

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (10/1):**

BUTTER: Grade AA closed at \$2.2350. The weekly average for Grade AA is \$2.2350 (+.0095).

CHEESE: Barrels closed at \$1.7350 and 40# blocks at \$1.7600. The weekly average for barrels is \$1.7350 (+.0050) and blocks, \$1.7560 (+.0090).

BUTTER HIGHLIGHTS: The butter price at the CME Group cash market continued to increase during the week to settle at \$2.2350 at week's end. Churning schedules across the country increased sharply for many as cream supplies for churning increased and pricing multiples declined. Many butter producers that have been selling a portion of their cream volumes in recent weeks have ceased these sales and are churning for current and future needs. Although cream pricing remains higher than many butter producers desire, they also look at their inventory situation and basically need to churn to cover upcoming butter obligations during the final quarter of the year. Butter orders for the final few months of the year are developing at levels that many are surprised to see. Typically, butter sales are strong during the end of the year, but with prices much higher than last year at this time, some suppliers anticipate that orders might not be as strong. Some retail buyers are stating that they have retail feature activity scheduled during the upcoming 8 – 10 weeks which will potentially require additional butter stocks. This feature activity, coupled with normal holiday butter sales, has butter producers actively churning to cover potential needs. Already for some, the increased churning activity of recent days and the potential for more to come, is putting them back into a more comfortable supply situation.

CHEESE HIGHLIGHTS: The cheese market is steady, but cautious. Cash cheese prices at the CME Group were steady to higher, widening the barrel/block spread closer to the traditional 3 cents. Natural interest is improving seasonally with more packaging operations requiring overtime in order to fill orders. Commercial process movement is steady to generally lighter. Aged cheddar interest continues to improve seasonally as additional volumes move from storage to cutting lines. Offerings of current cheese varieties are tight to in balance. Limited availability of spot manufacturing milk supplies hinders production in parts of the country. Cheese yields are trending higher as milk components increase in more areas. For January – July 2010, estimated commercial disappearance of American cheese totals 2.455 billion pounds, up 0.4% from the same period in 2009. Other cheese movement in 2010 totaled 3.605 billion pounds, up 4.5% from last year.

FLUID MILK: Midwest demand for manufacturing milk remains strong and generally unsatisfied, as milk intakes slowly increase. In the Northeast and Mid Atlantic regions, manufacturing milk supplies have increased as Class I demand has leveled off and milder weather has increased cow

comfort levels prompting marginal milk production increases. Southeast and Florida milk production levels are steady and Class I sales are flat. Hot weather conditions were common over large areas of California over the past week with the effects on milk production generally light with intakes down by only a limited percentage. New Mexico milk output is steady to higher with the dairy regions not being impacted by weather conditions. Milk continues to move out of state to fill contracted commitments, but overall volumes are trending lower. In the Pacific Northwest, milk output continues to increase seasonally at a strong pace. Plants are having no problem processing the milk. While milk output in Idaho and Utah is strong seasonally, many plants are hesitant to contract very far into the future because of concern about milk supplies this winter.

DRY PRODUCTS: Central and Western nonfat dry milk prices are unchanged to lower. Central prices are unchanged to lower on the range and mostly series while Western low/medium heat prices are unchanged for the mostly but slightly lower for the top end of the range. Eastern NDM prices are higher. Central and Eastern dry buttermilk prices are unchanged while Western prices widened for the range. Dry whole milk prices are unchanged to higher. Central and Northeast dry whey prices are unchanged. The price range for Western whey held steady, the mostly series increased in price and the market has a firm undertone. Whey protein concentrate 34% prices are unchanged to higher on a mixed market. Central and West lactose prices are steady. Casein markets and prices remain firm.

INTERNATIONAL OVERVIEW (DMN): The OCEANIA milk production season continues to increase, although recent and potential weather patterns and conditions could negatively impact spring development. In NEW ZEALAND, heavy, late spring, snowfall on the South Island has caused some milk to be lost due to pickup logistics and the loss of some young livestock. A very large weather front has covered all of New Zealand during the past two weeks which has brought snow to the South Island and wet conditions in most all other regions. Milk producers are stating that this negative pattern at this time of the season is stressing the milking herd to the point that some farmers are reducing their daily milkings to once a day to keep the milking herd in better condition, especially with this time of the season the time when getting cows into calf is crucial. This once a day adjustment could extend for the next two to three weeks as the breeding season occurs. The New Zealand milk production season was developing quite steadily, but these adverse weather conditions have slowed that development. Producers and handlers are stating that once spring weather patterns return and farmers return to normal milking schedules, milk output will once again increase. Milk handlers indicate that peak levels are a month

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CME GROUP CASH TRADING

PRODUCT	MONDAY SEPTEMBER 27	TUESDAY SEPTEMBER 28	WEDNESDAY SEPTEMBER 29	THURSDAY SEPTEMBER 30	FRIDAY OCTOBER 1	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7350 (N.C.)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	(N.C.)	\$1.7350 (+.0050)
40#BLOCKS	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7600 (+.0100)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	(+.0100)	\$1.7560 (+.0090)
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	\$2.2350 (+.0050)	\$2.2350 (N.C.)	\$2.2350 (N.C.)	\$2.2350 (N.C.)	\$2.2350 (N.C.)	(+.0050)	\$2.2350 (+.0095)

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

NATIONAL DAIRY MARKET AT A GLANCE

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or so away with many optimistic and hopeful that the peak might be maintained longer than usual. Although a slight glitch in milk production development in New Zealand has occurred, milk producers and handlers are still sticking with a 3 - 4% annual increase of milk volumes from the previous season. In **AUSTRALIA**, the milk production season is not as strong as in New Zealand, but milk handlers are stating that noticeable increases are being reported. Most milk producers and handlers continue to project a 1 - 2% annual increase of milk over last year. Producers are very optimistic about the upcoming season as they finished the last season on a positive note and winter moisture conditions have provided for higher levels of moisture and reserves not seen in many years. For most farmers, moisture should not be a concern during the upcoming season. A major concern that is developing in southeastern portions of the country is an impending locust plague. Potential locust damage would impact growing crops and pastures. At this point, the areas of most concern are in southern New South Wales and northern Victoria. Hatching of the egg beds will be occurring during the next two - three weeks. The Australian dairy industry is working closely with government agencies to monitor the situation and provide relevant information to support farmers. The dairy industry remains confident that the impending plague will not affect the safety and ongoing supply of Australia's dairy products. A number of chemicals are allowed to be used to control the locusts in pastures. Farmers are being advised to obtain specific product information and advice on the appropriate product from their local government departments or at the point of sale. Government residue testing programs are likely to include additional targeted testing of milk throughout the season. These testing procedures are being put in place to help assure consumers and export markets that Australian dairy products remain safe and of the same high standard of quality and integrity. Although the egg beds are in known areas, once uncontrolled locusts start to fly, prevailing winds could carry them to other regions. Following the recent gDT trading, some Oceania prices were adjusted to reflect trading levels, although for many traders and handlers, they are using the trading platform as a bench mark and are making adjustment when and where they feel they are needed. Traders and handlers are stating that regular and ongoing buyers are returning to the marketplace. As milk volumes increase and new stocks are generated, contractual commitments are also being filled which absorb a significant portion of available and future stock. Butterfat remains tight and most milk producers and handlers project that butterfat will be limited for much of the upcoming milk production season. Milk production in **EUROPE** is trending lower seasonally, but on a cumulative basis, is running ahead of last year at this time. For most EU countries, milk production is still within quota levels. Recently, Russian borders closed to all commodities from all countries that have not met their demands to establish a list of plants registered as meeting Russian requirements for the commodity being produced in that plant. This action could greatly impact shipment logistics for those countries, including the U.S., which are shipping dairy products to Russia. In Europe for much of the current milk production season, milk volumes, when possible, have been shifted away from various manufactured dairy products toward cheese to meet a strong Russian buyer interest. This action has some European cheese producers concerned about stocks that they have or are projecting to generate for the Russian market and their position as it relates to Russian requirements. Overall, Russian buyer interest has slowed. European traders and handlers are stating that other buyer interest has slowed. Much of this lighter buyer interest is developing due to the strong Euro against the U.S. dollar. In recent days, the Euro has firmed to levels not seen since earlier in the year. Manufacturers and handlers are indicating that stocks, outside

of butterfat, are available for buyer interest. Although stock is available, prices are often higher than potential buyers are willing to pay. At the September 23 Dairy Management Committee meeting in Brussels, no significant dairy related issues were discussed or adjusted. All common refunds remain at zero and no tendered refunds were offered. In the 7th round of intervention released dairy products, an offer of 1 ton of butter was accepted at 3,560 Euros per MT (around \$4,800) and 820 MT of skim milk

ORGANIC OVERVIEW (DMN): The previous report for July 2010 Fluid Milk Sales has been corrected. The itemization of the Organic Fat-Reduced Milk category was corrected to reflect July organic milk sales in millions of pounds as follows: Reduced fat, 38; Low Fat, 30; Fat-Free (Skim), 32; and Flavored, 9.

