
-- Nonrestricted - Acid	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 4.0750	: 2.8250

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

CME GROUP AVERAGES FOR AUGUST 2010

COMMODITY	REPORT NUMBER 31 AUG 2 - 6	REPORT NUMBER 32 AUG 9 - 13	REPORT NUMBER 33 AUG 16 - 20	REPORT NUMBER 34 AUG 23 - 27	REPORT NUMBER 35 AUG 30 - 31	2010 * Average	2009 * Average
BUTTER*							
-- GRADE AA							
--Monday	1.8400	1.8725	1.9175	2.1100	2.1800		
--Tuesday	1.8425	1.8975	1.9250	2.1500	2.2150		
--Wednesday	1.8425	1.9175	1.9525	2.1600			
--Thursday	1.8500	1.9175	2.0300	2.1725			
--Friday	1.8500	1.9175	2.0400	2.1800		1.9900	1.2005
--Weekly Average**	1.8450	1.9045	1.9730	2.1545			
CHEESE*							
BARRELS							
--Monday	1.5600	1.5800	1.5850	1.6150	1.6650		
--Tuesday	1.5600	1.5800	1.5850	1.6225	1.6650		
--Wednesday	1.5600	1.5850	1.5950	1.6400			
--Thursday	1.5625	1.5850	1.5950	1.6400			
--Friday	1.5675	1.5850	1.6150	1.6650		1.6006	1.3271
--Weekly Average**	1.5620	1.5830	1.5950	1.6365			
40# BLOCKS							
--Monday	1.6025	1.6150	1.6200	1.6475	1.6950		
--Tuesday	1.6025	1.6150	1.6200	1.6525	1.7100		
--Wednesday	1.6025	1.6200	1.6300	1.6700			
--Thursday	1.6025	1.6200	1.6375	1.6800			
--Friday	1.6025	1.6200	1.6475	1.6950		1.6367	1.3471
--Weekly Average**	1.6025	1.6180	1.6310	1.6690			
NONFAT DRY MILK*							
EXTRA GRADE							
--Monday	1.2250	1.2250	1.2250	1.2250	1.2250		
--Tuesday	1.2250	1.2250	1.2250	1.2250	1.2250		
--Wednesday	1.2250	1.2250	1.2250	1.2250			
--Thursday	1.2250	1.2250	1.2250	1.2250			
--Friday	1.2250	1.2250	1.2250	1.2250		1.2250	0.9381
--Weekly Average**	1.2250	1.2250	1.2250	1.2250			
GRADE A							
--Monday	1.2100	1.2100	1.2100	1.2000	1.2000		
--Tuesday	1.2100	1.2100	1.2100	1.2000	1.2150		
--Wednesday	1.2100	1.2100	1.2000	1.2000			
--Thursday	1.2100	1.2100	1.2000	1.2000			
--Friday	1.2100	1.2100	1.2000	1.2000		1.2061	0.9850
--Weekly Average**	1.2100	1.2100	1.2040	1.2000			

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

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

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

For June 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.13 per cwt., down \$0.04 from the May 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.76 in the Pacific Northwest to \$3.58 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.16 per cwt., up \$0.01 from the May 2010 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.41	0.98
Southeast	007	2.72	2.23
Florida	006	3.58	1.08
Mideast	033	2.06	1.48
Upper Midwest	030	2.03	1.08
Central	032	1.95	0.77
Pacific Northwest	124	0.76	0.59
All Reporting Areas Combined 3/		2.13	1.16

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

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

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

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2010 was unchanged at 182. Compared with July 2009, the index was up 5 points (2.8 percent). The index of prices received by farmers for dairy products advanced 4 points during the month of August 2010 to 127. Compared with July 2009, the index was up 34 points (36.6 percent).

Prices received by farmers in August with changes from July were: for All Milk, \$16.60 per hundredweight (cwt.), up \$.60; for Fluid Grade Milk, \$16.60 per cwt., up \$.60; and for Manufacturing Grade Milk, \$15.10 per cwt., up \$1.00.

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

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		Alfalfa hay, baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JULY		AUGUST		AUGUST		AUGUST		AUGUST	
	2010 <u>2/</u>	2009 <u>2/</u>	2010 <u>4/</u>	2009 <u>2/</u>	2010 <u>4/</u>	2009 <u>2/</u>	2010 <u>7/</u>	2009 <u>8/</u>	2010	2009
CA	14.88	10.01	15.50	10.96	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		56.90	43.60	118.00	99.00
ID	14.60	10.20	15.50	11.60			60.20	46.40	113.00	106.00
MI	16.70	12.00	17.30	12.50			58.00	47.00	105.00	140.00
MN	15.40	11.60	16.10	13.00			61.30	49.10	115.00	105.00
NM	15.40	10.50	16.20	11.40			64.00	48.00	156.00	144.00
NY	17.40	12.20	17.90	12.70			---	---	130.00	140.00
PA	18.10	13.00	18.70	13.30			54.40	46.00	140.00	153.00
TX	16.60	11.70	17.10	12.60			55.10	41.60	180.00	185.00
WA	15.80	11.00	16.30	11.50			---	---	135.00	120.00
WI	15.20	11.40	16.20	12.40			58.20	45.00	100.00	90.00
U.S.	16.00	11.30	16.60	12.10	58.20	45.50	116.00	111.00		

