

**NATIONAL DAIRY MARKET AT A GLANCE**

CME GROUP CASH MARKETS (9/24):

**BUTTER:** Grade AA closed at \$2.2300. The weekly average for Grade AA is \$2.2255 (+.0030).**CHEESE:** Barrels closed at \$1.7350 and 40# blocks at \$1.7500. The weekly average for barrels is \$1.7300 (+.0200) and blocks, \$1.7470 (+.0120).

**BUTTER HIGHLIGHTS:** Butter prices on the CME Group cash market increased fractionally during the week to close Friday at \$2.2300. Butter prices broke the \$2.00 per pound barrier on August 19 and have remained above since. Both fresh and micro-fixed butter supplies are being used to fill fall print orders. Some producers are concerned about the affect current prices may have on the usually strong fall butter sales. Churning is steady to slightly heavier. Many firms are reluctant to churn at current butter prices. Other cream users, particularly ice cream, are also balking at paying recent cream multiples/prices. Ice cream/mix production is also lower as the weather cools seasonally. Cream offerings are increasing as bottlers are generating larger volumes of standardized cream with the heavier bottling volumes needed while schools are in session and as butterfat levels rebound from low summer levels. According to NASS, on August 31, U.S. butter holdings totaled 151.8 million pounds, 42% lower than August 2009 and 22% below July.

**CHEESE HIGHLIGHTS:** Cash cheese prices at the CME Group moved higher this week. At current price levels, many traders are cautious as buyers are just taking short term positions due to concerns about sales at higher prices. Current CME Group prices remain well above year ago levels. The comparable weekly 2009 average block price was \$1.3880 and barrels averaged \$1.3560. Tightness continues on many current cheese varieties due to limited milk supplies, except in the West where supplies are more readily available. More packaging operations need at least limited overtime to fill orders while commercial process demand is generally lower seasonally. More aged cheddar and hard Italian supplies are being removed from storage for consumer packaging. Aside from the West, plant milk intakes are increasing slowly as are milk components. On September 22, the Kansas City Commodity Office (KCCO) announced

contracts were awarded under Solicitation #DMOZ2-010 for between 13,547,520 – 118,944,000 pounds of mozzarella for January 1 – December 31, 2011 delivery. The volume contracted matches that sought in the Solicitation.

**FLUID MILK:** Milk production continues to increase across most of the United States. Overall production across the country according to NASS, was reported up 2.7% for August compared to a year ago. Higher temperatures over the last week in the South have reduced intakes for the short term. Strong demand for Class I usage is limiting manufacturing supplies in some cases. In the Midwest, milk component levels are improving from the low summer values. Cream supplies are improved and multiples are lower than recent weeks. Milk production in the West is increased with the Pacific Northwest supplies significantly higher from year ago levels. Comfortable weather and higher quality feeds are optimizing production in the region. Manufacturing plants are increasing work schedules to utilize the increased milk supply.

**DRY PRODUCTS:** Nonfat dry milk prices are mostly steady. Manufacturers are balancing condensed skim production with drying schedules to meet needs. Late week supplies are increasingly headed to the dryers. Some manufacturers are content to build inventories rather than offering excess production to the spot market. Demand is improving seasonally and fourth quarter contract negotiations are ongoing. Buttermilk prices are steady to firm on tight supplies. Lower butter production is limiting dry buttermilk supplies. Dry whole milk is unchanged with a firm undertone. Whey prices are mostly steady with some increased production as cheese plants work increased schedules. The whey protein concentrate 34% market is firm. Supplies are tight for needs above contracted amounts. The lactose price range narrowed somewhat with active interest for fourth quarter supplies. Negotiations are being finalized for both domestic and international year end needs. Casein markets are steady to firm.

**ORGANIC DAIRY MARKET NEWS OVERVIEW (DMN):** Organic Whole Milk sales for July 2010 are up 13.7% compared with July 2009, and up 9.6% year-to-date compared with 1 year ago. July 2010

CONTINUED ON PAGE 1-A

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

ORGANIC DAIRY MARKET NEWS (PAGE 8)  
AUGUST MILK PRODUCTION (PAGE 9)  
DAIRY OUTLOOK (PAGE 10)

OCTOBER ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 11)  
AUGUST COLD STORAGE (PAGES 12-13)  
DAIRY GRAPHS (PAGES G1 - G3)

**CME GROUP CASH TRADING**

PRODUCT	MONDAY SEPTEMBER 20	TUESDAY SEPTEMBER 21	WEDNESDAY SEPTEMBER 22	THURSDAY SEPTEMBER 23	FRIDAY SEPTEMBER 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.7100 (N.C.)	\$1.7350 (+.0250)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	(+.0250)	\$1.7300 (+.0200)
40#BLOCKS	\$1.7350 (N.C.)	\$1.7500 (+.0150)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	(+.0150)	\$1.7470 (+.0120)
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	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	\$1.2300 (N.C.)	(N.C.)	\$1.2300 (N.C.)
BUTTER GRADE AA	\$2.2225 (N.C.)	\$2.2250 (+.0025)	\$2.2250 (N.C.)	\$2.2250 (N.C.)	\$2.2300 (+.0050)	(+.0075)	\$2.2255 (+.0030)

CHEESE: carload = 40-44,000 lbs., BUTTER: carlot = 40-43,000 lbs., NDM 42-45,000lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

**NATIONAL DAIRY MARKET AT A GLANCE****CONTINUED FROM PAGE 1**

sales were 36 million pounds and year to date sales through July were 234 million pounds. Total Organic Milk Products sales for July 2010 are up 9.3% from July 2009 and up 6.9% year-to-date compared with 1 year ago. July sales were 146 million pounds and year-to-date sales through July were 983 million pounds. This contrasts with a 2.6% July 2010 decline for Total Fluid Milk Products (which includes organic and non-organic) compared with July 2009. Year to date through July 2010, Total Fluid Milk Products sales are down 1.4%. This total Fluid Milk Products data is adjusted for calendar year composition. In the 30 City Series. Comparing the September average price in each city with the annual average in each city, 12 cities are above the average, 14 are below, and 4 are even with the average. Philadelphia, at \$3.89, is the city most below its annual average to date, being 34 cents lower. Indianapolis, at \$3.87, is the city most above its annual average to date, being 35 cents higher. The overall September average price for the 30 cities combined is 1 cent lower than the combined average year-to-date. The national weighted average advertised price for half gallons of organic milk increased 54 cents to \$3.46 the third highest weighted average advertised price of 2010. Yet, the top of range price remained unchanged at \$3.50 while the bottom increased 50 cents to \$3.00. The top of range price trailed the top in 16 of 19 reporting weeks of 2010 and the range, 50 cents, is the narrowest range of 2010. The national weighted average advertised price for organic milk gallons increased 53 cents to \$5.27 after falling 47 cents two weeks previously. All gallons were advertised at \$5.27, so there was no price range, the first time this has occurred during 2010. Weighted national average advertised organic yogurt prices in 6 ounce containers increased 15 cents to \$0.86, the highest weighted average advertised price of 2010. The range expanded from 3 cents two weeks ago to 40 cents, with a top of \$1.00 and a bottom of 60 cents.

**AUGUST MILK PRODUCTION (NASS):** Milk production in the 23 major States during August totaled 15.0 billion pounds, up 2.8% from August 2009. July production, unrevised at 15.3 billion pounds, was up 3.0% from July 2009. Production per cow in the 23 major States averaged 1,796 pounds for August, 51 pounds (2.9%) above August 2009. The number of cows on farms in the 23 major States was 8.36 million head, 10,000 head less than August 2009, and 8,000 head less than July 2010.

**DAIRY OUTLOOK (ERS):** Feed prices are forecast higher in 2010/11, with corn expected to average \$4.00 to \$4.80 per bushel and soybean meal to average \$270 to \$310 per ton. The milk-feed price ratio rose this year and is expected to average 2.3 for 2010; next year the index is expected to decline slightly from 2010 because of higher forecast feed prices. While this indicator of profitability has substantially improved from 2009's depressed level, it remains low enough this year and next that some producers may face financial difficulties. Despite a relatively weak milk-feed price ratio, cow numbers continue to rise year-over-year. The most recent *Milk Production* report indicated cow numbers higher in the second quarter of 2010 than in the first, although the herd was still smaller than in the corresponding quarter of 2009. USDA projects the number of cows in the U.S. dairy herd to average 9,125 thousand head this year, increasing to 9,160 in 2011. Production per cow has also advanced in 2010 and is projected to rise by nearly 2.6% above 2009. A rise in production per cow is also forecast for 2011, but the rise is expected to be near trend at 1.5 percent. The expected rise in herd size and increased per cow production translates into more milk. USDA projects milk production at 192.7 billion pounds this year, rising to 196.2 billion in 2011.

**OCTOBER FEDERAL MILK ORDER COOPERATIVE CLASS I PRICES (AMS):** For October 2010, the all-city average announced cooperative Class I price was \$21.67, \$2.45 higher than the Federal milk order (FMO) Class I price average for these cities. The October cooperative Class I price was \$1.01 higher than the September price while the Federal order Class I price was \$1.08 higher than the September price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$3.89 in Miami, FL. For October 2009, the all-city average announced cooperative Class I price was \$17.46, \$2.47 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBst.

**COLD STORAGE (NASS):** On August 31, U.S. cold storage holdings of butter totaled 151.8 million pounds, 22% less than July, and 42% less than last year. Natural American cheese holdings total 624.6 million pounds, 2% less than a month ago, and 4% more than a year ago. Total cheese stocks were 1.034 billion pounds, 2% less than last month, and 4% more than August 2009.

**CME GROUP**

MONDAY, SEPTEMBER 20, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2300

TUESDAY, SEPTEMBER 21, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7350; 1 CAR 40# BLOCKS @ \$1.7500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1950; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300  
 BUTTER — SALES: 2 CARS GRADE AA: 1 @ \$2.2225, 1 @ \$2.2250; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2300

WEDNESDAY, SEPTEMBER 22, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7500  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 23, 2010

CHEESE — SALES: 4 CARS 40# BLOCKS @ \$1.7500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2250; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 24, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7350  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2300; LAST OFFER UNCOVERED: NONE

**BUTTER MARKETS**

**AUGUST BUTTER COLD STORAGE**

As of August 31, 2010, U.S. holdings of butter totaled 151.8 million pounds, 42% lower than last August and 22% below last month.

**NORTHEAST**

Cream overages are trending slightly lower this week, ranging from 150-157; down from 155-162 last week. This follows CME Group butter trading having remained unchanged from late two weeks ago until early this week, before moving up 1/4 cent to close this Tuesday at \$2.2250. Nevertheless, overages remain high from a historical perspective. The recent eight day run of unchanged butter prices following a string of increases had prompted some reflection prior to Tuesday's CME Group trading increase as to whether prices will continue trending higher, stagnate, or decline. There is no consensus yet. Some cream buyers with purchasing time flexibility are holding back. Others who must purchase cream for manufacturing are buying only essential volumes, driven by a desire to minimize the potential to be left holding inventory with a price basis over market. This marginal reduction in immediate buyer demand is believed to have contributed to the slight easing in overages. Some cream cheese manufacturers, heading into their busiest time of the year, are particularly conflicted as to the pros and cons of potential production levels weighed against price trend uncertainty. Cream is generally available to manufacturers prepared to pay the price.