SEPTEMBER AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2010 advanced 1 point to 183. Compared with August 2009, the index was up 7 points (4.0%). The index of prices received by farmers for dairy products advanced 4 points during the month of September 2010 to 132. Compared with August 2009, the index was up 32 points (32.0%). Prices received by farmers in September with changes from August were: for All Milk, \$17.20 (cwt.), up \$.50; for Fluid Grade Milk, \$17.20 cwt., up \$.50; and for Manufacturing Grade Milk, \$16.20, up \$1.10.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2010 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$17.60 (+\$0.62), Class III \$16.26 (+\$1.08), and Class IV \$16.76 (+\$1.15). Product price averages used in computing Class prices are: butter \$2.1570, NDM \$1.1383, cheese \$1.7016, and dry whey \$0.3615. The Class II butterfat price is \$2.4114 and the Class III/IV butterfat price is \$2.4044. Further information may be found at: www.ams.usda.gov/DairyMarketStatistics select Prices, select Price Formulas - 2010

CONSUMER PRICE INDEX (BLS): The August CPI for all food is 219.5, up 1.0 % from August 2009. The dairy products index is 198.7, up 3.3 % from a year ago. The following are the August to August changes for selected products: fresh whole milk is +9.3%; cheese, +3.6%; and butter, +12.0%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first seven months of 2010 totals 112.3 billion pounds, 2.5% above the same period in 2009. Comparing disappearance levels with year earlier levels: butter is +1.5%; American cheese, +0.4%; other cheese, +4.5%; NDM, +4.9%; and fluid milk products, -1.4%.

CCC PRICE SUPPORT PURCHASES (FSA): During fiscal year, October 1, 2009 - September 30, 2010, only 132,276 pounds of NDM was offered to the Commodity Credit Corporation (CCC) under the price support program. This was sharply below the 2008 - 2009 fiscal year purchases when 4,639,010 pounds of butter and 276,156,841 pounds of NDM were purchased.

JULY FEDERAL MILK MARKETING ORDER CHARGES (AMS): For July 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12, down \$0.01 from the June 2010 average. 91% 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 \$0.75 in the Pacific Northwest to \$3.54 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.13, down \$0.03 from the June 2010 average. Eighty percent of the producer milk used in Class II carried an over-order charge.

CME GROUP

MONDAY, SEPTEMBER 27, 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 @ \$2.2350; LAST OFFER UNCOVERED: NONE

TUESDAY, SEPTEMBER 28, 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: 2 CARS GRADE AA @ \$2.2350

WEDNESDAY, SEPTEMBER 29, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.2350

THURSDAY, SEPTEMBER 30, 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: NONE

FRIDAY, OCTOBER 1, 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: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price retained its recent advance and closed unchanged Tuesday at \$2.2350. Butter prices on the CME Group have all but leveled off, rising only 1 cent since the Labor Day holiday. Cream supplies have recently increased, because of increased standardized cream from Class I plants and increased butterfat levels off the farm. While supplies have increased, cream demand has declined as some plants are reducing production in order to perform planned or preventive maintenance prior to the holiday production push. Weaker demand has lowered multiples significantly, ranging mostly 130-145 with some sales above the range. Butter production remains fairly steady with building inventories as buyers are hesitant to submit orders at current price levels. Butter makers are much more comfortable with their current inventories than they were three to four weeks ago. The latest NASS Cold Storage report released last week, shows butter in storage in all warehouses on August 31 totals 151.8 million pounds, 41.7 million pounds (22%) less than the prior month stocks and 107.8 million pounds (42%) less than August 2009 stocks. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME Group cash butter price continues to increase during the past week to settle at \$2.2350 at midweek. This midweek price is 98 1/2 cents higher than last year at this time, but still below the all time high price of \$2.8100 recorded in September 1998. Churning activity in the Central part of the country is stronger this week as cream supplies become more available to butter producers and pricing multiples ease. Although cream pricing in higher than many butter producers would desire, they also look at their inventory situation and basically need to churn for upcoming butter obligations during the final quarter of the year. Butter inventories are well below desired levels going into the final three months of the year. Handlers and traders are stating that even though prices will be higher this holiday period than last year, orders for the period are stronger than many anticipated. Some retail feature activity is scheduled

to occur during the next 8 - 10 weeks which potentially will clear heavier volumes. Butter producers are stating that it will not be too long before butter needs for the upcoming Thanksgiving holiday will be shipped and then placed in retail distribution channels. Food service orders are holding generally steady at fair levels. No significant strength is being reported in food service orders at this time, although buyers are looking ahead to the yearend holiday period with cautious optimism. Current bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Butter prices at the CME Group continue to increase slowly on light trading. Prices gained 3/4 cent last week and gained another 1/2 cent this week to close at \$2.2350 on Wednesday. Prices have been generally increasing since the end of May. Butter supplies remain tight in the U.S. and most of the rest of the world. Many domestic manufacturers have less butter on hand at this time of the season than in most recent years. Most generally indicate that summer and early fall pricing patterns are the cause of this. Butter production is beginning to increase at a faster rate as more cream becomes available for churning and manufacturers are now deciding to keep it rather than sell it. Contacts agree that most stock measures are very low and expected to stay that way for the foreseeable future. According to the CME Group, weekly butter stocks in CME approved warehouses declined 4.5 million pounds last week to stand at 19.0 million pounds. Stocks have not been below 20 million pounds since January 1, 2005. Last year for this week, stocks were 90.1 million pounds and they were 67.5 million in 2008. In the last 10 weeks, stocks have declined 30.4 million pounds. For the same period in 2009, stocks were off 7.3 million pounds and they were down 39.8 million pounds in 2008. According to the ERS, Commercial Disappearance of butter for the first seven months of the year totals 882.0 million pounds, up 1.5% or 12.7 million pounds. 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

<u>WEEK ENDING</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS</u> <u>38% MOISTURE</u>	<u>NDM</u>	<u>BUTTER</u>	<u>DRY WHEY</u>
SEPTEMBER 25	1,7250	1,7267	1,1494	2,2150	0.3626
	10,874,545	8,779,478	16,054,481	3,757,132	11,236,064

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

CME Group cheese prices held steady for the fifth consecutive trading session on Tuesday with barrels closing at \$1.7350 and blocks at \$1.7500. Cheese production in the Northeast has increased with good orders for mozzarella, aged cheddar and lowfat cheddar. Cream cheese production is also very active. Inventories are balanced to current with some cheese makers on the verge of falling behind production schedules to fill current orders. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of August 31, 2010 total over 1.03 billion pounds, 2% below one month ago, but 4% higher than one year ago. A majority of the holdings are in the form of American cheese (60.4%) totaling 624.6 million pounds, 2% less than one month ago, but 4% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (36.8%) totaling 381.1 million pounds, 1% less than one month ago, but 1% higher than one year ago. Swiss cheese accounts for 2.8% of holdings at 28.4 million pounds, 2% more than one month ago and 21% more than one year ago.

Both block and barrel average prices increased again last week at the CME Group trading sessions. Prices on the exchange for barrels are holding steady so far this week at \$1.7350. The block price increased 1 cent on Wednesday to stand at \$1.76 at midweek. Western contacts indicate that even with the heavy Cold Storage figures noted recently, current cheese availability is on the balanced to tight side. Cheese is certainly available, but multi-load lots are hard to find. Milk output is coming back seasonally in the Northwest and Mountain States regions, but it is steadier in the Southwest with some late season record setting temperatures impacting output in the short run. This is certainly expected to be just a short run phenomenon and milk will be increasing shortly. According to the ERS Commercial Disappearance report, cheese activity for the first seven months of the year totals 6.06 billion pounds, up 2.8% from last year or an increase of 162.8 million pounds. Over the 30 weeks of this time period it would work out to a weekly average disappearance increase over last year of 5.4 million pounds.

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

Cheddar 40# Block	:	2.0625-2.3375
Process 5# Sliced	:	1.8325-2.1425
Muenster	:	2.0825-2.2875
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	:	1.8550-2.1125
Cheddar 40# Block	:	1.8750-2.2275
Cheddar 10# Cuts	:	2.0550-2.2750
Monterey Jack 10#	:	2.0650-2.2250
Grade A Swiss Cuts 6 - 9#	:	2.6250-3.0550

MIDWEST

The cheese market is steady, though cautious. In general, natural demand is generally improving as cutting schedules are steady to generally heavier. Commercial process movement is generally slower. Considering the economy, holiday gift pack packaging is reportedly off to a fairly good start. Some customers need a few extra loads while others would just as soon cancel on some committed loads. The share of pepper jack and Colby/jack of the American natural mix is higher seasonally. Mozzarella interest remains solid. Substantially higher cream cheese prices, due to current butter and cream prices, may impact sales through higher prices though recent production has been good. Good interest is noted for barrels and good processing solids, but price is a major consideration. Spot manufacturing milk supplies remain limited and expensive. Current plant intakes are steady to slightly higher. Milk components and cheese yields are improving.