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

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

ITEM	AUGUST 2009	JULY 2010 <u>1/</u>	AUGUST 2010 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	12.10	16.00	16.60
Fluid grade milk	12.10	16.00	16.60
Manufacturing grade milk	11.80	14.10	15.10
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	126	142	145
Prices received by farmers for dairy products	93	123	127
Prices paid by farmers for commodities and services, interest taxes, and wage rates	177	182	182
Prices paid by farmers for production items	180	185	186
Prices paid by farmers for feed	184	176	179
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	1.80	2.32	2.36

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

SOURCE: "Agricultural Prices," Pr 1 (8-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JULY 2010 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 111.0 million pounds in July, 2.9 percent below July 2009 and 5.3 below June 2010. **AMERICAN TYPE CHEESE** production totaled 368.9 million pounds, 4.0 percent above July 2009 but 0.3 percent below June 2010. **TOTAL CHEESE** output (excluding cottage cheese) was 882.3 million pounds, 4.7 percent above July 2009 and 0.2 percent above June 2010. **NONFAT DRY MILK** production, for human food, totaled 131.8 million pounds, 1.0 percent below July 2009 and 3.2 percent below June 2010. **DRY WHEY** production, for human food, was 82.7 million pounds, 8.1 percent below July 2009 but 5.6 percent above June 2010. **ICE CREAM** (hard) production totaled 79.0 million gallons, 6.3 percent below July 2009 and 6.2 percent below June 2010.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 2010	PERCENT CHANGE FROM:			PRODUCT	JUL 2010	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 2009	JUN 2010	YEAR TO DATE 1/		1,000 LBS.	JUL 2009	JUN 2010	YEAR TO DATE 1/
BUTTER	111,014	-2.9	-5.3	-5.9	SOUR CREAM	90,823	-1.8	-7.7	1.6
CHEESE					YOGURT (PLAIN AND FLAVORED)	344,874	11.3	-2.6	7.9
AMERICAN TYPES 2/	368,868	4.0	-0.3	0.8	DRY WHEY, HUMAN FOOD	82,723	-8.1	5.6	---
CHEDDAR	276,536	2.6	-3.3	0.3	DRY WHEY, ANIMAL FEED	4,815	31.3	-37.4	---
OTHER AMERICAN	92,332	8.4	10.1	---	DRY WHEY, TOTAL 8/	87,538	-6.5	1.7	2.9
BRICK & MUENSTER	10,362	-12.7	4.0	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	64,252	5.5	-1.0	---	HUMAN FOOD	3,075	0.9	33.1	---
HISPANIC	17,319	-0.1	-1.2	---	ANIMAL FEED	4,434	8.8	-5.9	---
TOTAL ITALIAN TYPES	364,422	5.3	0.4	5.6	LACTOSE, HUMAN FOOD & ANIMAL FEED	78,192	27.8	2.8	23.3
MOZZARELLA	291,755	6.6	0.4	6.9	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	72,667	0.4	0.4	---	HUMAN FOOD 9/	32,623	1.4	2.0	---
SWISS	28,401	4.3	3.3	---	ANIMAL FEED 9/	2,314	-23.9	2.3	---
ALL OTHER TYPES	28,660	16.6	2.5	---	TOTAL 9/	34,937	-0.8	2.1	1.2
TOTAL	882,284	4.7	0.2	2.8	25.0-49.9 PERCENT 10/	20,342	-11.9	0.2	---
COTTAGE CHEESE, CURD 3/	36,376	-7.6	0.4	---	50.0-89.9 PERCENT 10/	14,595	20.4	4.8	---
COTTAGE CHEESE, CREAM 4/	27,109	-12.0	0.2	-8.6	PROTEIN ISOLATES 11/	5,111	13.8	-0.7	---
COTTAGE CHEESE, LOWFAT 5/	33,119	-4.6	2.3	-4.2	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	44,481	-3.4	-3.6	---	ICE CREAM (HARD)	79,000	-6.3	-6.2	-1.9
DRY BUTTERMILK	5,736	-0.1	0.8	---	ICE CREAM, LOWFAT (HARD)	14,579	8.5	-9.7	---
DRY WHOLE MILK	6,377	25.7	17.2	---	ICE CREAM, LOWFAT (SOFT)	26,613	5.2	-9.0	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	7,286	9.2	-29.5	---	ICE CREAM, LOWFAT (TOTAL)	41,192	6.3	-9.2	4.9
NONFAT DRY MILK (NDM), HUMAN	131,819	-1.0	-3.2	-3.5	SHERBET, HARD	4,639	-9.1	-3.9	-6.4
SKIM MILK POWDERS (SMP) 7/	22,626	61.3	-30.8	7.1	YOGURT (TOTAL)	7,565	-4.6	-0.9	-4.1