**CENTRAL**

The CME Group cash butter price had a fractional increase on September 21 to \$2.2250. Butter prices broke the \$2.00 per pound barrier on August 19 and have remained so for over a month. Churning activity in the Central part of the

country has increased slightly as ice cream production winds down and standardized cream volumes increase, between school bottling and a very slight increase in fat tests. Cream users are trying to get multiples lower with the threat of making \$2+ butter the alternative. Printers are active micro-fixing bulk butter supplies as well as printing fresh. Many in the industry are concerned about the affect prices over \$2.00 per pound might have on demand during the traditionally strong fall butter sales season. 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 unchanged at \$2.2250. Tuesday saw the market go up \$.0025 on sales of two loads. The current price matches the year's highest level. Butter supplies remain tight and prices are firm. Cream supplies are increased and multiples are lower. Butter manufacturers continue to fill orders from a mix of fresh butter and drawing from stored inventories. Demand is described as good for immediate needs with butter producers looking to determine fall and holiday season needs as soon as possible to assure delivery. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 2.7 million pounds last week to 23.5 million pounds. This total compares to 92.3 million pounds in 2009 and 67.5 million pounds in the comparable week in 2008. Since the Memorial Day week, stocks have reduced every week for a total reduction of 44.9 million pounds. The current level in storage at CME approved warehouses is the lowest level since the first week of 2005. According to the NASS *Cold Storage* report, stocks of butter as of August 31, 2010, total 151.8 million pounds, -42% or 107.7 million pounds less than August last year. Stocks were 22% lower or 41.7 million pounds less than July 2010. 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.

**NASS DAIRY PRODUCT PRICES**

**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
SEPTEMBER 18	1,7056	1,7060	1,1359	2,1863	0.3619
	12,536,520	8,714,323	17,615,689	2,955,606	9,432,126

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**

Following six days of no price movement on CME Group trading, Blocks moved up 1 1/2 cents Tuesday, the largest daily upward price movement since August. Barrels, unchanged for five days, also moved up Tuesday, by 2 1/2 cents, the largest daily increase since August 27th. However, perspectives as to price trends were less focused on the one day magnitude of increase following days of no price changes, than perceptions of underlying factors of declining milk production, resurgence of demand for cheese in schools and colleges, as well as the beginning of seasonal increases in pizza consumption. Mozzarella supplies are tighter and some cheddar is moving out of storage to markets. Northeast cream cheese producers are moving into their heavy production season.

Cheddar Barrels on Wednesday at the CME Group were unchanged at \$1.7350. 40 Pound Blocks were unchanged at \$1.7500. No sales have been reported this week for either Barrels or Blocks. Tuesday's trading was \$.0250 higher for Barrels and \$.0150 higher for Blocks on bids with no sales taking place. Increased milk production, especially in the Pacific Northwest is keeping cheese manufacturers operating at a busy pace. Cheese production is reported steady with good demand from processors and retail customers. Prices are steady to firm. Stocks of cheese are in balance with needs in most cases. According to NASS, Cold Storage stocks of cheese (total) at the end of August 2010 are 1,034.1 million pounds, up 4% or 36.5 million pounds from last year. American stocks were up 4%, and Other Natural stocks were 1% higher than last year. Swiss stocks at the end of August total 28.4 million pounds, up 21% or 4.9 million pounds more than August 2009.

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

Cheddar 40# Block	:	2.0500-2.3250
Process 5# Sliced	:	1.8125-2.1225
Muenster	:	2.0700-2.2750
Grade A Swiss Cuts 10 - 14#	:	3.0475-3.3700

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

Process 5# Loaf	:	1.8350-2.0925
Cheddar 40# Block	:	1.8625-2.2150
Cheddar 10# Cuts	:	2.0425-2.2625
Monterey Jack 10#	:	2.0525-2.2125
Grade A Swiss Cuts 6 - 9#	:	2.6250-3.0550

**MIDWEST**

The cheese market is about steady despite the price increase at the CME Group cash market this week. Natural interest has improved for more packagers to the point where some overtime is needed to help fill orders. Best interest continues on private label over branded. Aged cheddar and hard Italian are moving from storage to packagers for fall/winter needs. Interest has also picked up seasonally for specialties such as pepper jack and colby/jack. Mozzarella is reported as tight for some customers as cooler temperatures generally improve pizza sales. Lead times on bulk cheese orders are steady to extended for some plants. Process is mixed with a few operations seeing better commercial interest while the majority are slower. Barrel makers seem to be getting more inquiries for product. The Kansas City Commodity Office (KCCO) announced on September 16 Solicitations seeking a combined total of between 9.7 - 67.0 million pounds of process products for calendar 2011 delivery. With the exception of limited kosher volumes, deliveries for the second half of the year are strictly reduced sodium products. Plant operators continue to struggle to fill some orders due to the available milk supplies. Milk intakes are steady to slightly heavier. Milk components and cheese yields are seasonally low but better than recent summer levels.

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

Process American 5# Loaf	:	1.9700-2.2600
Brick And/Or Muenster 5#	:	2.1600-2.2400
Cheddar 40# Block	:	2.0000-2.5650
Monterey Jack 10#	:	2.0900-2.5650
Blue 5#	:	2.5775-2.8800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0725-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4550-3.3300

**FOREIGN**

Most domestic varieties except Swiss Cuts Switzerland increased wholesale prices by 1 cent following the CME Group increase in the average for blocks last week. Tighter manufacturing milk supplies have crimped Swiss manufacturing in the Northeast although, inventory levels are adequate and demand remains good.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.1900-3.6775*
Gorgonzola	: 3.6900-5.9900	: 2.6925-2.9525*
Parmesan (Italy)	: -0-	: 3.5975-3.8550*
Provolone (Italy)	: 3.4400-5.8900	: 2.2325-2.3900*
Romano (Cows Milk)	: -0-	: 3.3800-5.5225*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-3.8300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.1400-3.4625
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

\* = Price change.

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

	BUTTER	:	CHEESE
09/20/10	11,292	:	130,520
09/01/10	14,120	:	132,287
CHANGE	-2,828	:	-1,767
% CHANGE	-20	:	-1

## 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	16	0	15	0	74	0
SOUTHEAST STATE	0	0	0	0	45	0

Production in the Southeast has leveled following the recent 3 week or so increase. This is driven by weather, which had cooled from hot Summer temperatures and which now have reverted to hot in some areas. Parts of the region had reached 95 degrees by mid-week. Milk sales have stabilized with less fluctuation than normal in weeks following the resumption of schools. There were no shipments into or out of the region this week, the same as last week. Dairy manufacturing is limited to committed sales. Florida milk production is down but sales are flat. This has kept milk shipments into the state at 16 this week, only slightly up from 15 last week. Further North in the region, manufacturing milk continues to be limited due to declining production and strong Class I demand. In parts of the Northeast drying schedules were adjusted this week to levels below what was scheduled last week, due to the reality of more tightness in milk supplies than expected. Nevertheless, drying continues to occur. Cream multiples declined slightly but cream prices remain high. However, cream is available to buyers even as some buyers weigh anticipated production needs for coming months against production scheduling realities, current cream prices and the uncertainty of future prices. NASS reports milk production in the 23 major states during August totaled 15.0 billion pounds, up 2.8% from August 2009. July production, unrevised at 15.3 billion pounds, was up 3.0% from July 2009. For the 5 Eastern states within the 23 reported states, August 2010 production was also above August 2009 production. Three of the five Eastern states, the 3 states with the largest production, had increases which led the 2.8% aggregate national change and one state narrowly lagged. August 2010 milk production and the percentage change from August 2009 for each state includes: Florida, 155 million pounds, +2.6%; New York, 1,094 million pounds, +4.8%; Pennsylvania, 903 million pounds, +3.0%; Vermont, 215 million pounds, +4.9%; and Virginia, 140 million pounds, +0.7%. Comparing milk production for July 2010 with August 2010, total production in the 23 states declined by 1.9% on a poundage basis. Just as the 5 Eastern states had led the national average annual percentage increase, the Eastern states lagged the national July to August percentage decline. On a poundage basis, the aggregate 5 Eastern state decline July to August 2010 was 1.0%, about one half the national aggregate decline. On a state basis, the Eastern state change July to August was: Florida, -11.9%; New York, no change; Pennsylvania, -0.7%; Vermont, +1.9%; and Virginia, -2.1%.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	3.3337-3.4893
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.8893-3.3338

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.20 - 1.27
NORTHEAST - CLASS III - SPOT PRICES	-	1.08 - 1.13

## M I D W E S T

Class I interest was generally steady. In the news, a milk "price war" was noted on gallons of milk (priced under \$1.00) in Texas between a couple of retail chains. This is stimulating fluid sales for some operations and slower for others. Interest in most Class II products was nothing out of the ordinary. Ice cream and mix production continues to wind down as manufacturers reduce inventory by just making products in the tightest supply and seasonal flavors. Many cream buyers are passing on many offerings, between reduced need, more internal supplies (bottlers), and an attempt to get cream prices lower. Churns are running heavier in some locations to use current cream supplies. Printers

are active, using both fresh and micro-fixed butter supplies. Manufacturing milk interest remains strong with the demand continuing to exceed the supply. Not enough spot milk prices were received to report a range but those received were steady. Current milk intakes are steady to just slightly higher in upper tier states with components also improving from the very low summer levels. Fall harvest continues, between chopping for silage, and combining corn and soybeans, in many areas well ahead of last year. Wet fields may slow harvest and tillage operations, particularly in areas receiving the most rain this summer.

## W E S T

According to NASS, August *Milk Production* for the 23 surveyed states totals 15 billion pounds, up 2.8% or 413 million pounds from last year. Monthly milk production per cow for the 23 surveyed states was 51 pounds more than August 2009. August milk production for selected Western states is as follows: Arizona +3.9%, California +4.9%, Colorado +1.3, Idaho +7.8%, New Mexico +0.6%, Oregon +6.9%, Utah +3.9, and Washington +7.4%. Compared to August 2009, the Arizona herd is up 9,000 head, California -37,000, Colorado -3,000; Idaho +25,000, New Mexico -2,000, Oregon +4,000, Utah +2,000, and Washington +15,000. These 8 states are up 13,000 while the 23 surveyed states are down 10,000. August cow numbers in these 8 states were 4,000 less than last month. CALIFORNIA milk production continues to move higher seasonally and compared to last year. Output per cow in August is 7.1% ahead of last year due to much better weather and somewhat more money for feed. Cow numbers still trail last year by a healthy margin. Plants are able to handle the current milk supply very easily. Milk producers are indicating that they are becoming more concerned about the increasing cost of feed and the prospect that the trend will continue into the winter feeding season. Producers state that they are not as concerned about hay prices this winter. Milk production in ARIZONA is coming back seasonally. Temperatures did set some end of the season records over the weekend. Temperatures topped 110 degrees for the latest time ever in a season. Nights did remain cool so that the stress on the milking herd was not bad. At midweek, things cooled due to shower activity that did increase the humidity. Class I sales are being called normal for the season. Output per cow in August continues to trail last year by 1.4%. Arizona is the only one of the eight surveyed Western states that has a negative output per cow. Contacts in NEW MEXICO state that milk is at anticipated seasonal levels. Some producers indicate that the cost side of dairying is now becoming more of a concern for them as feed prices rise again. August output per cow is slightly above (1.3%) last year and cow numbers are down about 2000 head. Milk continues to be shipped into the Southeast. The CREAM market continues to show signs of seasonal weakness. Offerings of cream are heavier and some sellers are trying to get multiples that were valid 2-3 weeks ago with only very limited success. To make deals work, multiples are declining to the 120-140 range and vary based on class usage and basing points. The CME Group butter price closed at \$2.2250 on Wednesday, September 22, up 1/4 cent compared to last week. Milk production in the PACIFIC NORTHWEST continues to increase at a significant rate. Increases in cow numbers, comfortable summer temperatures and better feed regimens have all contributed to more milk in the region. The increased milk supplies are being balanced between Class I usage and manufacturing. Local processing capacities are adequate to handle the current volumes being generated. Fall harvesting of hay has been set back due to rains and high quality dairy hay supplies are tight locally. IDAHO and UTAH milk production numbers are also higher than last year. Farmers are looking to lock in grain and forage needs for the year and keeping a close eye on grain costs. Hay prices locally are steady. Heifer replacement prices at auctions are steady to firm as some farmers look to increase herd size. Processors have sufficient capacity to handle the increased production with few difficulties.