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

Process American 5# Loaf	:	1.9700-2.2800
Brick And/Or Muenster 5#	:	2.1600-2.2525
Cheddar 40# Block	:	2.0000-2.5650
Monterey Jack 10#	:	2.0900-2.5650
Blue 5#	:	2.5900-2.8800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0800-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4550-3.3300

FOREIGN

Block prices on the CME Group held steady for the fifth straight trading session, closing Tuesday at \$1.7500. The weekly average price increased, advancing wholesale prices for domestic varieties, except Swiss Cuts Switzerland which held steady. Increased Class I demand has tightened manufacturing milk supplies resulting in lower production schedules for Swiss cheese. Swiss inventory levels in the Northeast remain adequate with fairly good demand.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.2025-3.6900*
Gorgonzola	: 3.6900-5.9900	: 2.7050-2.9650*
Parmesan (Italy)	: -0-	: 3.6100-3.8675*
Provolone (Italy)	: 3.4400-5.8900	: 2.2450-2.4025*
Romano (Cows Milk)	: -0-	: 3.3925-5.5350*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggiano (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
		:	
09/27/10	10,921	:	130,680
09/01/10	14,120	:	132,287
CHANGE	-3,199	:	-1,607
% CHANGE	-23	:	-1

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	0	79	0
SOUTHEAST STATE	0	0	16	0	30	0

In the Northeast and Mid Atlantic regions, manufacturing milk supplies have increased as Class I demand has leveled off and milder weather has increased cow comfort levels prompting marginal milk production increases. Harvest activities are in full swing with corn silage and haying operations well ahead of last year's pace. Southeast and Florida milk production levels are steady and Class I sales are flat. Increases in standardized cream volumes and milk component levels, off the farm, have increased overall cream supplies. Demand has weakened as some plant managers have reduced production schedules in order to conduct planned maintenance prior to the upcoming holiday production push. Increased cream supplies, combined with weaker demand, has significantly lowered the multiple range to mostly 130-145. Condensed skim supplies have expanded marginally with most supplies moving through contracts. Class II demand has also weakened as plants prepare and catch up on maintenance prior to the busiest time of year.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.8931-3.2269
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.7819-2.9599

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.19 - 1.22
NORTHEAST - CLASS III - SPOT PRICES	-	1.08 - 1.13

MIDWEST

Fluid demand was about steady with recent weeks with the usual stronger movement where promotions are underway. Some extra volumes were being bottled for the usually stronger first of the month demand using the lower September Class I milk prices. Most Class II products were average to occasionally improved in demand. Ice cream and mix production were lower in recent weeks, in part by the closing of many seasonal food service outlets until next spring. Cream offerings are growing as Class II, including ice cream, production is mostly lower seasonally and offerings increase as milk tests increase seasonally. Also, some off-season plant maintenance reduced demand further. Cream sales were limited as were reported multiples. While churning has increased, current cream/butter prices have others trying to avoid churning. Bottlers are generating more cream, reducing the need for purchases from the outside. The demand for manufacturing milk remains strong and generally unsatisfied through the upper Midwest. Again this week, there were not enough prices to report a manufacturing milk price range. Generally, milk intakes are increasing slowly. Some handlers remark that the increase seems to be slower than usual perhaps because of the extended period of heat this summer along with 2009 feed perhaps had less energy available for cows. While most corn silage has been made early this year, it still takes time in storage to properly "pickle". Additional progress has been made on the fall harvest with additional fields of winter wheat being sown. Much higher than year ago prices for corn, soybeans, and wheat will not help dairy producers that buy most of their feed grains. A number of dry days have also allowed producers to cut another hay/haylage crop to refill barns, bags, and silos.

WEST

According to NASS, alfalfa hay prices for the U.S. in September average \$117/ton, up \$7 from last year. Prices for selected Western states and a comparison to last year are as follows: Arizona \$120, +\$15; California \$123, +\$26; Colorado \$125, -\$10; Idaho \$120, +\$8; Nevada \$120, +\$16; New Mexico \$167, +\$31; Oregon \$135, +\$21; Utah \$100, -\$5; and Washington \$135, +\$15. August 2010 POOL RECEIPTS of milk in CALIFORNIA total 3.12 billion pounds, 4.6% higher than last year. Cumulative January-August 2010 receipts are 0.5% higher than the same months in 2009. The August blend price, at a fat test of 3.53%, is \$15.37, 71 cents higher than July and \$4.47 more than August 2009. The percentage of receipts used in Class I products 15.6%. The August quota price is \$16.54 and the over quota price is \$14.84. These prices are 60 cents higher than July and \$4.36 higher than a year earlier. Hot weather conditions were common over large areas of CALIFORNIA over the past week with the effects on milk production generally light with intakes down by only a limited percentage. Lower humidity, less daylight hours, cooler nighttime temperatures, and heat abatement factors also played into the limited effects of the heat. Processing plants in the state are running along projected levels. Class I needs are steady. ARIZONA milk production levels are trending lower as the state is experiencing hot and humid conditions later and longer than normal. The impact on plants is minimal with production schedules steady. NEW MEXICO milk output is steady to higher with the dairy regions not being impacted by weather conditions. Milk continues to move out of state to fill contracted commitments, but overall volumes are trending lower. While handlers in the Southeast are cutting back seasonally on milk needs, there is a pull in Texas for fluid milk as grocery wars are offering gallons of milk between 79 to 99 cents per gallon. Plants in the state are taking in more milk and there is capacity to handle the seasonal milk growth. The CREAM market has softened in recent weeks. Offerings of cream loads are increasing, while demand is slowing. The market has turned from a quick sale to hard to place. Higher class product production is seasonally light and excess cream is moving to the churn. Butter producers want and need the cream to make butter for later in the year needs, but are sensitive to the pricing level of butter. They are concerned that any price decline would affect inventory value. The CME Group Grade AA butter price closed at \$2.2350 on Wednesday, September 29, a 1 cent increase from a week earlier. Cream multiples are lower and range from 120-135 and vary based on class usage and basing point. Another cutting of hay has been rained on in the PACIFIC NORTHWEST. There has been very little hay put up this year that wasn't rained on. Finding dairy quality hay will be a struggle this winter. Most dairies are able to cash flow now, but they are all having trouble finding financing for winter feed and hay purchases. With feed prices moving higher, financial stress is expected to increase again this winter. Milk output continues to increase seasonally at a strong pace. Plants are having no problem processing the milk. Most are happy to see increasing volumes. Tests on farm receipts are also improving seasonally. Conditions have been warm and dry in UTAH and IDAHO for an extended period of time as a high pressure system is parked over the Mountain States region. Temperatures are well into the 90's many days with no rain in sight. Some indicate that they really have not had any moisture since the end of June. Irrigation water has been adequate this year for most full season cropping. Some farms have had to put the water back onto some hay and wheat fields, which is very unusual for this time of year. Hay growers are considering their options for next year with firm prices for many cropping options. Even with milk output in the region strong seasonally, many plants are hesitant to contract very far into the future because of concern about milk supplies this winter.

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 Central nonfat dry milk are unchanged to lower on the range and mostly price series. Production opportunities for NDM increased this week in some locations as demand for Class I moderated slightly from time to time. This allowed farm milk intakes at some balancing plants to build sufficiently to make NDM drying practical. Availability of low heat NDM spot load offers from various manufacturers in the region is improving incrementally. With what some manufacturers consider "new year" production to start within days, there was some interest in reducing current holdings. Few spot loads from outside the region are clearing to the Central, reportedly due to both light offerings from Western manufacturers/marketers and the freight costs associated with hauling from the Western to the Central region. Market participants are taking a wait-and-see attitude regarding the recent announcement by Russia that it was banning importation of all U.S. dairy products. The ban was reportedly activated because the U.S. has not established a registry of dairy plants that produce commodities meeting Russian requirements.