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	JUL 2010	PERCENT OF:		PRODUCT	JUL 2010	PERCENT OF:	
	1,000 LBS.	JUL 2009	JUN 2010		1,000 LBS.	JUL 2009	JUN 2010
DRY WHEY, HUMAN FOOD	46,316	-19.6	5.4	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	7,451	445.1	3.5	HUMAN FOOD 9/	34,715	1.6	0.8
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	10,620	-27.2	1.5	ANIMAL FEED 9/	1,870	-9.2	4.4
LACTOSE, HUMAN FOOD & ANIMAL FEED	81,893	40.2	7.1	TOTAL 9/	36,585	1.0	0.9
CANNED EVAP & CONDSO WHOLE MILK	123,363	17.6	22.8	25.0-49.9 PERCENT 10/	20,920	-5.5	3.7
DRY BUTTERMILK	9,208	65.2	3.9	50.0-89.9 PERCENT 10/	15,665	11.2	-2.5
NONFAT DRY MILK (NDM), HUMAN FOOD	193,613	11.7	11.0	PROTEIN ISOLATES 11/	9,034	-15.2	-5.2

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

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2010 is \$2.0336 per pound. Thus, the Class II butterfat price is \$2.0406. The protein and other solids prices for July are \$2.3788 and \$0.1647 per pound, respectively. These component prices set the Class III skim milk price at \$8.35 per cwt. The August Class IV skim milk price is \$8.80 which is derived from the nonfat solids price of \$0.9780 per pound.
Product Price Averages: The product price averages for August are: butter \$1.8508, nonfat dry milk \$1.1557, cheese \$1.6031, and dry whey \$0.3590.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	AUGUST 2010				SEPTEMBER 2010
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	19.02	16.98	15.18	15.61	18.75
Appalachian (Charlotte) ^{5/} _{6/}	005	19.17	16.98	15.18	15.61	18.90
Southeast (Atlanta) ^{6/} _{7/}	007	19.57	16.98	15.18	15.61	19.30
Florida (Tampa) ^{6/} _{8/}	006	21.17	16.98	15.18	15.61	20.90
Midwest (Cleveland) ^{9/}	033	17.77	16.98	15.18	15.61	17.50
Upper Midwest (Chicago) ^{10/}	030	17.57	16.98	15.18	15.61	17.30
Central (Kansas City) ^{11/}	032	17.77	16.98	15.18	15.61	17.50
Southwest (Dallas) ^{12/}	126	18.77	16.98	15.18	15.61	18.50
Arizona (Phoenix)	131	18.12	16.98	15.18	15.61	17.85
Pacific Northwest (Seattle) ^{13/}	124	17.67	16.98	15.18	15.61	17.40
All-Market Average	---	18.66	16.98	15.18	15.61	18.39

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

CORRECTED 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 corrected weighted average statistical uniform price was \$16.19 per cwt., \$0.48 higher than last month and \$4.87 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	16.14 *
Pacific Northwest (Seattle)	124	658.8	-3.8	176.8	-5.7	27	7	42	24	15.67 *
ALL MARKET AVERAGE OR TOTAL	3/	10,688.9	-1.2	3,585.1	-1.7	34	10	48	8	16.19 *