**NDM, BUTTERMILK & WHOLE MILK**

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Prices on the Central NDM market are unchanged. Milk volumes moving to Class IV uses continue to decline seasonally as handlers and processors are challenged to handle active Class I demand. Spot load condensed skim milk sales are less frequent due to lower farm milk intakes, Class I demand, and price-dependent prioritization of internal needs over outside sales. Operations are generally trying to merge dryer schedules and condensed skim availability for efficient dryer use, with the weekends often representing the best opportunity to dry NDM. Concerns for producing sufficient NDM to meet contracts for the balance of the year are emerging. Some manufacturers are shifting into inventory build-up mode and being conservative on spot market offerings. Several manufacturers indicate availability of NDM spot loads is tight.

**EAST:** Eastern nonfat dry milk prices are steady. A few plants report shortages on planned milk intakes have occurred as the farm milk production season moves toward its low point. Bottlers continue to pull strongly on regional supplies, especially in the early to mid week period, which is leaving a small window for NDM drying over the weekend. Contract based condensed skim sales are level. Inventories of low heat NDM are building incrementally.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: 1.2200 - 1.2800 MOSTLY: 1.2200 - 1.2500  
 HIGHHEAT: 1.3200 - 1.3800

**NONFAT DRY MILK - WEST**

Range prices held steady this week for Western low/medium heat powder while the mostly series showed some strength. Most contacts indicated that this was a slower trading week for NDM. Some were also questioning if some problems be might developing overseas with some slower sales noted. Some of the general pricing indexes continue to move along at lower levels based on some past sales. Production levels are about steady and stocks are in balance to tight. High heat prices are holding steady. Demand is improving seasonally. Stocks are light, but more operations are increasing production seasonally.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUMHEAT: 1.1300 - 1.2500 MOSTLY: 1.1700 - 1.2000  
 HIGHHEAT: 1.2000 - 1.3600

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 17	\$1.0872	20,754,705	0
September 10	\$1.0851	16,106,663	0

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

Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Prices on the Central dry buttermilk market are unchanged. Spot sale activity is slower for the week. Manufacturers anticipate an uptick in interest as the holiday baking season unfolds, while some regular buyers seem to be holding off placing orders in hopes of price adjustments taking place in the near term. Dry buttermilk production is steady to lower. Active cream sales from bottling facilities are reportedly moving at lower multiples than from some manufacturing plants, pressuring a few plants to clear cream holdings through the churns. Other manufacturing plants are churning to meet active customer orders and continuing to clear condensed buttermilk loads. Dry buttermilk holdings are comfortable for current contract interest.

**EAST:** Eastern dry buttermilk prices are steady. Production is mostly lower as current butter prices make uncommitted butter inventory buildup an unattractive option for most manufacturers. Active movement of milk intakes to Class I use is making cream available, and some cream is moving to Class II specialty uses and cream cheese manufacturing.

F.O.B. CENTRAL/EAST: 1.3000 - 1.4400

**DRY BUTTERMILK - WEST**

Prices moved slightly higher again for Western buttermilk powder. Offerings into the spot market remain light. Production is increasing seasonally as more churning is beginning to take place. Spot cream offerings are increasing and churns are getting more offers at somewhat lower prices. Dry buttermilk stocks remain on the light side.

F.O.B. WEST: 1.2300 - 1.2650 MOSTLY: 1.2400 - 1.2500

**DRY WHOLE MILK - NATIONAL**

The dry whole milk market is unchanged and the market tone is firm. Tight manufacturing milk supplies are translating into lower production for dry whole milk for the week. According to the latest Foreign Agricultural Service report, January – August 2010 imports of dry whole milk in the high tier category total about 133,000 pounds. Quota imports of dry whole milk during January – August 2010 total about 2.1 million pounds, about 65% lower than during the same time span of 2009. Total quota imports represent about 29% of the annual allowable imports under licensing requirements. August 2010 quota dry whole milk imports total about 62,000 pounds, a 94% decrease from August 2009. All 2010 quota import product originated in the Netherlands, Australia, or New Zealand.

F.O.B. PRODUCING PLANT: 1.6100 - 1.7100

WHEY, WPC 34%, LACTOSE & CASEIN

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

**DRY WHEY - CENTRAL**

Dry whey prices in the Central region are fractionally lower on the mostly price series. Manufacturer holdings are adequate for contract commitments and sufficient to allow steady to slightly more active spot market offerings. Manufacturers indicate buyer interest in securing dry whey volumes for 2011 is increasing, although most manufacturers are just at the beginning of the process for contract negotiations. Export interest is steady, with product moving to the Far East as well as areas within the Americas from the Central region. Production at many locations has declined recently as milk supplies are generally tighter due to the lower farm milk production cycle and the upswing in Class I demand. A few locations, though, report milk supplies for cheese manufacturing have rebounded during the last week, yielding increases in dry whey. Movement of condensed whey has slowed in some areas due to decreased availability of manufacturing milk as well as some plants shifting to production of other whey stream products. ANIMAL FEED DRY WHEY prices are steady. Interest is unchanged to slightly higher, which is helping support current prices. Some product is moving from the Eastern region to the Central to fill current demand.

F.O.B. CENTRAL: .3200 - .3700 MOSTLY: .3225 - .3625  
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2400 - .3250

**DRY WHEY - NORTHEAST**

Northeast dry whey prices are level. Most facilities indicate dry whey production levels are steady but remain below plant capacities due to seasonally lower milk intakes. Dry whey is moving readily to contract fulfillment once testing is complete and spot load offerings are somewhat limited.

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

**DRY WHEY - WEST**

Western whey prices are steady. The market has traded in a narrow range for most of the third quarter. Spot prices are lightly tested as most production is geared to contracted needs. Demand is increasing seasonally and fourth quarter negotiations are ongoing. Manufacturers are balancing production for the various whey stream products. Increased milk supplies and cheese production in the West have helped to balance stocks to meet needs.

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

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The range price series widened slightly for whey protein concentrate 34% and the market is firm. Domestic and international buyers' interest for WPC 34% is active for both immediate and future needs. Spot load availability is tight, with some manufacturers staying out of the spot market due to short inventories and near term contract commitments. Lead times on WPC 34% orders have been extended by some producers. Production of WPC 34% is generally lower at most facilities due to the tight supply of manufacturing milk.

F.O.B. EXTRA GRADE 34% PROTEIN: .9400 - 1.0450 MOSTLY: .9500 - .9800

**LACTOSE - CENTRAL AND WEST**

The lactose range price series tightened this week while the mostly price series is steady. Active interest from both domestic and international buyers is evident, however some buyer price resistance is also emerging ahead of fourth quarter contract finalizations. Some fourth quarter contracts are finalized. When compared to third quarter contracts, buyers and sellers indicate there is a transitional price trend for fourth quarter appearing that melds information on published manufacturers' holdings, product quality and guarantees of steady supply. Availability of spot load offerings varies by product mesh size. Unground lactose spot loads are more readily available than 200 mesh size production, but no mesh sizes seem to be immune to price testing by buyers.

Including spot sales and up to 3 month contracts.  
 F.O.B. EDIBLE, NON PHARMACEUTICAL .2100-.3900 MOSTLY: .2900-.3525

**CASEIN - NATIONAL**

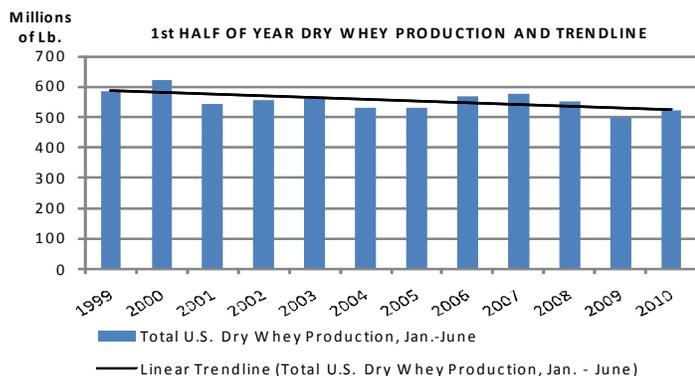
The casein market is steady to firm. European casein production generally came to an early end. The Oceania production season has not yet started as other products in the tightest demand and/or with better returns are produced early in the season and take precedence over casein production. Most suppliers are expecting to meet their contracted volumes but spot volumes are likely to be limited.

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

RENNET: 3.9000 - 4.3000  
 ACID: 3.9000 - 4.2500

**EVAPORATED MILK - NATIONAL**

On September 23, 2010, the Kansas City Commodity Office announced the awarding of two contracts for a total of 2,717,280 pounds of evaporated milk under solicitation number EVD3-090. The evaporated milk, packed in 24/12 oz. cans, is scheduled for October–December 2010 deliveries at various locations throughout the country. Accepted prices ranged from \$0.4888 - \$.6000/lb. No further bids will be considered under this solicitation number.



**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF SEPTEMBER 20 - 24, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 09/17/10	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfat	-0-	-0-	-0-	132,276	276,156,841	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	132,276	276,156,841	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF SEPTEMBER 20 - 24, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	161.9	3,215.0
CUMULATIVE JAN. 1 - SEPT. 24, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	136.7	1,881.5

\* 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 SEPTEMBER 20 - 24, 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	276,156,841	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	4,639,010	-0-	-0-	132,276	276,156,841	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 09/04/10 & Comparable Week 2009**

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2010-Dairy	N.A.	0.6	7.7	5.2	21.2	3.9	0.2	N.A.	13.9	2.6	57.0	1,903.5	44.0	44.0
2009-Dairy	N.A.	0.7	8.8	3.1	18.0	6.9	0.6	N.A.	20.2	4.3	64.2	1,999.3	49.8	47.9
2010-All cows	N.A.	0.8	9.7	14.5	36.8	26.5	13.6	N.A.	18.4	6.6	129.4	4,327.8		
2009-All cows	N.A.	0.8	11.0	13.6	31.2	24.2	14.0	N.A.	23.0	7.5	128.9	4,175.5		

**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**

WEEKS ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL	SOURCE: USDA, APHIS
JUNE 6 - AUGUST 21	865	7,489	

**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	16.58		
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

ORGANIC DAIRY MARKET NEWS

Information gathered September 13 - 24, 2010

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Organic Whole Milk sales for July 2010 up 13.7% compared with July 2009, and up 9.6% year-to-date compared with 1 year ago. July 2010 sales were 36 million pounds and year to date sales through July were 234 million pounds.

Total Organic Milk Products sales for July 2010 are up 9.3% from July 2009 and up 6.9% year-to-date compared with 1 year ago. July sales were 146 million pounds and year-to-date sales through July were 983 million pounds.