EAST: Eastern nonfat dry milk prices are unchanged from last week. Some marginal nonfat dry milk production increases have been noted due to Class I demand leveling off and milder weather increasing cow comfort levels, prompting marginal increases in milk production. Some plants are focusing on high heat nonfat dry milk production. Inventories are building, but supplies in the Northeast remain tight. Demand is weaker and trading is light with some users performing plant maintenance prior to the holiday production push. There is a weak undertone to the market as traders are awaiting the results and ramifications of a Russian nonfat dry milk export deal that has been rejected or partially rejected.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1900 - 1.2800 MOSTLY: 1.2200 - 1.2500
 HIGH HEAT: 1.3200 - 1.3800

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are unchanged for the mostly series, but slightly lower for the top end of the range. The market tone is steady. A cautious undertone surfaced as the trade assesses what effects the Russian stoppage of importing U.S. dairy products will have on the NDM and other dairy product markets. Higher world SMP prices are noted, but the U.S. price is not moving towards those levels at this time. Current NDM producer offerings are generally light and expected to be limited over the next few weeks. There are sporadic offerings of older NDM available along with availability from resellers. Production of NDM is steady to slightly higher and mirroring changes in milk production in the region. Stocks are light to moderate. Western high heat prices are trending slightly higher. The market tone remains fully balanced with seasonal demand noted. The spot market is only lightly tested. High heat output often remains limited and being held for contracted or later committed needs. Stocks are mostly light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1300 - 1.2250 MOSTLY: 1.1700 - 1.2000
 HIGH HEAT: 1.2050 - 1.3700

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged. Spot cream loads are plentiful in the region as Class II demand declines seasonally. With abundant cream supplies in hand, some manufacturers increased churning schedules this week and dry buttermilk production increased in tandem. Availability of spot offers of dry buttermilk from manufacturers improved. Buyers are hesitant to commit beyond near term needs as the market tone seems transitional, and some buyers are waiting for clearer price signals before making sizeable purchasing decisions.

EAST: Eastern dry buttermilk prices are unchanged from last week. Production is steady following fairly steady butter production and decreased sales of condensed buttermilk. Most supplies are moving through contracts with limited availability for the spot market. Though supplies are viewed as tight, demand is flat to weak with the seasonal decline in ice cream production.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices widened for the range with the mostly price series holding steady. Producers attempting to move product are finding buyer interest often light. Drying schedules are trending higher as more cream is clearing to the butter churns and more buttermilk solids are available. Condensed buttermilk interest is seasonally light. Buttermilk stocks are mainly on the light to moderate side for current demand.

F.O.B. WEST: 1.2200 - 1.2775 MOSTLY: 1.2400 - 1.2500

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher for dry whole milk. Spot load offers are infrequent as contract and internal need fulfillment holds top priority for manufacturers. Spot transactions on a pallet-by-pallet basis are occurring, with those prices carrying LTL premiums that move those prices above the top of the range. Availability of imported product is tight. Dry whole milk production is steady to somewhat higher for the week as three of the many production considerations converge: overall manufacturing milk availability edged slightly higher in some regions, spot load cream demand is less active and current butterfat prices discourage uncommitted butter inventory enhancement, and dryers at various plants are currently under-utilized. So, manufacturing milk is available, dry whole milk production will help clear cream supplies, and most dryers have time available. These factors are fostering an economically favorable week of increased dry whole milk production for some manufacturers.

F.O.B. PRODUCING PLANT: 1.6100 - 1.7400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 24	\$1.1000	15,443,336	0
September 17	\$1.0872	20,754,705	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

Interest in dry whey is steady for the week and prices are unchanged. With producer inventories and spot load availability uneven, the price series reflects both some anxiety to clear holdings by a few producers and a sparseness of spot market offerings from other producers. As the third quarter draws to a close, a limited number of manufacturers with dry whey available report spot load offers are clearing, but immediate price acquiescence from buyers is not a given. Customary price differentials between bag and tote packaging are intact. Contract shipping is keeping pace with dry whey production as it clears testing. A few shipping delays from some manufacturers on contract loads are occurring and spot loads are unavailable from those facilities. Light supplies of manufacturing milk at many Class III plants are keeping cheese and dry whey production pegged below full plant capacity. One plant indicated manufacturing milk intakes edged higher during the last week or two, allowing improved cheese and dry whey production and spot sales were actively cleared to help manage holdings. Availability of spot loads of condensed whey is generally lower for the week and curtailing some production of dry whey from those whey streams. Market participants are taking a wait-and-see attitude regarding the recent announcement by Russia that it was banning importation of all U.S. dairy products. The ban was reportedly activated because the U.S. has not established a registry of dairy plants that produce commodities meeting Russian requirements. ANIMAL FEED DRY WHEY prices are unchanged. Availability is light. Interest is reported as steady to higher, with some needs being met with off specification edible dry whey.

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 unchanged from last week. Production has increased following slight increases in cheese production. Demand has weakened as ice cream production has wound down from the seasonal peak, but some baking concerns are showing increased interest. Export interest remains fairly good. Supplies are viewed as tight with most supplies moving through contracts, limiting spot market activity. Users of dry whey seeking additional loads continue to look to the Central region for additional supplies.

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

DRY WHEY - WEST

The range prices for Western whey held steady, but the mostly series increased in price. The market has a firm undertone. A number of buyers report having trouble finding enough whey to meet current needs. Sellers indicate that stocks range from in balance to tight. Whey production for the U.S. continues to trail volumes for the previous four years. Output is beginning to increase seasonally as some additional milk supplies are noted.

NONHYGROSCOPIC: .3425 - .4075 MOSTLY: .3600 - .3950

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged to higher on a mixed market. Production of WPC 34% remains below plant capacities at many locations due to Class III milk availability. Light Class III milk availability is also resulting in fewer loads of condensed whey protein concentrate being sold to and dried by Class IV-type operations. WPC 34% inventories are tight at most locations and contract customers are experiencing some delays in obtaining final September loads. Some sellers are breaking down full loads to various LTL sizes to accommodate more customer needs.

F.O.B. EXTRA GRADE 34% PROTEIN: .9500 - 1.0450 MOSTLY: .9600 - .9900

LACTOSE - CENTRAL AND WEST

Central and West lactose prices are steady. Unground lactose spot loads are available from some manufacturers. Finer mesh size lactose holdings beyond contract commitments are reportedly negligible. Lactose production complications at one or two plants have reined in output for the near term and lessened both the need for and possibility of spot market participation. Fourth quarter contracting is nearing finalization for most market participants. Prices for that quarter are reported by both buyers and sellers as close to third quarter levels.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2100 - .3900 MOSTLY: .2900 - .3525

CASEIN - NATIONAL

Casein markets and prices remain firm as the third quarter of the calendar year comes to a close. Supply availability remains a major concern for most domestic casein buyers. The European production season is minimal at this time as milk volumes seasonally decline and milk is being directed towards other products. Many European manufacturers realized lighter than projected late season production, although for many, they feel that stocks are sufficient to meet contractual commitments. Uncommitted stocks are limited. The Oceania production season is just getting underway. Casein output is light at this time with output occurring at locations where milk logistics are the determining factor. For the most part, casein output is still a few weeks away as milk volumes near peak levels. Some domestic buyers are investigating the possibility of lower priced casein in the domestic market, but for many, they will be cautious with these purchases due to source and end product results might not be at desired levels.

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 PERIOD OF SEPTEMBER 27 - 30, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 09/24/10	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	276,156,841	-0-	-0-
TOTAL	-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 27 - 30, 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 =	61.9	3,215.0
CUMULATIVE JAN. 1 - SEPT. 30, 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 PERIOD OF SEPTEMBER 27 - 30, 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-
TOTAL	-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 09/11/10 & 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.	0.5	7.1	3.7	17.7	4.1	0.2	N.A.	13.2	2.5	50.5	1,954.0	44.8	44.0
2009-Dairy	N.A.	0.6	5.8	2.6	15.9	5.3	0.6	N.A.	15.7	3.6	51.4	2,050.7	49.6	47.9
2010-All cows	N.A.	0.6	8.9	12.3	31.4	20.9	12.1	N.A.	17.0	6.4	112.6	4,440.4		
2009-All cows	N.A.	0.6	7.4	11.1	27.0	18.5	12.1	N.A.	17.4	6.6	103.6	4,279.1		

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
AUGUST 28	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	16.58		
II	15.22	15.65	14.46	13.78	14.90	16.01	17.10	16.98	17.60			
III	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26			
IV	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76			

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 September 20 - October 1, 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: Milk production in Europe is trending lower seasonally, but on a cumulative basis, is running ahead of last year at this time. For most EU countries, milk production is still within quota levels. Recently, Russian borders closed to all commodities from all countries that have not met their demands to establish a list of plants registered as meeting Russian requirements for the commodity being produced in that plant. This action could greatly impact shipment logistics for those countries, including the U.S., which are shipping dairy products to Russia. In Europe for much of the current milk production season, milk volumes, when possible, have been shifted away from various manufactured dairy products toward cheese to meet a strong Russian buyer interest. This action has some European cheese producers concerned about stocks that they have or are projecting to generate for the Russian market and their position as it relates to Russian requirements. Overall, Russian buyer interest has slowed. European traders and handlers are stating that other buyer interest has slowed. Much of this lighter buyer interest is developing due to the strong Euro against the U.S. dollar. In recent days, the Euro has firmed to levels not seen since earlier in the year. Manufacturers and handlers are indicating that stocks, outside of butterfat, are available for buyer interest. Although stock is available, prices are often higher than potential buyers are willing to pay. At the September 23 Dairy Management Committee meeting in Brussels, no significant dairy related issues were discussed or adjusted. All common refunds remain at zero and no tendered refunds were offered. In the 7th round of intervention released dairy products, an offer of 1 ton of butter was accepted at 3,560 Euros per MT (around \$4,800) and 820 MT of skim milk powder were released at a minimum bid of 2,140 Euros (around \$2,890) per MT.