* Corrected

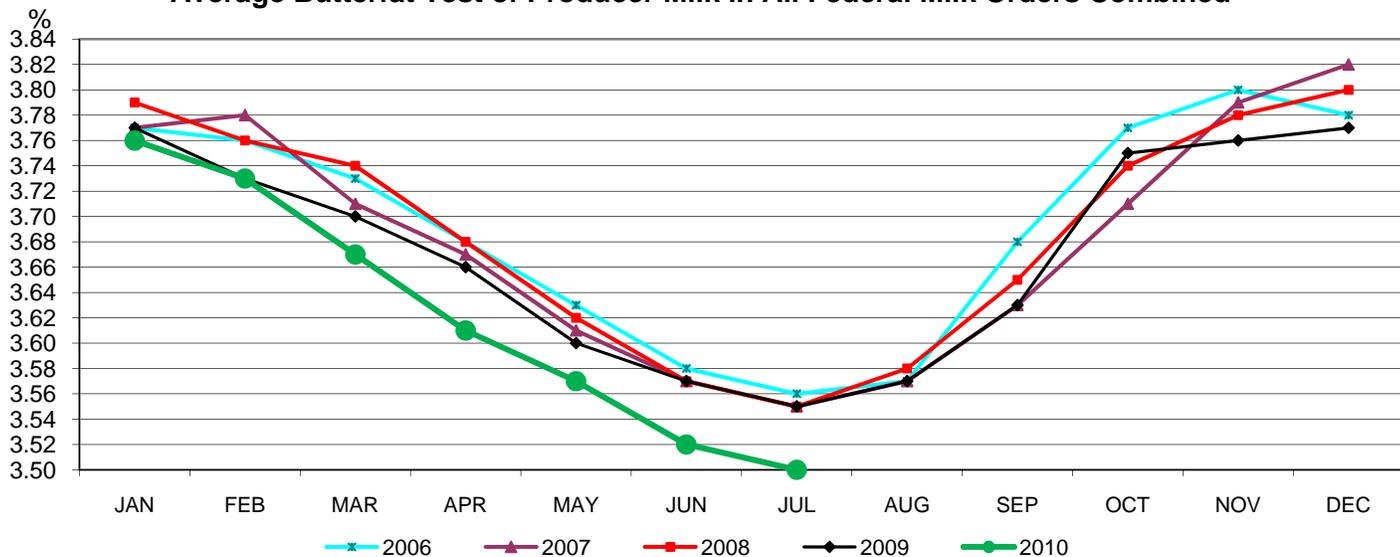
1/ Names in parentheses are the major city in the principal pricing point of the market.

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.

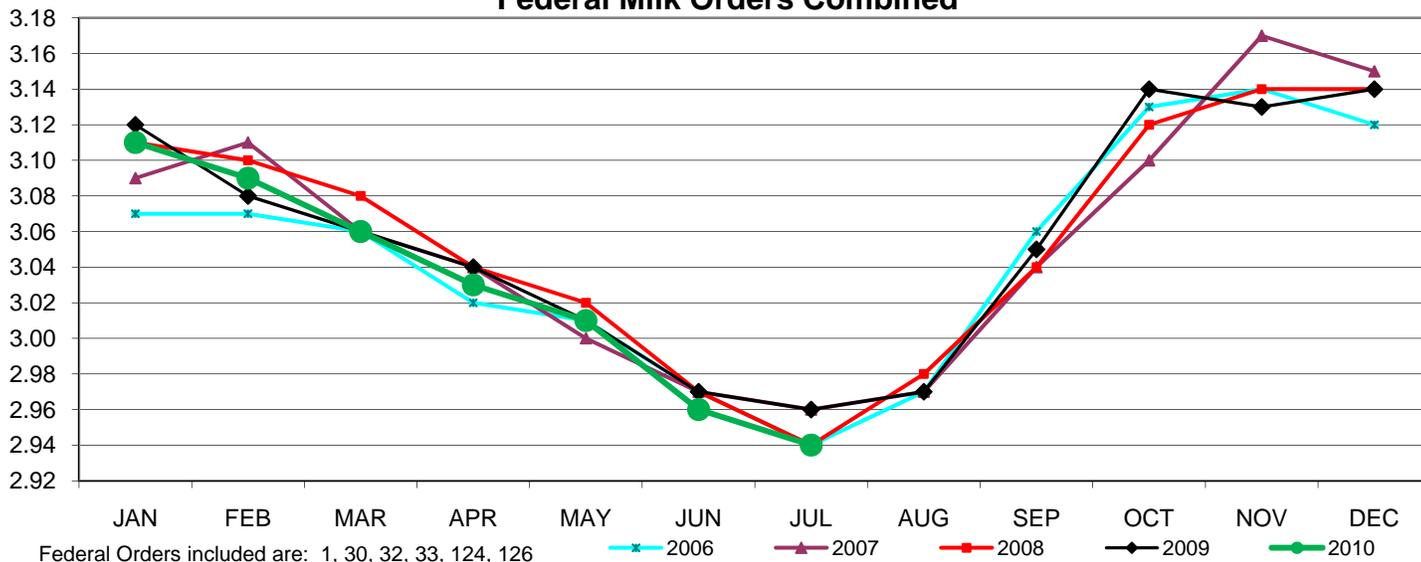
3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 401 million pounds of milk that normally would have been associated with these markets. In July 2009, the estimated 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.