This contrasts with a 2.6% July 2010 decline for Total Fluid Milk Products (which includes organic and non-organic) compared with July 2009. Year to date through July 2010, Total Fluid Milk Products sales are down 1.4%. This total Fluid Milk Products data is adjusted for calendar year composition.

Itemized data compared with prior reporting periods is not yet available for organic categories reduced fat milk, low fat milk, fat-free milk, flavored milk or fat-reduced milk because data analysis recently expanded these categories and data for a full year has not yet accumulated.

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

Product Name	Sales July	Change from: 2/		Prev. Yr. Y-T-D
		Mil. Lbs.	Year to Date	
Whole Milk	1,194	8,199	-6.6	-6.0
Flavored Whole Milk	44	316	-7.5	-5.4
Reduced Fat Milk (2%)	1,546	10,757	-0.6	0.4
Low Fat Milk (1%) 544	4,066	3.2	3.4	
Fat-Free Milk (Skim)	655	4,672	-1.5	-1.1
Flavored Fat-Reduced Milk	145	2,173	-2.7	1.2
Buttermilk	39	268	-3.3	-29.1
Tot. Conv. Milk Products	4,172	30,499	-2.3	-1.6
Organic Whole Milk 36	234	13.7	9.6	
Organic Reduced Fat Milk	32	68	3/	3/
Organic Low Fat Milk	23	53	3/	3/
Organic Fat-Free Milk (Skim)	27	59	3/	3/
Organic Flavored Milk	7	19	3/	3/
Organic Fat-Reduced Milk 4/	111	749	7.9	6.1
Total Organic Milk Products	146	983	9.3	6.9

Tot. Fluid Milk Prod. 5/ 4,318 31,482 -1.9 -1.4  
 Tot. Fluid Milk Prod Adj. 5/ 6/ 4,256 31,426 -2.6 -1.4

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

ORGANIC DAIRY RETAIL OVERVIEW

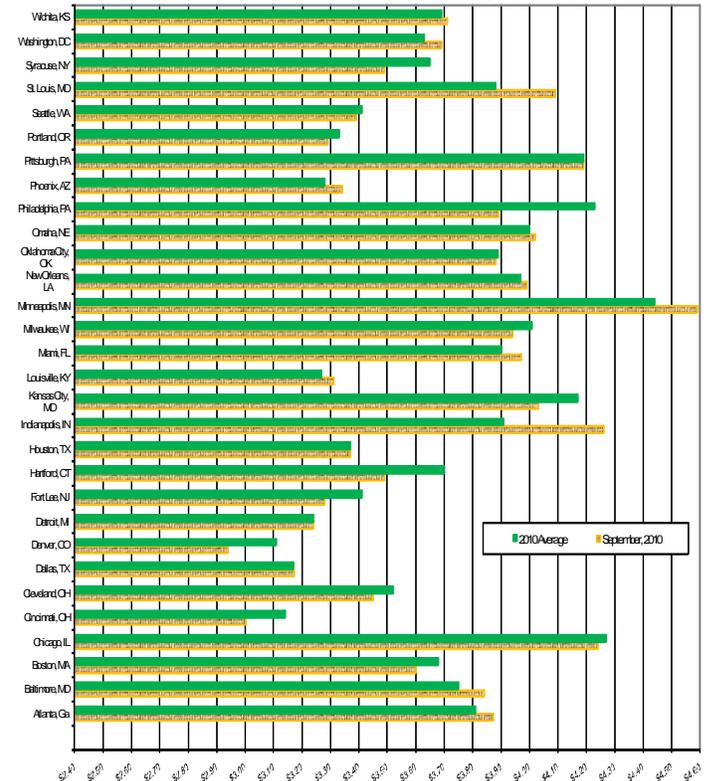
MONTHLY RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Retail half gallon organic reduced fat (2%) milk prices are surveyed monthly in the 30 City Series. Comparing the September average price in each city with the annual average in each city,

12 cities are above the average, 14 are below, and 4 are even with the average. Philadelphia, at \$3.89, is the city most below its annual average to date, being 34 cents lower. Indianapolis, at \$3.87, is the city most above its annual average to date, being 35 cents higher. The overall September average price for the

30 cities combined is 1 cent lower than the combined average year-to-date. The median price, the price which half of cities are above and half below, moved down 1 cent, to \$3.70.

Half Gallon Organic 2% Milk Price Change 2010: September Compared to Annual Average



Considering only a one month change in prices, September 2010 prices compared with August 2010, reveal unchanged prices as the most common situation. Retail prices were unchanged in 20 cities, up in 6 cities, and down in 4 cities. While the average for the 30 cities combined was unchanged at \$3.69, there was price movement in certain markets compared with one month ago. Washington, D.C. was up the most, 20 cents, to \$3.69 while Philadelphia was down the most, 50 cents, to \$3.89. Minneapolis remained the city with the most expensive organic 2% milk, \$4.59, and has been since April. Denver at \$2.94 remained the city with the lowest priced organic 2% half gallons and also has been since April.

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

NATIONALLY ADVERTISED PRICE COMPARISON:

Organic milk ad numbers no longer dominate organic dairy ads, altering the pattern of the previous eight weeks. Yogurt advertising is now closer in balance with ads for organic milk. Within the organic milk category, ads for 8 ounce aseptic containers of organic milk significantly lead ads for either half gallons, or gallons. All organic yogurt ads as a percentage are 78% of all organic milk ads, well up from about 34% two weeks ago and about 20% four weeks ago.

ORGANIC DAIRY MARKET NEWS

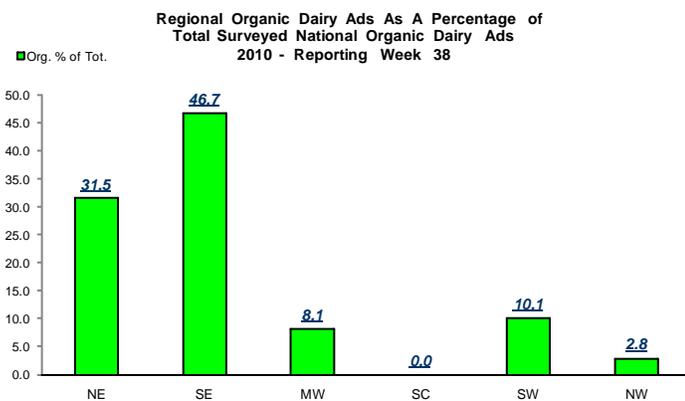
Information gathered September 13 - 24, 2010

CONTINUED FROM PAGE 8

Newspaper supermarket ads for the period September 11, 2010 to September 24, 2010 identifying weekly "specials" and containing organic dairy content, numbered 2,867 of 9,150 surveyed ads, below 4,013 two weeks ago but closer to the norm for the six weeks prior to the last Report. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

Ads this period significantly represented national brands, reversing the pattern of representing a mixture of national brands and private label organic milk – even in ads for the same store, which was identified in recent Reports.

**Regional Organic Dairy Ad Trends – Current Period.** The Southeast, with 46.7% of all organic dairy ads this period, placed highest among the six regions. This is an even greater percentage for the Southeast than its' 38.2% two weeks ago, which also led all regions. The remaining regions and percentage include: Northeast, 31.5%, up from 26.4% two weeks ago; Southwest, 10.1%; Midwest, 8.1%; Northwest, 2.8%; and no ads in the South Central Region.

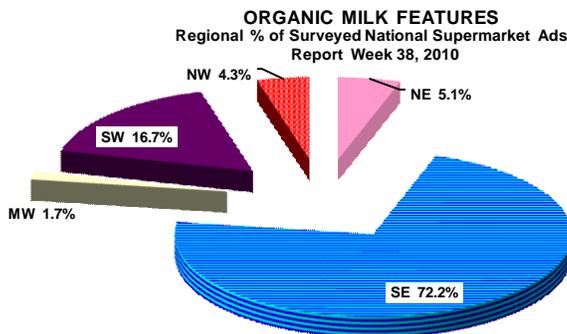


**Product Emphasis.** Individual store ads may contain more than one type of organic dairy featured item, or multiple brands of the same item and size. Thus, numbers shown below for product emphasis exceed total organic ad numbers.

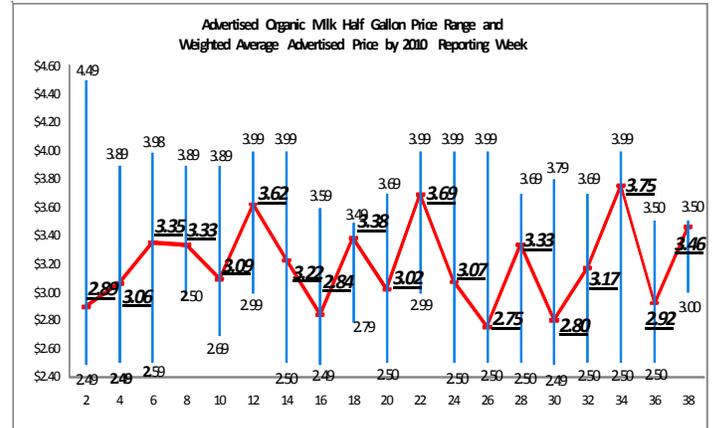
Organic milk ad placements are dominated by ads for 8 ounce aseptic containers, 1,435. This is followed by 345 ads for organic gallons and 79 ads for organic half gallons.

Organic yogurt placements for 6 ounce containers, a traditionally standard ad item, registered 490 ad placements this report. Close in number were ads for 4 ounce yogurt, at 471 ads. Greek yogurt in 5.3 ounce containers registered third with 314 ads followed by 196 ads for 10 ounce smoothies. For 32 and 64 ounce organic yogurt containers, there were no ad placements.

Organic milk ads appeared in all regions except the South Central Region. The highest concentration of milk ads, 72.2%, appeared in the Southeast. The remaining regions and percentages are the Southwest, 16.7%; Northeast, 5.1%; Northwest, 4.3%; and Midwest, 1.7%.



**Half Gallons.** The national weighted average advertised price for half gallons of organic milk increased 54 cents to \$3.46 the third highest weighted average advertised price of 2010. Yet, the top of range price remained unchanged at \$3.50 while the bottom increased 50 cents to \$3.00. The top of range price trailed the top in 16 of 19 reporting weeks of 2010 and the range, 50 cents, is the narrowest range of 2010. Analysis of advertised pricing reveals that the relatively high average advertised price this week results from fewer ads at lower prices, rather than more ads at higher prices. It should be recalled that this price reflects advertised prices and not necessarily prevailing supermarket prices in the larger number of stores selling organic half gallons, which did not advertise prices. As noted in a prior section, the 30 city average supermarket price for half gallons of organic milk in September is \$3.69.

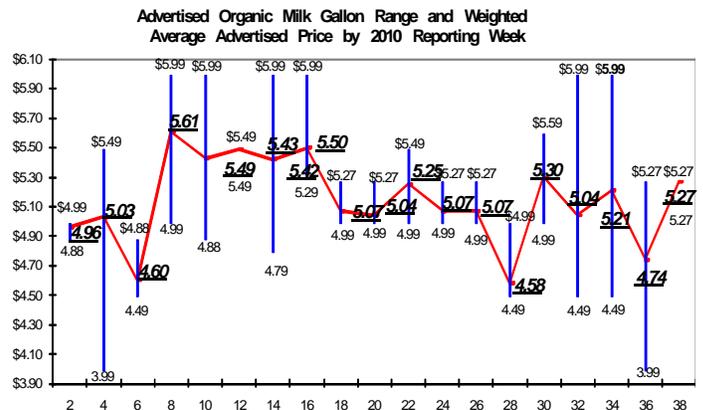


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION %	WTD. AV. ADV. PRICE \$
NE	—
SE	—
MW	35.9
SC	—
SW	64.1
NW	—

**Gallons.** The national weighted average advertised price for organic gallons increased 53 cents to \$5.27 after falling 47 cents two weeks previously. All gallons were advertised at \$5.27, so there was no price range, the first time this has occurred during 2010. It should also be noted that this period there are far fewer ads for gallons, 79, than any time during 2010. This contrasts with 296 ads two weeks ago and 1,376 four weeks ago.