BUTTER/BUTTEROIL: European butter markets and prices remain firm. Butterfat has been limited for much of the current milk production season, thus butter output has not been at projected levels. A slight uptick in production late in the season is being reported by some butter manufacturers. Overall buyer interest has been limited to internal or domestic markets with international sales limited.

82% BUTTERFAT:	4,900 - 5,150
99% BUTTERFAT:	5,250 - 5,800

SKIM MILK POWDER (SMP): Skim milk powder markets and prices remain firm. The European milk production season is declining, thus is milk powder production. In many instances, milk continues to be redirected toward cheese production. Powder stocks are available for both an internal and international market. Powder sales have been light. During the 7th round of intervention release, 820 MT (1.8 million pounds) of skim milk powder were released at a minimum price of 2,140 Euros per MT (about \$2,890). This was less than half of what was released during round 6.

1.25% BUTTERFAT:	3,000 - 3,275
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COMMENTS AND PRICES CONTINUED
ON PAGE 8A

OCEANIA

OVERVIEW: The Oceania milk production season continues to increase, although recent and potential weather patterns and conditions could negatively impact spring development. In New Zealand, heavy, late spring, snowfall on the South Island has caused some milk to be lost due to pickup logistics and the loss of some young livestock. A very large weather front has covered all of New Zealand during the past two weeks which has brought snow to the South Island and wet conditions in most all other regions. Milk producers are stating that this negative pattern at this time of the season is stressing the milking herd to the point that some farmers are reducing their daily milkings to once a day to keep the milking herd in better condition, especially with this time of the season the time when getting cows into calf is crucial. This once a day adjustment could extend for the next two to three weeks as the breeding season occurs. The New Zealand milk production season was developing quite steadily, but these adverse weather conditions have slowed that development. Producers and handlers are stating that once spring weather patterns return and farmers return to normal milking schedules, milk output will once again increase. Milk handlers indicate that peak levels are a month or so away with many optimistic and hopeful that the peak might be maintained longer than usual. Although a slight glitch in milk production development in New Zealand has occurred, milk producers and handlers are still sticking with a 3 - 4% annual increase of milk volumes from the previous season. In Australia, the milk production season is not as strong as in New Zealand, but milk handlers are stating that noticeable increases are being reported. Most milk producers and handlers continue to project a 1 - 2% annual increase of milk over last year. Producers are very optimistic about the upcoming season as they finished the last season on a positive note and winter moisture conditions have provided for higher levels of moisture and reserves not seen in many years. For most farmers, moisture should not be a concern during the upcoming season. A major concern that is developing in southeastern portions of the country is an impending locust plague. Potential locust damage would impact growing crops and pastures. At this point, the areas of most concern are in southern New South Wales and northern Victoria. Hatching of the egg beds will be occurring during the next two - three weeks. The Australian dairy industry is working closely with government agencies to monitor the situation and provide relevant information to support farmers. The dairy industry remains confident that the impending plague will not affect the safety and ongoing supply of Australia's dairy products. A number of chemicals are allowed to be used to control the locusts in pastures. Farmers are being advised to obtain specific product information and advice on the appropriate product from their local government departments or at the point of sale. Government residue testing programs are likely to include additional targeted testing of milk throughout the season. These testing procedures are being put in place to help assure consumers and export markets that Australian dairy products remain safe and of the same high standard of quality and integrity. Although the egg beds are in known areas, once uncontrolled locusts start to fly, prevailing winds could carry them to other regions. Following the recent gDT trading, some Oceania prices were adjusted to reflect trading levels, although for many traders and handlers, they are using the trading platform as a bench mark and are making adjustment when and where they feel they are needed. Traders and handlers are stating that regular and ongoing buyers are returning to the marketplace. As milk volumes increase and new stocks are generated, contractual commitments are also being filled which absorb a significant portion of available and future stock. Butterfat remains tight and most milk producers and handlers project that butterfat will be limited for much of the upcoming milk production season.

COMMENTS AND PRICES CONTINUED
ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 20 - October 1, 2010

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WESTERN AND EASTERN EUROPE
COMMENTS AND PRICES CONTINUED
FROM PAGE 8

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. Traders are stating that it is becoming more difficult to trade as prices continue to firm. Much of this strength is due to a firm Euro versus a supply/demand imbalance. Stocks of powder are available in both Eastern and Western Europe.

26% BUTTERFAT: 3,575 - 3,975

SWEET WHEY POWDER: The European whey powder market is unsettled with prices fluctuating higher and lower. Higher prices are being influenced by the firm Euro against the U.S. dollar, while weaker pricing multiples are causing prices to ease. Cheese production remains strong for this time of the season, thus new whey volumes continue to be generated at levels not typical for this time of the year. Buyer interest is limited to an internal market with prices often too high for international buyer interest.

NONHYGROSCOPIC: 950 - 1,100

EASTERN OVERVIEW: Milk production continues to edge lower in Eastern Europe, with overall milk volumes trailing last year at this time. Manufacturers and handlers are stating that milk volumes are sufficient to maintain steady production schedules on the down side of the season. Stocks are available as buyer interest has not been that active. Traders and handlers are hopeful that the Euro will stabilize which may potentially encourage buyers to return to the market for upcoming winter needs.

Exchange rates for selected foreign currencies: September 27, 2010

.9724 Canadian Dollar	.0222 Indian Rupee
.2519 Argentina Peso	.7351 New Zealand Dollar
.0797 Mexican Peso	.9621 Australian Dollar
.3410 Polish Zloty	.0119 Japanese Yen
	1.3471 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0797) = 12.5471$ Mexican Pesos. Source: "Wall Street Journal"

OCEANIA
COMMENTS AND PRICES CONTINUED
FROM PAGE 8

BUTTER: Oceania butter markets and prices remain firm. Although it is early in the developing milk production season, butterfat volumes are limited for full needs. Manufacturers and handlers anticipate that butterfat will be limited for much of the upcoming season. Limited butterfat volumes are not only occurring in the Oceania region, but throughout the world. For those buyers that are looking for additional butter volumes, many are finding it difficult to fulfill their needs. Supplies might be available, but prices are often higher than buyers are willing to pay.

82% BUTTERFAT: 4,000 - 4,400

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are mixed with prices slightly higher and lower. The milk production season in the Oceania region is increasing, thus is powder output. It is still early in the season to indicate supply challenges and stock is clearing as scheduled. In New Zealand, powder output has slowed slightly as milk volumes plateau due to unsettled weather patterns, but manufacturers and handlers remain optimistic about a favorable spring flush.

1.25% BUTTERFAT: 3,100 - 3,300

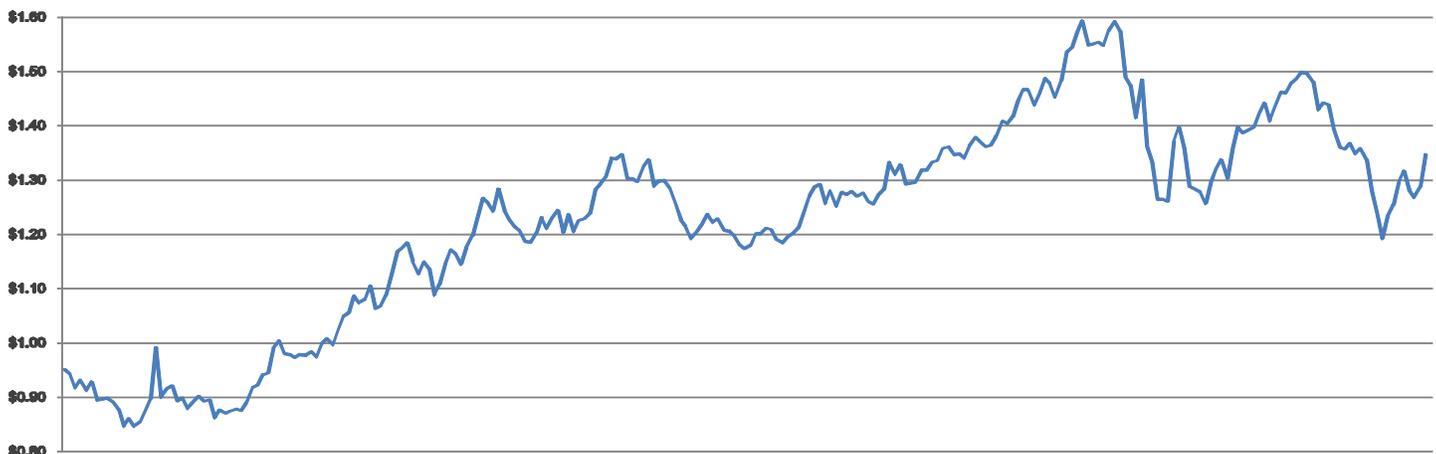
WHOLE MILK POWDER (WMP): Whole milk powder markets in the Oceania region are steady to firm. Milk powder production is in full swing as milk volumes increase seasonally. Although the season is just getting started, milk volumes are generally sufficient to maintain steady production schedules, although most all plants still have capacity for additional drying. In most instances, stocks are committed with minimal volumes available for spot buyer interest. Powder output is the strongest in New Zealand with production in Australia not as fully developed yet.