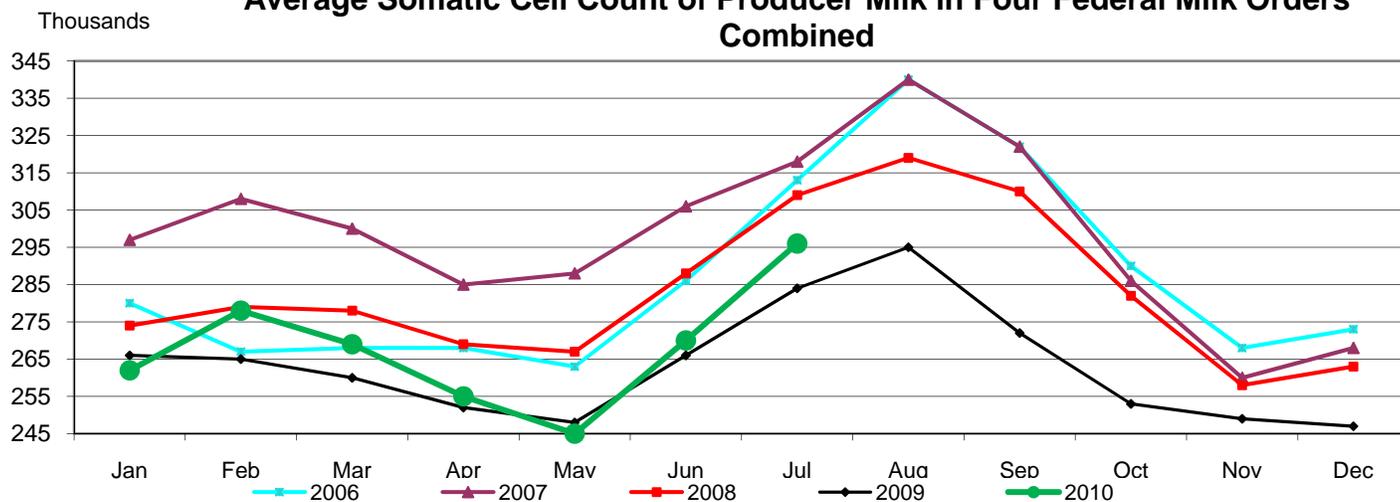
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined

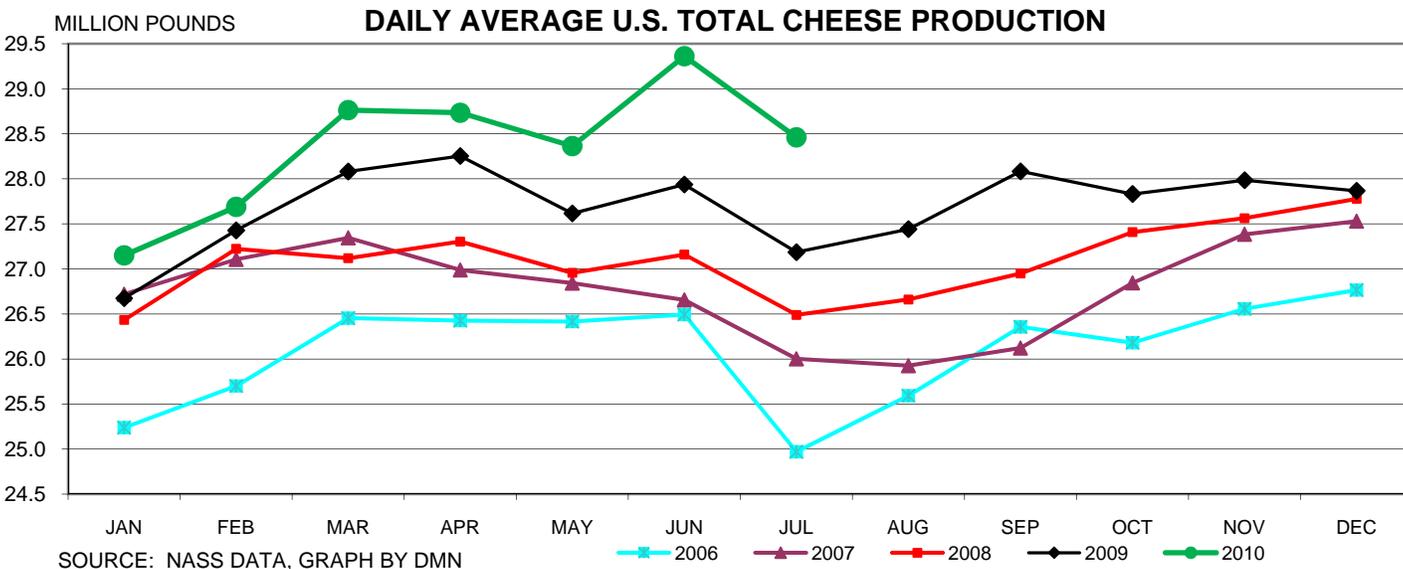
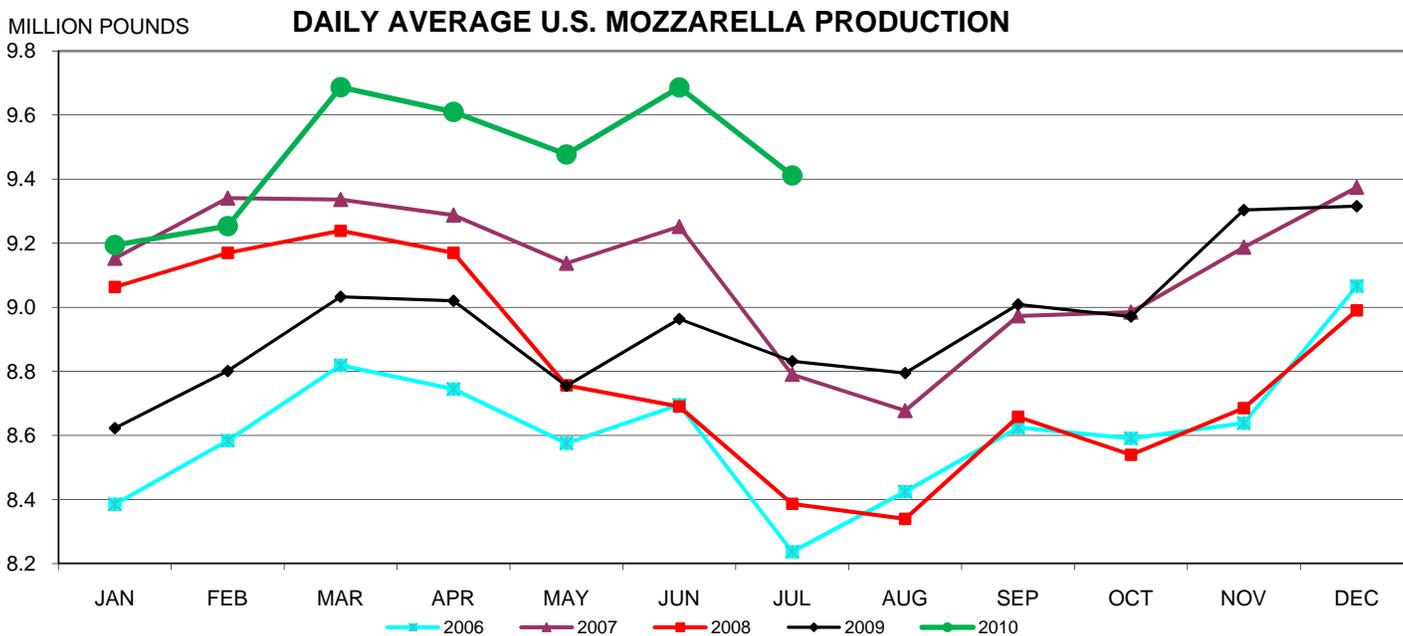
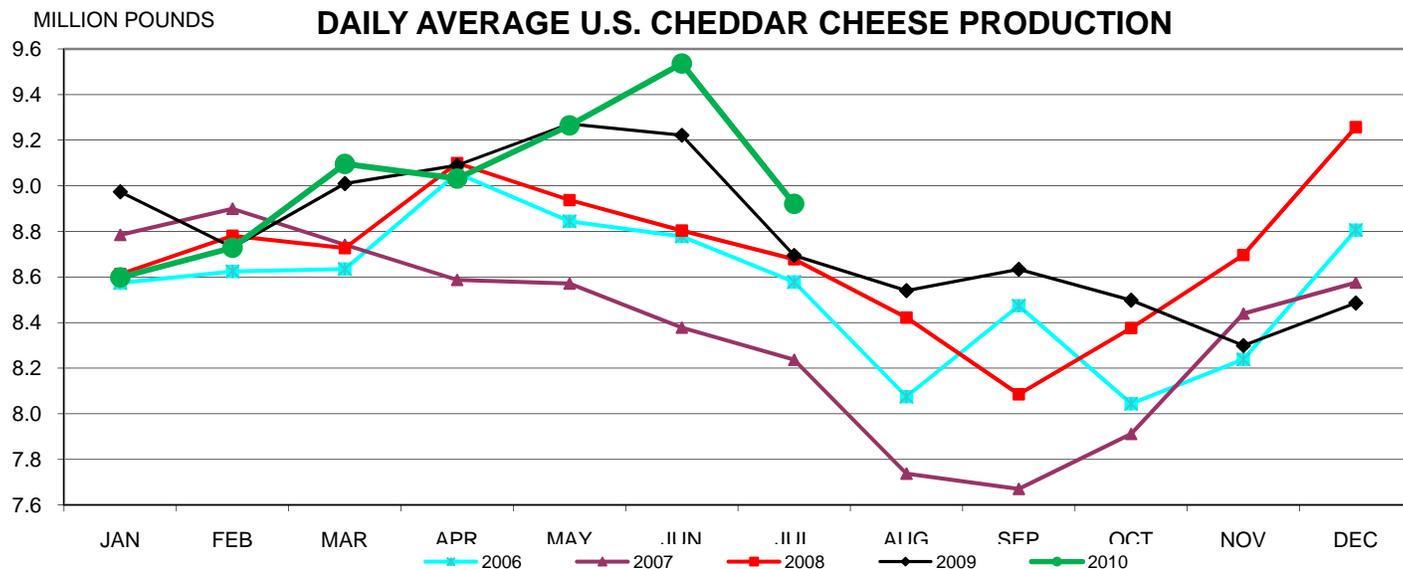