ORGANIC DAIRY MARKET NEWS

Information gathered September 13 - 24, 2010

CONTINUED FROM PAGE 8-A

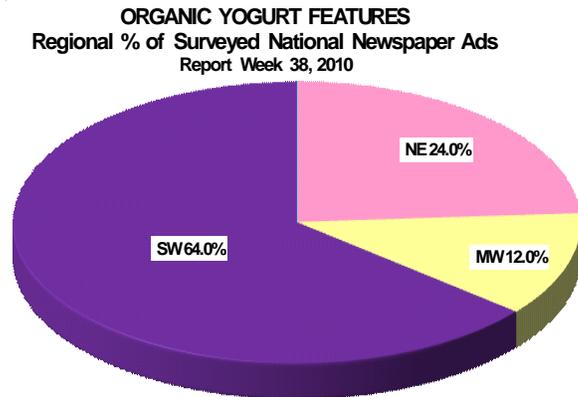
The following table shows the percentage of national gallon organic milk ads by region and the regional weighted average advertised price.

GALLON ORGANIC MILK ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

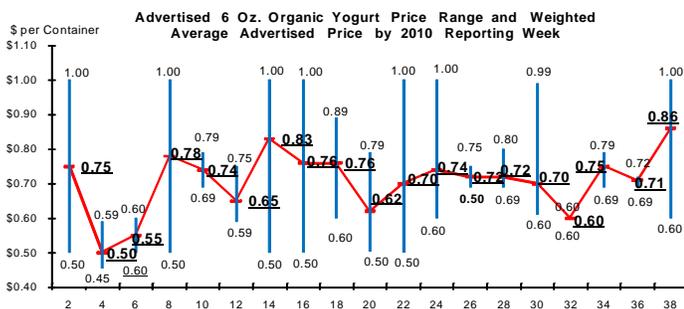
REGION %	WTD. AV. ADV. PRICE \$
NE	—
SE	100.0
MW	—
SC	—
SW	—
NW	—

All organic 8 ounce milk container ad placements were priced at \$1.00, emphasis was in the Southeast, with relatively fewer ads in the Northeast and Northwest.

**Yogurt.** The Southwest, with 64.0% of total organic yogurt ad placements, leads all regions. Next is the Northeast with 24.0%, followed by the Midwest, with 12.0%. There were no organic ad placements in the South Central Region, Southeast or Northwest.



Weighted national average advertised organic yogurt prices in 6 ounce containers increased 15 cents to \$0.86, the highest weighted average advertised price of 2010. The range expanded from 3 cents two weeks ago to 40 cents, with a top of \$1.00 and a bottom of 60 cents.



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

6 OUNCE ORGANIC YOGURT ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$
NE	—
SE	—
MW	35.9
SC	—
SW	64.1
NW	—

Other organic yogurt ads were for 4 ounce yogurt priced between 50 cents and 75 cents, with these ads in the Northeast and Southwest; 314 ads for Greek yogurt in 5.3 ounce containers, with all 314 ads in the Southwest and priced \$1.00; and 196 ads for 10 ounce smoothies, all in the Northeast and priced \$1.66

**Butter.** All 614 organic butter ads were split between the Southeast, Northeast and Northwest, at prices between \$4.49 and \$5.49.

**Cheese.** Of 24 ads for sliced brick or shredded organic cheese, all were in the Midwest and priced \$2.50.

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

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results appears below.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE  
REPORTING WEEK 38

	MADISON, WI		
	LOW	HIGH	RANGE
<b>GALLONS:</b>			
Whole	5.39	6.49	1.10
Reduced Fat (2%)	5.39	6.49	1.10
Low Fat (1%)	5.39	6.49	1.10
Nonfat (Skim)	5.39	6.49	1.10
<b>HALF GALLONS:</b>			
Whole	3.19	4.39	1.20
Reduced Fat (2%)	3.19	4.39	1.20
Low Fat (1%)	3.19	4.39	1.20
Nonfat (Skim)	3.09	4.39	1.30
<b>CHOCOLATE HALF GALLON:</b>			
	3.39	4.50	1.11
<b>YOGURT</b>			
	.60	1.59	0.99

## ORGANIC DAIRY MARKET NEWS

Information gathered September 13 - 24, 2010

## CONTINUED FROM PAGE 8-B

	<u>LOW</u>	<u>HIGH</u>	<u>RANGE</u>
	(In Dollars)		
<b>CHEESE – 8 OUNCE BLOCKS:</b>			
<b>Mozzarella</b>	<b>3.70</b>	<b>5.75</b>	<b>2.05</b>
<b>Mild Cheddar</b>	<b>3.49</b>	<b>6.19</b>	<b>2.70</b>
<b>Monterey Jack</b>	<b>3.49</b>	<b>6.19</b>	<b>2.70</b>
<b>Pepper Jack</b>	<b>3.89</b>	<b>6.49</b>	<b>2.60</b>
<b>CHEESE – 6 OUNCE STRING</b>			
<b>Mozzarella</b>	<b>3.00</b>	<b>5.09</b>	<b>2.09</b>
<b>Colby Jack</b>	<b>3.00</b>	<b>5.09</b>	<b>2.09</b>
<b>BUTTER – 1 POUND</b>	<b>4.50</b>	<b>6.49</b>	<b>1.99</b>

While gallon organic milk prices are unchanged, half gallon prices moved up at the bottom of the range. The top price among stores remained \$4.39, which has been the top of range price for each of the 19 bi-weekly reporting periods of 2010 except two, when the top price was 40 cents lower at \$3.99. As for cheese, no changes appeared at the top or bottom of the range although some prices changed within the range at various stores. Mild cheddar and Monterey Jack continued new range low prices for 2010 reached two weeks ago. The top of range prices seldom change, as with half gallons, so range variation tends to be driven by changes in low prices.

**ORGANIC GRAIN AND FEEDSTUFF MARKETS:**

National organic grain and feedstuff prices were mostly steady to firm, with light demand and light to moderate offerings. Many organic producers are waiting to make sales decisions until after harvest has been completed due to current strong conventional prices. The soybean oil market remains firm on a very light test. Large bales of premium organic alfalfa in Texas sold at \$210.00 per ton, delivered, which is unchanged to \$5.00 higher from the previous reporting period.

Eastern organic grain and feedstuff prices were steady. Cash sales for organic grain were slow to moderate with light demand. Due to lackluster demand, many organic producers are pondering whether to sell their feed corn to realize current strong prices on conventional corn markets. Feed wheat was mostly steady on light supplies.

Upper Midwest organic grain and feedstuffs prices remained firm, with very light demand and offerings. Many farmers, producers and buyers are still awaiting harvest results for this year before making any major marketing decisions; especially given the current and future conventional prices on the board at the time of this publication.

Additional livestock and grain market news information is available at: [www.ams.usda.gov/LSMarketNews](http://www.ams.usda.gov/LSMarketNews).

## AUGUST MILK PRODUCTION

Milk production in the 23 major States during August totaled 15.0 billion pounds, up 2.8 percent from August 2009. July production, unrevised at 15.3 billion pounds, was up 3.0 percent from July 2009.

Production per cow in the 23 major States averaged 1,796 pounds for August, 51 pounds above August 2009.

The number of cows on farms in the 23 major States was 8.36 million head, 10,000 head less than August 2009, and 8,000 head less than July 2010.

## AUGUST 2010 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2009	2010	2009	2010	2009	2010	% CHANGE FROM 2009
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	171	180	1,790	1,765	306	318	3.9
CA	1,782	1,745	1,820	1,950	3,243	3,403	4.9
CO	123	120	1,950	2,025	240	243	1.3
FL	114	114	1,325	1,360	151	155	2.6
ID	548	573	1,940	2,000	1,063	1,146	7.8
IL	102	99	1,530	1,495	156	148	-5.1
IN	167	169	1,670	1,695	279	286	2.5
IA	215	207	1,700	1,720	366	356	-2.7
KS	117	120	1,745	1,725	204	207	1.5
MI	355	359	1,910	1,935	678	695	2.5
MN	469	470	1,620	1,605	760	754	-0.8
MO	106	99	1,180	1,150	125	114	-8.8
NM	320	318	2,000	2,025	640	644	0.6
NY	618	611	1,690	1,790	1,044	1,094	4.8
OH	278	270	1,570	1,640	436	443	1.6
OR	114	118	1,650	1,705	188	201	6.9
PA	545	541	1,610	1,670	877	903	3.0
TX	420	415	1,680	1,695	706	703	-0.4
UT	83	85	1,835	1,860	152	158	3.9
VT	135	139	1,520	1,545	205	215	4.9
VA	96	95	1,450	1,475	139	140	0.7
WA	237	252	1,995	2,015	473	508	7.4
WI	1,257	1,263	1,730	1,730	2,175	2,185	0.5
23 STATE TOTAL	8,372	8,362	1,745	1,796	14,606	15,019	2.8

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

2/ Excludes milk sucked by calves.

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

## THE DAIRY OUTLOOK

### Only Moderate Price Increases Are Expected in 2011 as Milk Production Continues To Rise

Feed prices are forecast higher in 2010/11, with corn expected to average \$4.00 to \$4.80 per bushel and soybean meal to average \$270 to \$310 per ton. The milk-feed price ratio rose this year and is expected to average 2.3 for 2010; next year the index is expected to decline slightly from 2010 because of higher forecast feed prices. While this indicator of profitability has substantially improved from 2009's depressed level, it remains low enough this year and next that some producers may face financial difficulties.

Despite a relatively weak milk-feed price ratio, cow numbers continue to rise year-over-year. The most recent *Milk Production* report indicated cow numbers higher in the second quarter of 2010 than in the first, although the herd was still smaller than in the corresponding quarter of 2009. USDA projects the number of cows in the U.S. dairy herd to average 9,125 thousand head this year, increasing to 9,160 in 2011.

Production per cow has also advanced in 2010 and is projected to rise by nearly 2.6 percent above 2009. A rise in production per cow is also forecast for 2011, but the rise is expected to be near trend at 1.5 percent. The expected rise in herd size and increased per cow production translates into more milk. USDA projects milk production at 192.7 billion pounds this year, rising to 196.2 billion in 2011.

Milk production in Oceania for the upcoming season is expected to recover from last year. The prospect of more milk on the world market is expected to impact U.S. exports next year. Milk equivalent exports on a fats basis are expected to total 6.6 billion pounds in 2010 but to slide to 5.4 billion next year, dampened by improved world production. Milk equivalent exports on a skim-solids basis are projected to be 29.3 billion pounds this year and to decline to 28.3 billion in 2011. Imports declined this year compared with 2009 on both a fats and skim-solids basis; imports are expected to total 4.1 billion pounds, fats basis, and 4.5 billion pounds, skim-solids basis. In 2011, imports will likely decline slightly to 4.0 billion pounds and 4.3 billion pounds, respectively. Recovering global and higher domestic milk production is the major reason.