26% BUTTERFAT: 3,300 - 3,650

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices, although the market undertone is firm. Milk production is building in the Oceania region, thus is cheese production. In the early stages of milk development, milk is clearing to milk powders when possible, but cheese production is gaining momentum as milk volumes head toward peak levels. In New Zealand, peak milk output is projected to be in about a month with Australian output to peak in 6 - 7 weeks. New cheese stocks are sufficient to maintain scheduled deliveries.

39% MAXIMUM MOISTURE: 3,750 - 4,200

EURO COMPARED TO U.S. DOLLAR
Biweekly-Jan 2001 to Date



CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	09/16	09/17	09/20	09/21	09/22	09/23	09/24	09/27	09/28	09/29
CME - CLASS III MILK FUTURES (Pit-Traded)										
SEP 10	16.37 (4995) 0	16.31 (5071) 0	16.30 (5062) 0	16.30 (5089) 0	16.31 (5103) 0	16.30 (5186) 0	16.26 (5188) 0	16.28 (5184) 0	16.28 (5185) 0	16.28 (5183) 0
OCT 10	16.14 (5163) 5	16.18 (5191) 3	16.42 (5192) 0	16.44 (5175) 2	16.35 (5132) 2	16.47 (5122) 0	16.53 (5104) 0	16.55 (5110) 0	16.49 (5085) 2	16.55 (5053) 0
NOV 10	15.76 (4743) 0	15.81 (4743) 0	16.08 (4775) 0	16.00 (4825) 2	15.80 (4851) 0	15.88 (4905) 0	15.94 (4951) 0	15.97 (4975) 0	15.70 (4961) 0	15.74 (4978) 0
DEC 10	15.30 (4402) 0	15.32 (4389) 0	15.52 (4404) 0	15.38 (4413) 0	15.19 (4440) 0	15.24 (4463) 0	15.31 (4493) 0	15.27 (4495) 0	14.98 (4537) 0	14.98 (4570) 0
JAN 11	14.54 (1761) 13	14.65 (1770) 0	14.71 (1790) 0	14.65 (1809) 2	14.52 (1860) 0	14.52 (1856) 0	14.60 (1867) 0	14.58 (1871) 0	14.41 (1880) 2	14.39 (1878) 0
FEB 11	13.95 (1251) 13	14.04 (1239) 0	14.14 (1258) 1	14.10 (1276) 4	14.00 (1301) 0	14.03 (1306) 4	14.03 (1322) 0	14.00 (1325) 0	13.84 (1336) 2	13.83 (1343) 0
MAR 11	13.97 (1179) 13	14.04 (1184) 0	14.12 (1206) 1	14.10 (1231) 4	14.02 (1249) 0	14.01 (1265) 3	13.99 (1290) 0	13.92 (1309) 0	13.80 (1332) 2	13.80 (1327) 0
APR 11	13.79 (737) 13	13.97 (734) 0	14.08 (742) 1	14.07 (758) 4	13.95 (756) 0	14.00 (760) 0	14.00 (776) 0	13.99 (784) 0	13.88 (787) 2	13.88 (804) 0
MAY 11	13.86 (620) 13	14.00 (620) 0	14.11 (630) 1	14.08 (634) 4	14.03 (640) 0	13.99 (657) 0	14.05 (670) 0	13.99 (676) 0	13.95 (683) 2	13.95 (695) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
SEP 10	16.70 (71) 0	16.70 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0	16.78 (71) 0
OCT 10	16.92 (84) 0	16.92 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0	17.02 (84) 0
NOV 10	16.13 (78) 0	16.10 (78) 0	16.07 (78) 0	16.07 (78) 0	16.07 (78) 0	16.07 (78) 0	16.07 (78) 0	16.10 (78) 0	16.10 (78) 0	16.10 (78) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
SEP 10	215.75 (676) 2	215.50 (676) 0	215.00 (676) 0	215.00 (676) 16	215.00 (676) 0	215.00 (676) 0	215.50 (673) 3	215.38 (673) 0	215.38 (673) 0	215.38 (673) 0
OCT 10	203.00 (615) 23	205.50 (607) 20	210.50 (592) 16	213.50 (588) 7	213.23 (598) 49	215.00 (598) 39	219.00 (596) 17	218.75 (597) 4	218.50 (597) 10	216.50 (624) 36
NOV 10	186.50 (502) 0	186.50 (504) 6	189.00 (498) 6	189.00 (498) 0	189.00 (501) 12	192.00 (498) 7	196.50 (486) 20	199.50 (485) 1	199.50 (487) 7	194.50 (488) 2
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
SEP 10	115.50 (355) 0	114.50 (356) 0	114.50 (356) 0	114.00 (354) 0	114.00 (354) 0	114.00 (354) 0	114.00 (354) 0	114.00 (354) 0	114.00 (354) 0	114.00 (354) 0
OCT 10	119.50 (344) 0	119.50 (344) 0	119.50 (344) 0	118.00 (344) 0	118.00 (344) 0	118.00 (344) 0	118.00 (344) 0	118.00 (344) 0	118.00 (344) 0	118.00 (344) 0
NOV 10	119.00 (314) 0	119.00 (314) 0	119.00 (314) 0	118.00 (314) 0	118.00 (314) 0	118.00 (314) 0	118.00 (289) 0	118.00 (294) 0	118.00 (294) 0	118.00 (294) 0
CME - WHEY (Electronic-Traded)										
SEP 10	36.25 (253) 0	36.25 (255) 4	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0	36.25 (255) 0
OCT 10	35.75 (290) 0	35.75 (290) 0	35.75 (290) 0	35.75 (290) 0	35.75 (290) 0	35.75 (290) 0	36.00 (290) 0	36.00 (290) 0	36.00 (290) 0	36.00 (290) 0
NOV 10	35.00 (308) 0	35.00 (308) 0	35.00 (308) 0	35.00 (308) 0	35.00 (306) 0	35.00 (306) 0	35.00 (306) 0	35.03 (306) 0	35.03 (306) 0	35.25 (306) 0
CME - CHEESE CSC (Electronic-Traded)										
SEP 10	1.71 (94) 0	1.71 (94) 0	1.71 (94) 1	1.71 (94) 1	1.71 (94) 0	1.71 (94) 0	1.71 (94) 0	1.71 (94) 0	1.71 (94) 0	1.71 (94) 0
OCT 10	1.68 (96) 0	1.68 (96) 0	1.70 (96) 1	1.70 (96) 1	1.70 (96) 0	1.71 (96) 0	1.71 (96) 0	1.71 (96) 0	1.71 (96) 0	1.72 (96) 0
NOV 10	1.66 (56) 0	1.66 (56) 0	1.69 (56) 0	1.69 (56) 0	1.69 (56) 0	1.69 (56) 0	1.69 (56) 0	1.69 (56) 0	1.67 (56) 0	1.67 (56) 0
DEC 10	1.63 (67) 0	1.63 (67) 0	1.65 (67) 0	1.65 (67) 0	1.64 (67) 0	1.63 (67) 0	1.63 (67) 0	1.63 (67) 0	1.61 (67) 0	1.59 (67) 1
JAN 11	1.53 (29) 0	1.54 (29) 0	1.56 (29) 0	1.56 (29) 0	1.56 (29) 0	1.56 (29) 0	1.56 (29) 0	1.56 (29) 0	1.55 (29) 0	1.52 (29) 1
FEB 11	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0	1.50 (10) 0