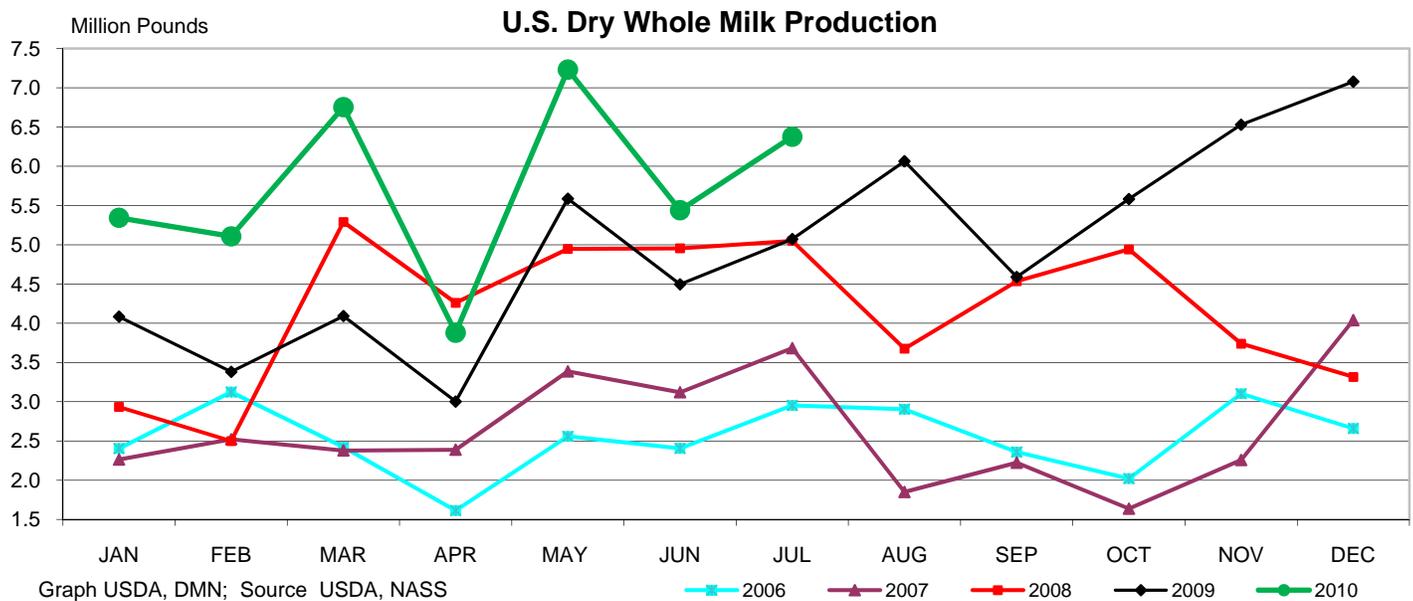
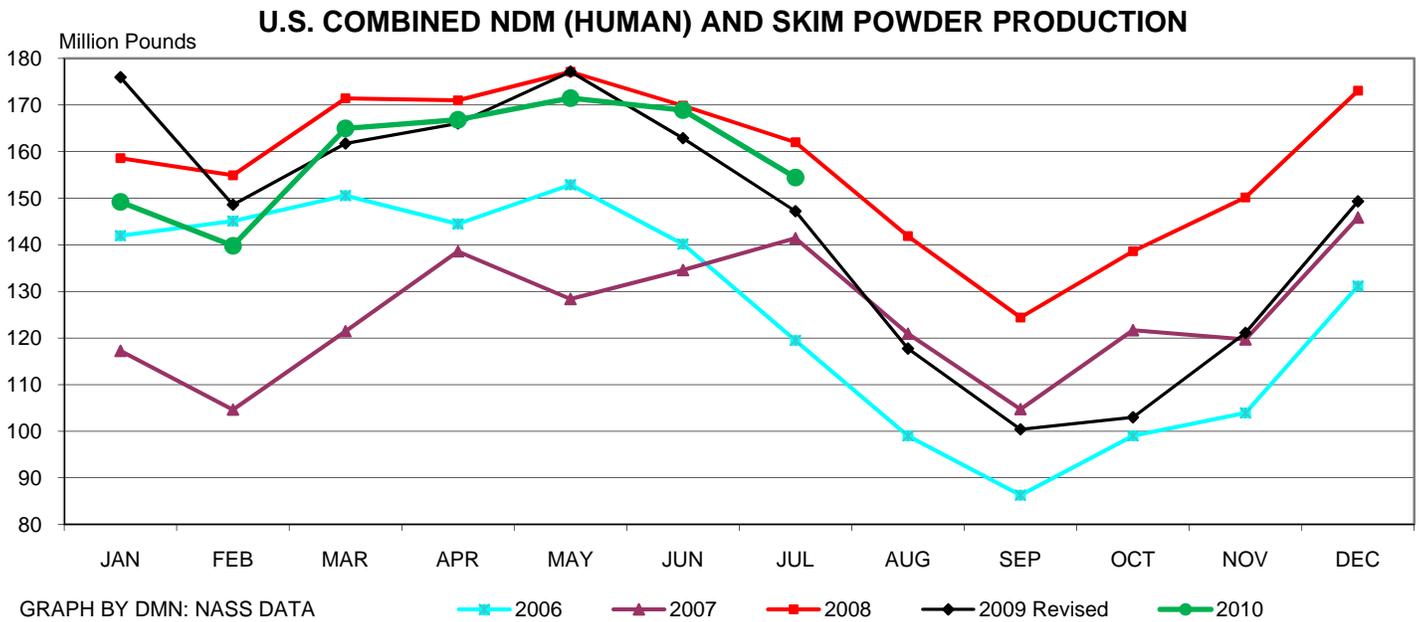
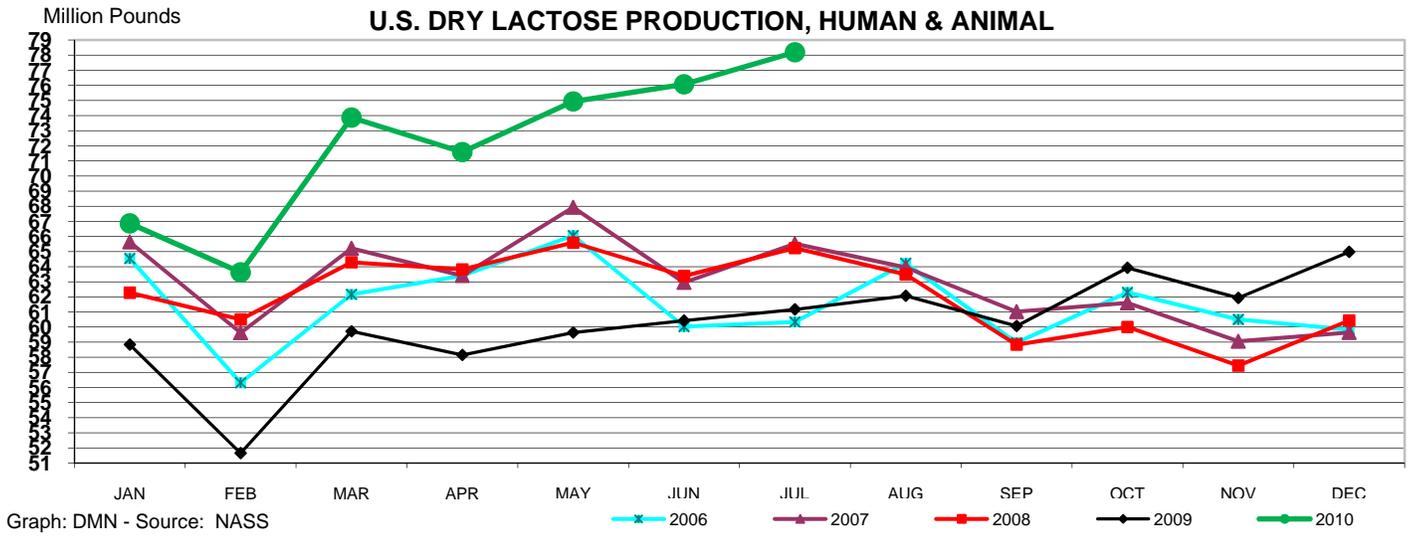
Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



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







DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 77

REPORT: 35

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

DATE: 09/03/2010

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

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

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

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

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

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

MARKET NEWS PORTAL

www.marketnews.usda.gov

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

RECORDED INFORMATION SYSTEM
(608) 278-4142

FAX
(608) 278-4141

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

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