Stocks are forecast to end this year below 2009 totals on a fats basis, reaching 10.4 billion pounds, largely due to lower expected butter stocks. This year's skim ending stocks are forecast slightly higher at 11.5 billion pounds. Next year, ending stocks are expected to tighten to 10.4 billion pounds on a fats basis and to 11.2 billion pounds on a skim-solids basis. International and domestic demand for butterfat is expected to remain strong both this year and next. Domestic commercial use on a fats basis is expected to rise 2.2 percent in 2011 after staging a 1.2 percent increase this year compared with 2009. Commercial use on a skim basis is projected to decline about 1 percent below 2009 but rebound in 2011, climbing 2.8 percent from this year's total.

Cheese prices have risen sharply this year due to increased demand. Although cheese stocks remain above the 5-year average, prices are expected to average \$1.530 to \$1.550 per pound in 2010. Next year, prices are expected to rise, but not as precipitously, to average \$1.530 to \$1.630 per pound. Butter prices started to climb in late 2009 and have soared this year. The strong demand for fats has moved milk to other uses and, consequently, butter production has lagged and prices have spiked. The decline in milk production in 2009 may have contributed to the tight supplies this year. Butter prices are expected to average \$1.690 to \$1.730 per pound in 2010. Next year, butter prices will remain high by historic standards, but should moderate from 2010's highs. Butter prices are expected to average \$1.485 to \$1.615 per pound in 2011. Greater milk production in 2011 should help lower prices. Nonfat dry milk (NDM) prices tracked the price run-up for butter, since the movement of milk to other products reduced NDM production. Export demand for NDM also contributed to the rising NDM prices in 2010. NDM is expected to average \$1.150 to \$1.170 per pound. Next year's price increases are forecast to moderate to \$1.175 to \$1.245 per pound. Export demand should support the higher price, while increased milk production should limit increases.

The 2010 Class IV price, which is projected to average \$14.90 to \$15.20 per cwt, will likely be lower in 2011, based on lower butter prices. In 2011, the Class IV price is forecast to average \$14.25 to \$15.35 per cwt. The Class III price is forecast to remain about the same in 2011, as greater milk supplies counter continued high cheese prices. The average Class III price is estimated to be \$14.50 to \$14.70 per cwt this year and average \$14.40 to \$15.00 per cwt next year. The price outlook for products should hold the all milk price nearly even, averaging \$16.25 to \$16.45 per cwt this year and averaging \$15.85 to \$16.85 per cwt in 2011.

**SOURCE:** "Livestock, Dairy, and Poultry Outlook", LDP-M-195, September 17, 2010, Economic Research Service, USDA. Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, OCTOBER 2010, WITH COMPARISONS <sup>1/</sup>**

For October 2010, the all-city average announced cooperative Class I price was \$21.67 per cwt., \$2.45 higher than the Federal milk order (FMO) Class I price average for these cities. The October cooperative Class I price was \$1.01 higher than the September price while the Federal order Class I price was \$1.08 higher than the September price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$3.89 in Miami, FL. For October 2009, the all-city average announced cooperative Class I price was \$17.46, \$2.47 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

City	October 2010		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
Dollars per hundredweight, 3.5% butterfat			
Atlanta, GA	23.55	20.38	3.17
Baltimore, MD	21.25	19.58	1.67
Boston, MA	21.33	19.83	1.50
Charlotte, NC	23.22	19.98	3.24
Chicago, IL	21.74	18.38	3.36
Cincinnati, OH	21.85	18.78	3.07
Cleveland, OH	21.65	18.58	3.07
Dallas, TX	21.43	19.58	1.85
Denver, CO	20.50	19.13	1.37
Des Moines, IA	21.06	18.38	2.68
Detroit, MI	21.42	18.38	3.04
Hartford, CT	21.23	19.73	1.50
Houston, TX	22.23	20.18	2.05
Indianapolis, IN	21.65	18.58	3.07
Kansas City, MO	20.75	18.58	2.17
Louisville, KY	21.92	18.88	3.04
Memphis, TN	22.52	19.48	3.04
Miami, FL	26.47	22.58	3.89
Milwaukee, WI	21.69	18.33	3.36
Minneapolis, MN	20.40	18.28	2.12
New Orleans, LA	23.42	20.38	3.04
Oklahoma City, OK	21.08	19.18	1.90
Omaha, NE	20.81	18.43	2.38
Philadelphia, PA	22.48	19.63	2.85
Phoenix, AZ	19.43	18.93	0.50
Pittsburgh, PA	21.93	18.68	3.25
St. Louis, MO	21.15	18.58	2.57
Seattle, WA	19.26	18.48	0.78
Springfield, MO	21.38	18.98	2.40
Washington, DC	21.25	19.58	1.67
Simple Average	21.67	19.22	2.45

1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

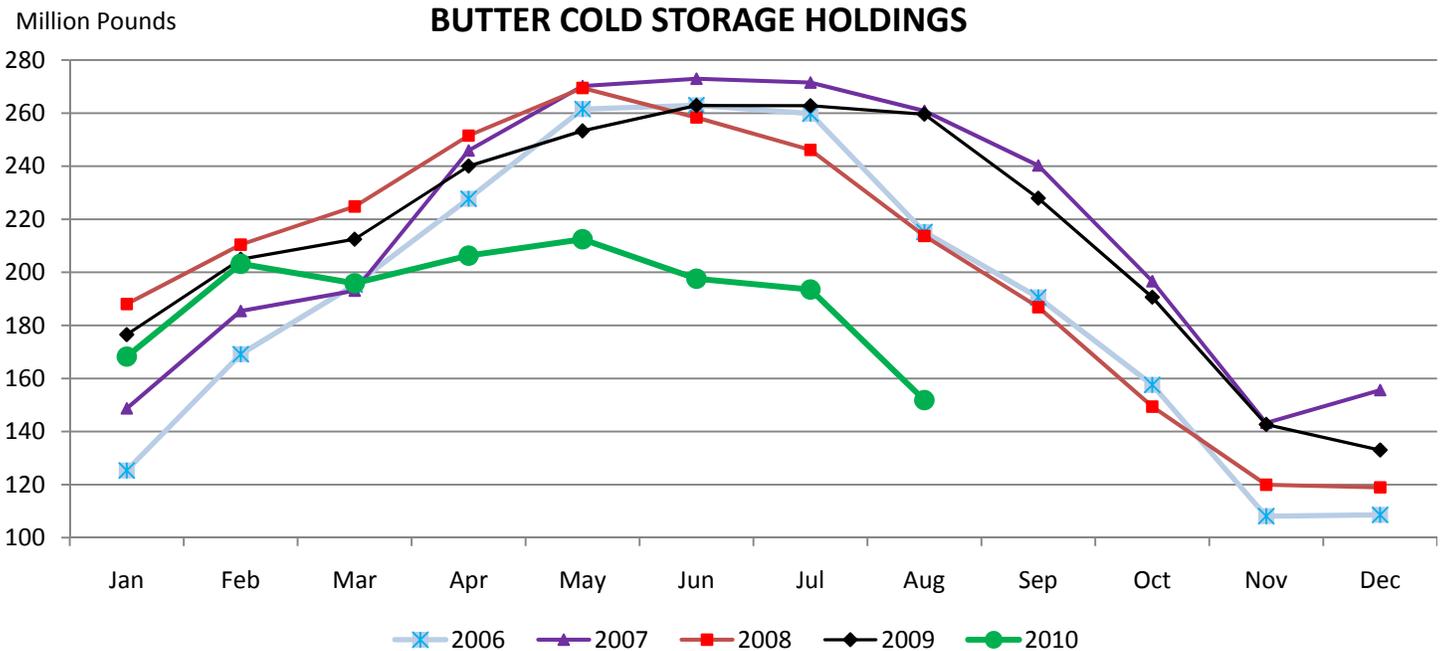
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JULY 31, 2008	JULY 31, 2009	REVISED JULY 31, 2010	AUG 31, 2008	AUG 31, 2009	AUG 31, 2010
Butter	246,132	262,782	193,506	213,744	259,578	151,839
Cheese, Natural American	577,636	605,022	639,463	567,661	598,710	624,633
Cheese, Swiss	24,712	23,270	27,702	25,142	23,414	28,351
Cheese, Other Natural	300,449	371,879	386,146	287,473	375,496	381,113
Total Cheese	902,797	1,000,171	1,053,311	880,276	997,620	1,034,097
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

#Beginning with the February 22, 2008, Cold Storage release, NASS discontinued published estimates for government owned butter and cheese due to data quality.

AUGUST STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
New England	36,266	39,328	38,878	---	---	---	297	529	584
Middle Atlantic	42,825	45,268	50,624	---	---	---	16,343	23,533	21,473
East North Central	252,881	257,895	267,899	---	---	---	188,404	236,487	254,776
West North Central	89,261	94,788	93,529	---	---	---	42,169	75,484	67,860
South Atlantic	5,377	8,023	3,752	---	---	---	566	65	4,671
East South Central	1,532	2,026	2,651	---	---	---	2,731	3,088	77
West South Central	10,315	2,489	1,715	---	---	---	711	1,837	1,325
Mountain	36,450	52,029	52,929	---	---	---	6,567	5,987	7,410
Pacific	92,754	96,864	112,656	---	---	---	29,685	28,486	22,937
TOTAL	567,661	598,710	624,633	213,744	259,578	151,839	287,473	375,496	381,113