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

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

COMMODITY	:::REPORT NUMBER 35	:::REPORT NUMBER 36	:::REPORT NUMBER 37	:::REPORT NUMBER 38	:::REPORT NUMBER 39::	2010	: 2009
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: SEP 01 - 03	::: SEP 06 - 10	::: SEP 13 - 17	::: SEP 20 - 24	::: SEP 27 - 30	::: or Total	: or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.9700 - 2.1800	:: 1.9700 - 2.2225	:: 1.9700 - 2.2425	:: 1.9700 - 2.2600	:: 1.9700 - 2.2800	:: 2.1055	: 1.7369
-- Brick And/Or Muenster 5#	:: 2.1600 - 2.1800	:: 2.1600 - 2.2175	:: 2.1600 - 2.2325	:: 2.1600 - 2.2400	:: 2.1600 - 2.2525	:: 2.1939	: 1.9048
-- Cheddar 40# Block	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.0000 - 2.5650	:: 2.2825	: 2.1525
-- Monterey Jack 10#	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.0900 - 2.5650	:: 2.3275	: 2.1980
-- Blue 5#	:: 2.5175 - 2.8800	:: 2.5550 - 2.8800	:: 2.5700 - 2.8800	:: 2.5775 - 2.8800	:: 2.5900 - 2.8800	:: 2.7226	: 2.3995
-- Mozzarella 5 - 6#	:: 2.0125 - 2.6650	:: 2.0500 - 2.6650	:: 2.0650 - 2.6650	:: 2.0725 - 2.6650	:: 2.0800 - 2.6650	:: 2.3621	: 2.1940
-- Grade A Swiss Cuts 6 - 9#	:: 2.4400 - 3.3300	:: 2.4550 - 3.3300	:: 2.4550 - 3.3300	:: 2.4550 - 3.3300	:: 2.4550 - 3.3300	:: 2.8914	: 2.7575

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 1.9825 - 2.2575	:: 2.0250 - 2.3000	:: 2.0400 - 2.3150	:: 2.0500 - 2.3250	:: 2.0625 - 2.3375	:: 2.1731	: 1.6719
-- Process 5# Sliced	:: 1.7400 - 2.0500	:: 1.7750 - 2.0850	:: 1.7950 - 2.1050	:: 1.8125 - 2.1225	:: 1.8325 - 2.1425	:: 1.9496	: 1.5193
-- Muenster	:: 2.0025 - 2.2075	:: 2.0450 - 2.2500	:: 2.0600 - 2.2650	:: 2.0700 - 2.2750	:: 2.0825 - 2.2875	:: 2.1581	: 1.6532
-- Grade A Swiss Cuts 10 - 14#	:: 3.0325 - 3.3550	:: 3.0475 - 3.3700	:: 3.0475 - 3.3700	:: 3.0475 - 3.3700	:: 3.0475 - 3.3700	:: 3.2066	: 2.9738

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.7625 - 2.0200	:: 1.7975 - 2.0550	:: 1.8175 - 2.0750	:: 1.8350 - 2.0925	:: 1.8550 - 2.1125	:: 1.9459	: 1.5559
-- Cheddar 40# Block	:: 1.7975 - 2.1500	:: 1.8400 - 2.1925	:: 1.8550 - 2.2075	:: 1.8625 - 2.2150	:: 1.8750 - 2.2275	:: 2.0258	: 1.6309
-- Cheddar 10# Cuts	:: 1.9775 - 2.1975	:: 2.0200 - 2.2400	:: 2.0350 - 2.2550	:: 2.0425 - 2.2625	:: 2.0550 - 2.2750	:: 2.1395	: 1.7446
-- Monterey Jack 10#	:: 1.9875 - 2.1475	:: 2.0300 - 2.1900	:: 2.0450 - 2.2050	:: 2.0525 - 2.2125	:: 2.0650 - 2.2250	:: 2.1195	: 1.7246
-- Grade A Swiss Cuts 6 - 9#	:: 2.6100 - 3.0400	:: 2.6250 - 3.0550	:: 2.6250 - 3.0550	:: 2.6250 - 3.0550	:: 2.6250 - 3.0550	:: 2.8379	: 2.8300

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 3.4472 - 3.6626	:: 2.9889 - 3.5424	:: 3.4469 - 3.6026	:: 3.3337 - 3.4893	:: 2.8931 - 3.2269	:: 3.3642	: 1.6397
-- Upper Midwest - f.o.b	:: 3.1240 - 3.4472	:: 2.8339 - 3.3210	:: 3.0688 - 3.4469	:: 2.8893 - 3.3338	:: 2.7819 - 2.9599	:: 3.1189	: 1.5725

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

-- Class II	:: 1.20 - 1.25	:: 1.20 - 1.27	:: 1.20 - 1.27	:: 1.20 - 1.27	:: 1.19 - 1.22	:: 1.2279	: 0.9581
-- Class III	:: 0.97 - 1.07	:: 1.08 - 1.13	:: 1.08 - 1.13	:: 1.08 - 1.13	:: 1.08 - 1.13	:: 1.0929	: 0.9693

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

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	2010	2009
	SEP 01 - 03	SEP 06 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.1900 - 1.2800	:: 1.2200 - 1.2800	:: 1.2200 - 1.2800	:: 1.2200 - 1.2800	:: 1.1900 - 1.2800	:: 1.2450	:: 1.0365
-- Mostly	:: 1.2000 - 1.2500	:: 1.2200 - 1.2500	:: 1.2200 - 1.2500	:: 1.2200 - 1.2500	:: 1.2200 - 1.2500	:: 1.2336	:: 1.0179
-- High Heat	:: 1.3000 - 1.3600	:: 1.3200 - 1.3800	:: 1.3200 - 1.3800	:: 1.3200 - 1.3800	:: 1.3200 - 1.3800	:: 1.3471	:: 1.1014
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.1000 - 1.2200	:: 1.1200 - 1.2400	:: 1.1300 - 1.2500	:: 1.1300 - 1.2500	:: 1.1300 - 1.2250	:: 1.1814	:: 0.9920
-- Mostly	:: 1.1200 - 1.1750	:: 1.1400 - 1.1750	:: 1.1700 - 1.1900	:: 1.1700 - 1.2000	:: 1.1700 - 1.2000	:: 1.1732	:: 0.9873
-- High Heat	:: 1.1900 - 1.3400	:: 1.2000 - 1.3600	:: 1.2000 - 1.3600	:: 1.2000 - 1.3600	:: 1.2050 - 1.3700	:: 1.2793	:: 1.0263
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3100 - 0.3800	:: 0.3200 - 0.3800	:: 0.3200 - 0.3800	:: 0.3200 - 0.3700	:: 0.3200 - 0.3700	:: 0.3471	:: 0.3026
-- Mostly	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3250 - 0.3650	:: 0.3225 - 0.3625	:: 0.3225 - 0.3625	:: 0.3439	:: 0.3061
-- West (f.o.b.)	:: 0.3425 - 0.4075	:: 0.3425 - 0.4075	:: 0.3425 - 0.4075	:: 0.3425 - 0.4075	:: 0.3425 - 0.4075	:: 0.3750	:: 0.3288
-- Mostly	:: 0.3500 - 0.3950	:: 0.3500 - 0.3950	:: 0.3500 - 0.3950	:: 0.3500 - 0.3950	:: 0.3600 - 0.3950	:: 0.3735	:: 0.3226
-- Northeast (f.o.b.)	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3525 - 0.3825	:: 0.3675	:: 0.2975
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.9200 - 1.0200	:: 0.9400 - 1.0400	:: 0.9400 - 1.0400	:: 0.9400 - 1.0450	:: 0.9500 - 1.0450	:: 0.9892	:: 0.6738
-- Mostly	:: 0.9450 - 0.9750	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9600 - 0.9900	:: 0.9662	:: 0.6624
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2400 - 0.3250	:: 0.2400 - 0.3250	:: 0.2400 - 0.3250	:: 0.2400 - 0.3250	:: 0.2400 - 0.3250	:: 0.2825	:: 0.2021
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.2800 - 1.4400	:: 1.3000 - 1.4400	:: 1.3000 - 1.4400	:: 1.3000 - 1.4400	:: 1.3000 - 1.4400	:: 1.3686	:: 1.0025
-- West (f.o.b.)	:: 1.1800 - 1.2525	:: 1.2000 - 1.2550	:: 1.2200 - 1.2575	:: 1.2300 - 1.2650	:: 1.2200 - 1.2775	:: 1.2374	:: 0.9355
-- Mostly	:: 1.2000 - 1.2200	:: 1.2200 - 1.2300	:: 1.2300 - 1.2400	:: 1.2400 - 1.2500	:: 1.2400 - 1.2500	:: 1.2338	:: 0.9419
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.5800 - 1.7000	:: 1.6100 - 1.7100	:: 1.6100 - 1.7100	:: 1.6100 - 1.7100	:: 1.6100 - 1.7400	:: 1.6600	:: 1.2698
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1800 - 0.4275	:: 0.1800 - 0.4225	:: 0.1800 - 0.4225	:: 0.2100 - 0.3900	:: 0.2100 - 0.3900	:: 0.3011	:: 0.2674
-- Mostly	:: 0.2900 - 0.3525	:: 0.2900 - 0.3525	:: 0.2900 - 0.3525	:: 0.2900 - 0.3525	:: 0.2900 - 0.3525	:: 0.3213	:: 0.2652
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	:: 2.8998
-- Nonrestricted - Acid	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 3.9000 - 4.2500	:: 4.0750	:: 2.8560