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



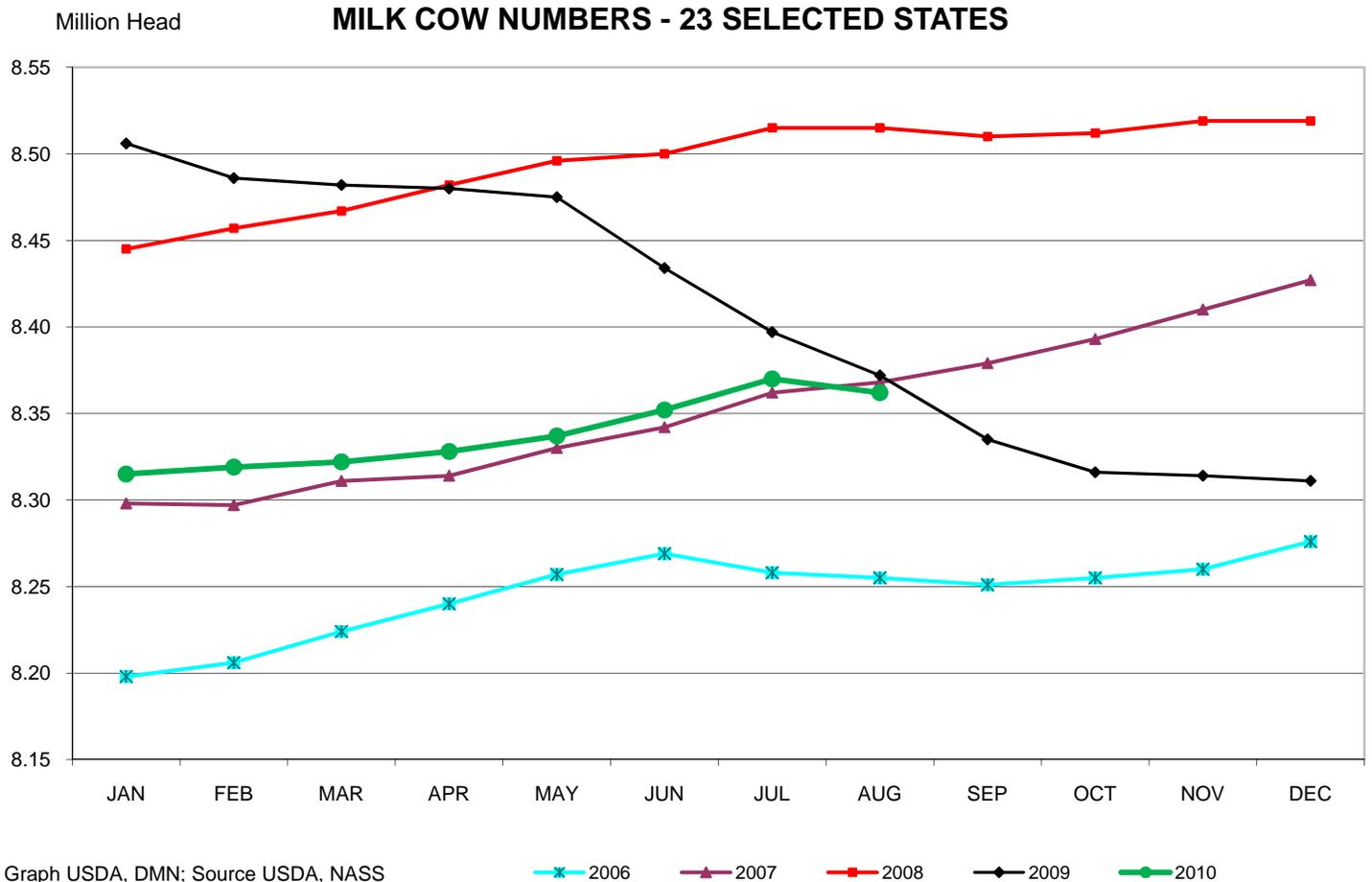
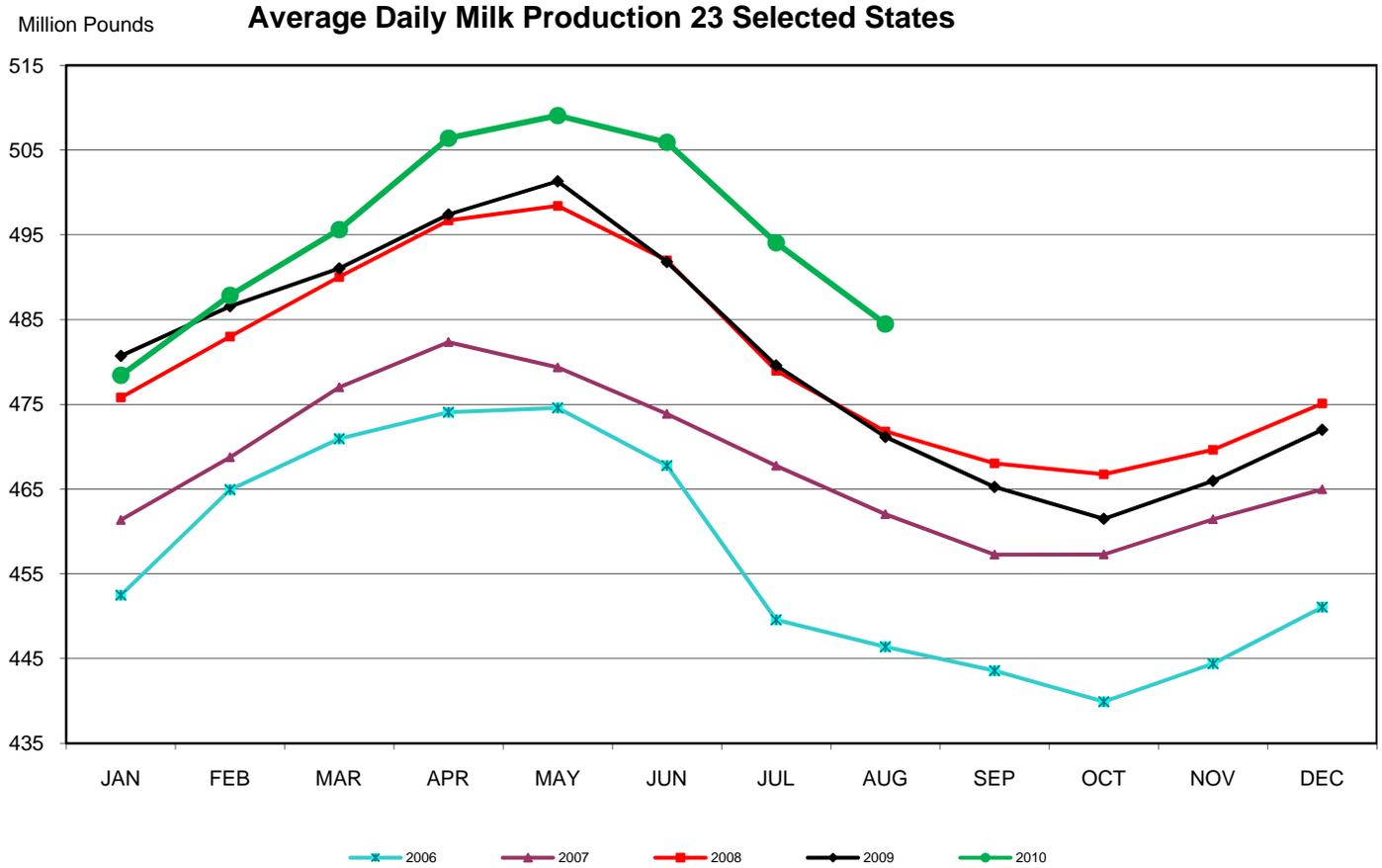
COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2009 TO DATE

Month	Butter <u>1/</u>		Natural American Cheese <u>1/</u>		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>2/</u>		Commercial		Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Million Pounds		Million Pounds		Million Pounds					
January	168	177	588	533	272	300	138	203	134	97
February	203	205	598	542	195	316	152	192	47	124
March	196	212	602	549	174	361	148	190	26	171
April	206	240	610	577	160	375	152	180	8	195
May	212	253	615	586	154	403	148	198	6	205
June	198	263	627	602	176	201	174	201	2	NA
July	194	263	639	605	198	398	194	173	4	225
August	152	260	625	599		360		138		222
September		228		596		325		122		203
October		191		580		272		91		181
November		143		583		287		116		171
December		133		585		289		132		157

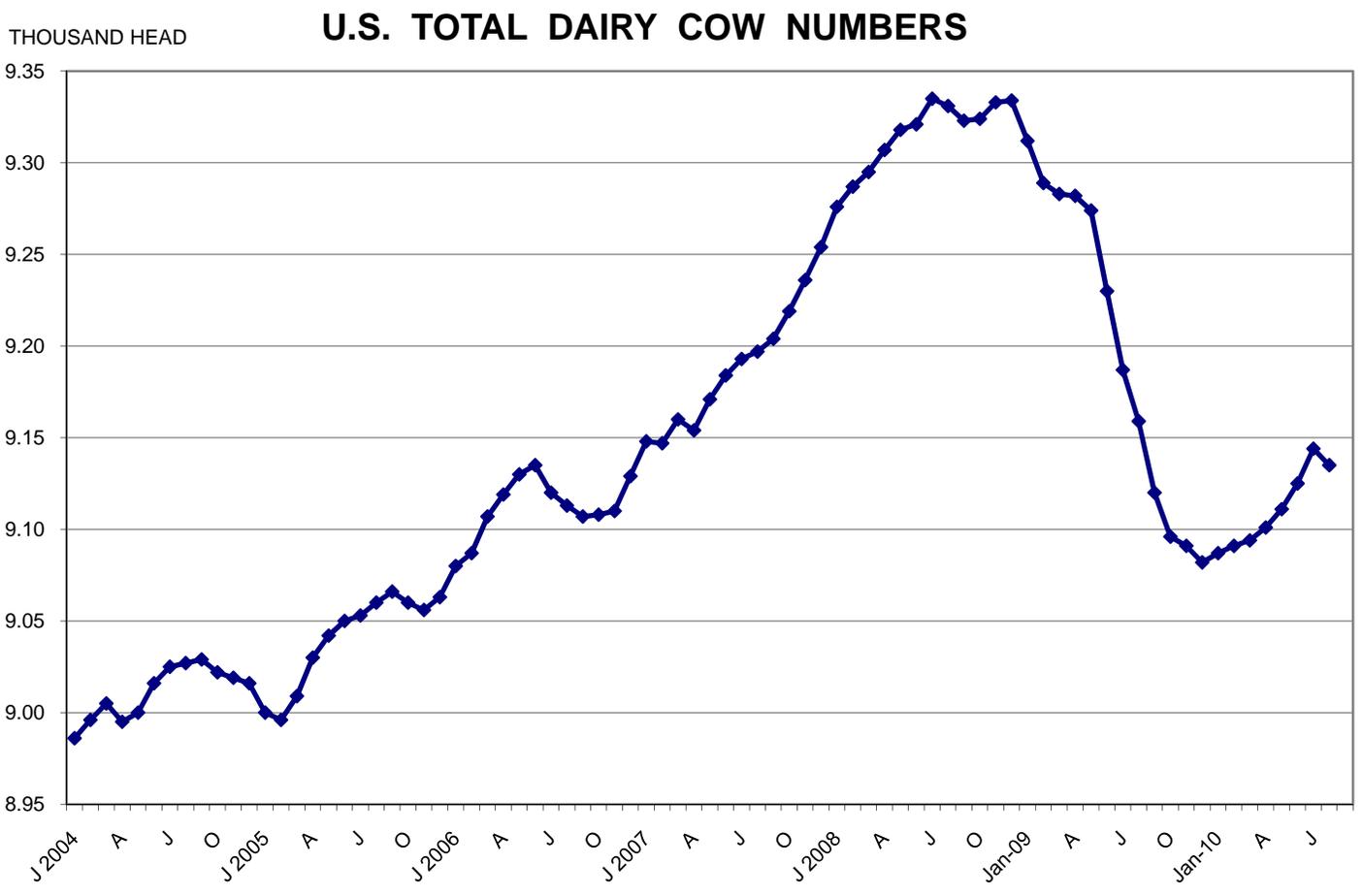
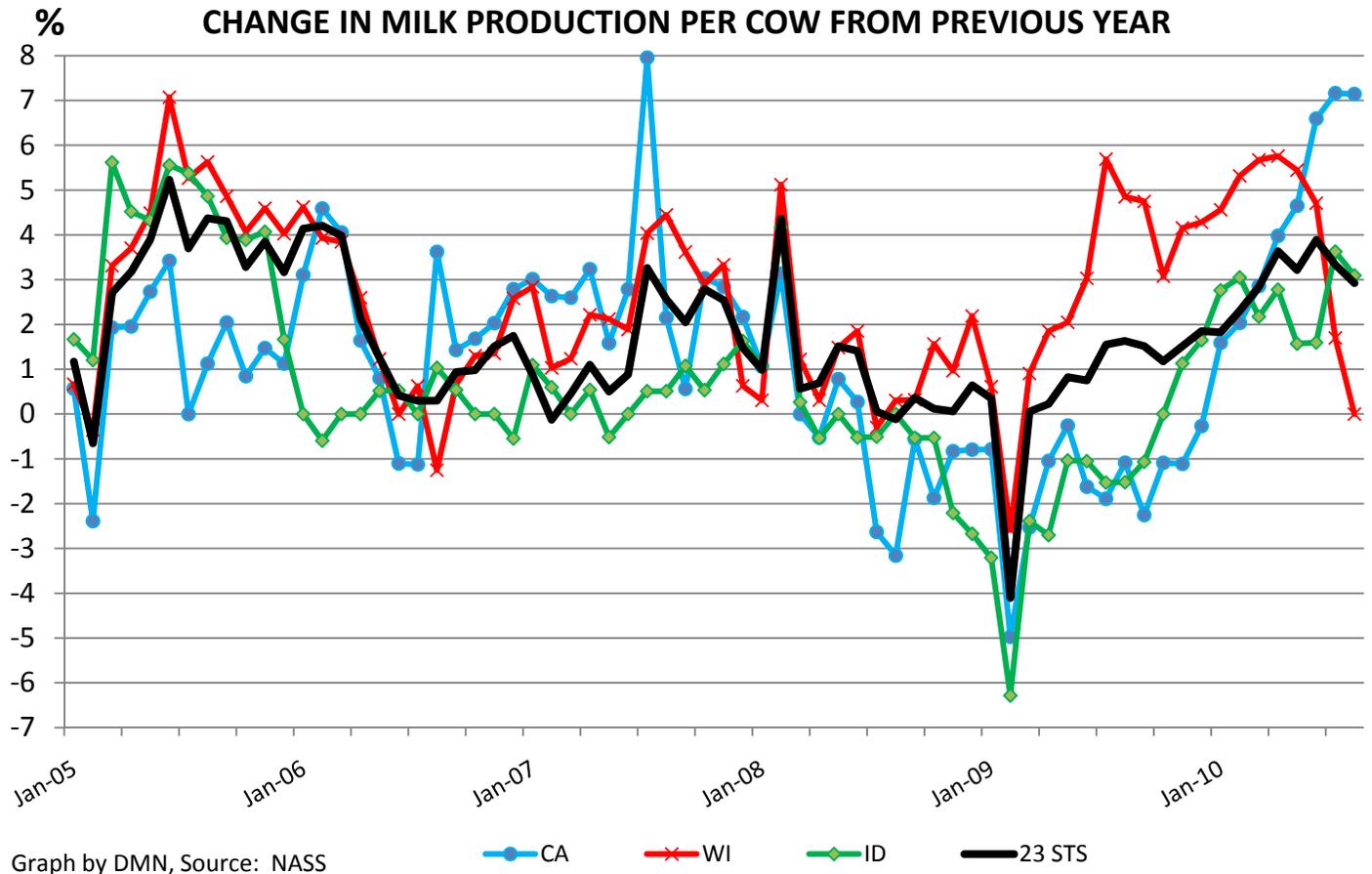
NA - Not available.

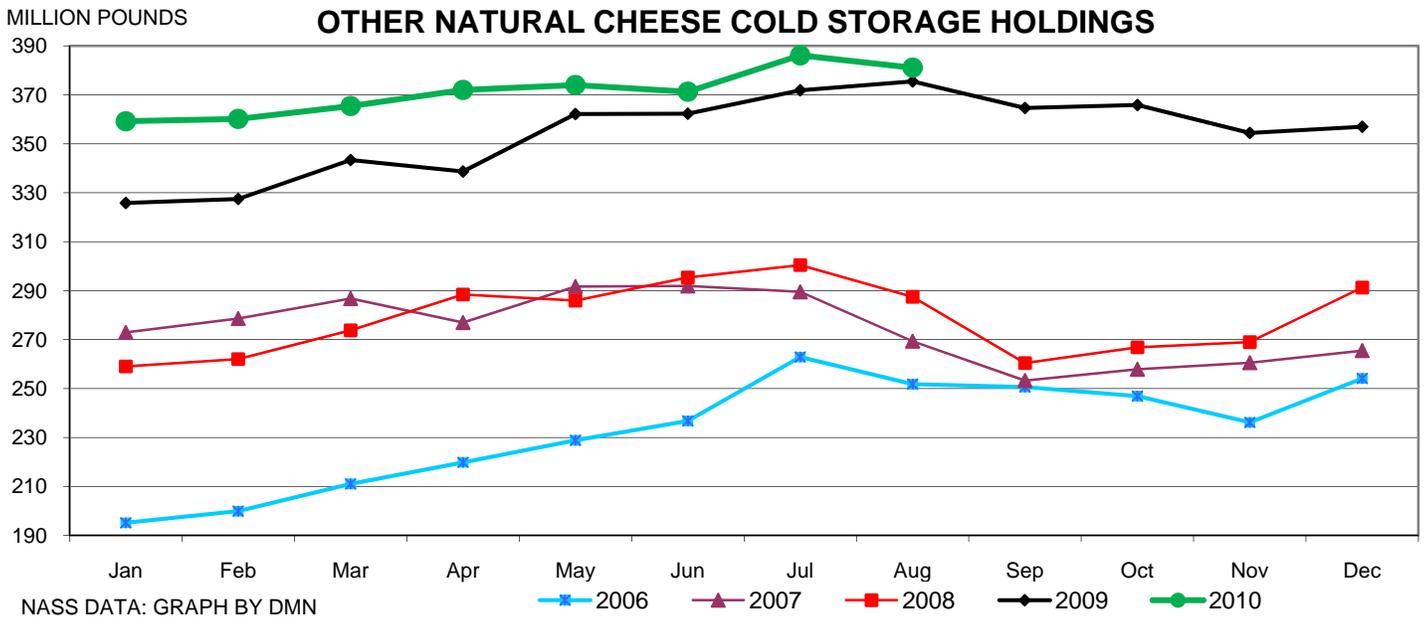
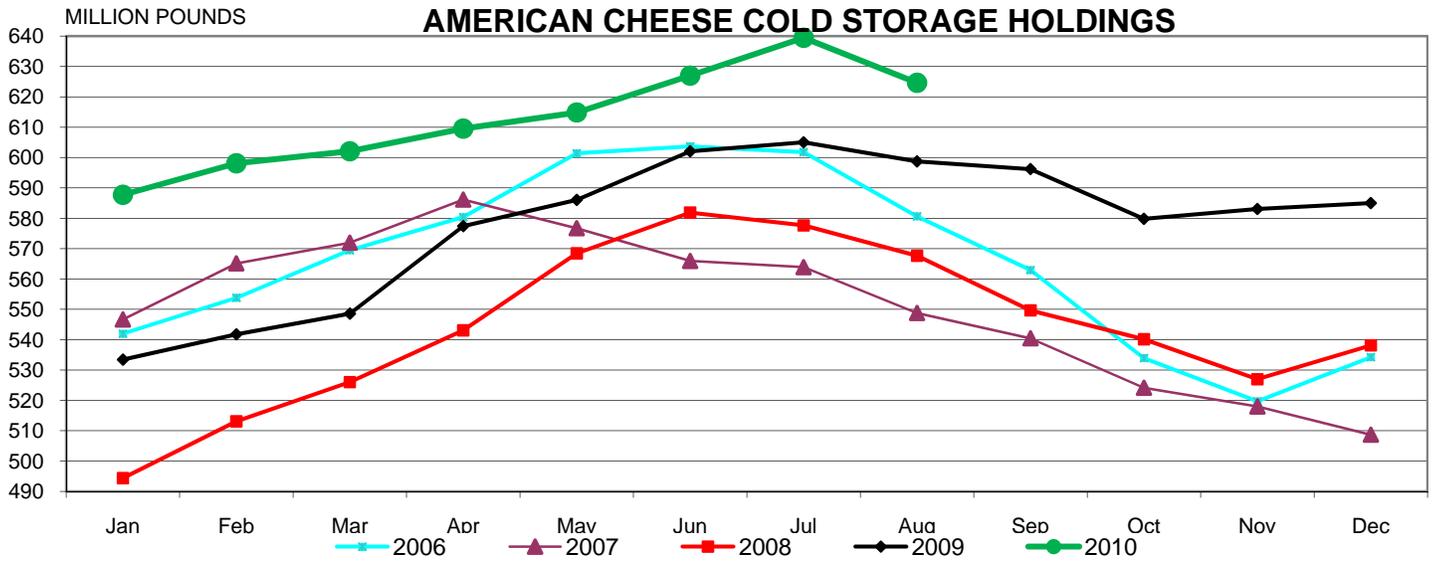
1/ NASS discontinued publishing estimates for government owned butter and cheese. 2/ Includes instant nonfat dry milk.

**SOURCE:** "Cold Storage," Co St 1 (9-10) and "Dairy Products," (September 2010), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

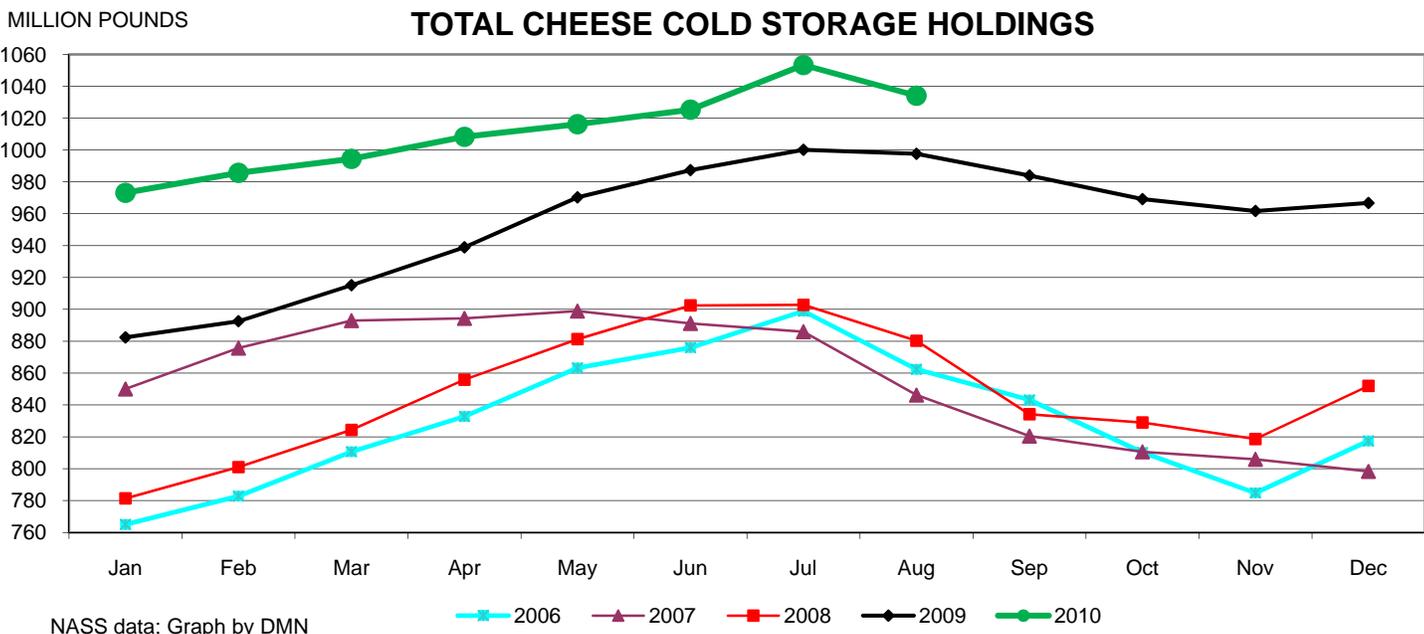


Graph USDA, DMN; Source USDA, NASS





NASS DATA: GRAPH BY DMN



NASS data; Graph by DMN

# DAIRY MARKET NEWS

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