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 SEPTEMBER 2010

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	2010 * Average	2009 * Average
	SEP 1 - 3	SEP 6 - 10	SEP 13 - 17	SEP 20 - 24	SEP 27 - 30		
BUTTER*							
-- GRADE AA							
--Monday		1/	2.2225	2.2225	2.2350		
--Tuesday		2.2250	2.2225	2.2250	2.2350		
--Wednesday	2.2250	2.2250	2.2225	2.2250	2.2350		
--Thursday	2.2250	2.2225	2.2225	2.2250	2.2350		
--Friday	2.2250	2.2225	2.2225	2.2300		2.2262	1.2199
--Weekly Average**	2.2140	2.2238	2.2225	2.2255			
CHEESE*							
-- BARRELS							
--Monday		1/	1.7100	1.7100	1.7350		
--Tuesday		1.6850	1.7100	1.7350	1.7350		
--Wednesday	1.6750	1.6850	1.7100	1.7350	1.7350		
--Thursday	1.6700	1.6950	1.7100	1.7350	1.7350		
--Friday	1.6850	1.7050	1.7100	1.7350		1.7114	1.3035
--Weekly Average**	1.6720	1.6925	1.7100	1.7300			
-- 40# BLOCKS							
--Monday		1/	1.7350	1.7350	1.7500		
--Tuesday		1.7200	1.7350	1.7500	1.7500		
--Wednesday	1.7100	1.7200	1.7350	1.7500	1.7600		
--Thursday	1.7200	1.7300	1.7350	1.7500	1.7600		
--Friday	1.7200	1.7350	1.7350	1.7500		1.7374	1.3294
--Weekly Average**	1.7110	1.7263	1.7350	1.7470			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1/	1.2250	1.2250	1.2250		
--Tuesday		1.2250	1.2250	1.2250	1.2250		
--Wednesday	1.2250	1.2250	1.2250	1.2250	1.2250		
--Thursday	1.2250	1.2250	1.2250	1.2250	1.2250		
--Friday	1.2250	1.2250	1.2250	1.2250		1.2250	0.9924
--Weekly Average**	1.2250	1.2250	1.2250	1.2250			
-- GRADE A							
--Monday		1/	1.2300	1.2300	1.2300		
--Tuesday		1.2300	1.2300	1.2300	1.2300		
--Wednesday	1.2150	1.2300	1.2300	1.2300	1.2300		
--Thursday	1.2300	1.2300	1.2300	1.2300	1.2300		
--Friday	1.2300	1.2300	1.2300	1.2300		1.2293	1.0321
--Weekly Average**	1.2180	1.2300	1.2300	1.2300			

* 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.

1/ CME GROUP CLOSED - HOLIDAY

REVISED FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, AUGUST 2010

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for August have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During August, about 10.4 billion pounds of milk were received from producers. This volume of milk is 3.7 percent higher than the August 2009 volume. In August 2010, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. About 3.7 billion pounds of producer milk were used in Class I products, 0.1 percent higher 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 = 36%, Class II = 11%, Class III = 46% and Class IV = 7%. The weighted average statistical uniform price was \$16.92 per cwt., \$0.73 higher than last month and \$5.03 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF AUGUST 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/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	2,054.5	6.0	837.0	1.5	41	24	26	9	17.74
Appalachian (Charlotte)	005	500.6	3.2	354.0	1.4	71	17	7	5	18.67
Southeast (Atlanta)	007	547.1	-3.8	402.1	-0.2	74	8	15	3	19.02
Florida (Tampa)	006	233.0	-4.1	201.7	-4.7	86	8	3	3	20.74
Mideast (Cleveland)	033 3/	1,263.9	-8.3	526.4	-5.6	42	16	38	4	16.76
Upper Midwest (Chicago)	030 3/	2,810.5	6.1	356.3	0.3	13	2	84	1	15.65
Central (Kansas City)	032 3/	1,154.7	14.7	377.1	6.2	32	13	44	11	16.40
Southwest (Dallas)	126 3/	867.7	0.1	365.9	3.0	42	6	48	4	17.37
Arizona (Phoenix)	131	321.3	5.4	116.8	-3.1	36	9	42	13	16.60
Pacific Northwest (Seattle)	124	682.5	8.9	178.3	-1.9	26	7	41	26	16.16
ALL MARKET AVERAGE OR TOTAL	3/	10,435.8	3.7	3,715.7	0.1	36	11	46	7	16.92

Revised data are in bold print.

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 231 million pounds of milk that normally would have been associated with these markets. In August 2009, the estimated not pooled volume of milk was 511 million pounds, occurring in order numbers 030, 032, 033, and 124. After adjusting for non pooled milk, the year-to-year percent change is +0.8%.

CORRECTED JULY FLUID MILK SALES

During July, about 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9 percent lower than July 2009. After adjusting for calendar composition, sales in July 2010 were 2.6 percent lower than July 2009. On an individual product basis, after adjusting for calendar composition, sales of organic whole milk, low fat milk (1%) and organic fat-reduced milk increased from July 2009, while sales of whole milk, flavored whole milk, reduced fat milk (2%), fat-free (skim) milk, flavored fat-reduced milk, and buttermilk decreased from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
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
Total Conventional Milk Products	4,172	30,499	-2.3	-1.6
Organic Whole Milk	36	234	13.7	9.6
Organic Reduced Fat Milk	38	3/	3/	3/
Organic Low Fat Milk	30	3/	3/	3/
Organic Fat-Free Milk (Skim)	32	3/	3/	3/
Organic Flavored Milk	9	3/	3/	3/
Organic Fat-Reduced Milk 4/	111	749	7.9	6.1
Total Organic Milk Products	146	983	9.3	6.9
Total Fluid Milk Products 5/	4,318	31,482	-1.9	-1.4
Total Fluid Milk Products Adjusted 5/ 6/	4,256	31,426	-2.6	-1.4

Corrected data are in bold print. 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 all earlier months. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

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

Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	747	5,372	-1.6	-1.7
Appalachian (005)	293	2,092	1.1	1.2
Southeast (007)	391	2,895	-3.3	-1.4
Florida (006)	235	1,701	0.2	-1.1
Mideast (033)	482	3,530	-2.9	-1.1
Upper Midwest (030)	343	2,491	-1.6	-0.6
Central (032)	354	2,604	-2.7	-3.3
Southwest (126)	352	2,584	-1.2	0.0
Arizona (131)	94	684	-2.8	-1.1
Pacific Northwest (124)	177	1,280	-1.3	0.6
California (---)	504	3,729	-3.3	-3.7

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

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

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2010 advanced 1 point to 183. Compared with August 2009, the index was up 7 points (4.0 percent). The index of prices received by farmers for dairy products advanced 4 points during the month of September 2010 to 132. Compared with August 2009, the index was up 32 points (32.0 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$17.20 per hundredweight (cwt.), up \$.50; for Fluid Grade Milk, \$17.20 per cwt., up \$.50; and for Manufacturing Grade Milk, \$16.20 per cwt., up \$1.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 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	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	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	15.50	10.96	16.20	11.64	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		55.40	44.10	123.00	97.00
ID	15.30	11.60	15.90	12.20			58.80	45.50	120.00	112.00
MI	17.50	12.50	17.90	13.40			56.00	46.00	105.00	140.00
MN	16.50	13.00	17.20	13.80			61.10	47.60	110.00	105.00
NM	16.10	11.40	16.70	12.40			63.00	48.00	167.00	136.00
NY	18.00	12.70	18.20	13.50			---	---	120.00	140.00
PA	18.50	13.30	18.90	14.20			54.50	44.00	150.00	148.00
TX	17.30	12.60	17.50	13.60			51.70	40.00	180.00	185.00
WA	16.40	11.50	17.20	12.30			---	---	135.00	120.00
WI	16.30	12.40	17.20	13.50			57.20	43.10	105.00	95.00
U.S.	16.70	12.10	17.20	13.00	56.60	44.30	117.00	110.00		

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., SEPTEMBER 2010 WITH COMPARISONS

ITEM	SEPTEMBER 2009	AUGUST 2010 <u>1/</u>	SEPTEMBER 2010 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	13.00	16.70	17.20
Fluid grade milk	13.00	16.70	17.20
Manufacturing grade milk	12.40	15.10	16.20
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	126	145	150
Prices received by farmers for dairy products	100	128	132
Prices paid by farmers for commodities and services, interest taxes, and wage rates	176	182	183
Prices paid by farmers for production items	179	186	186
Prices paid by farmers for feed	180	178	184
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.00	2.37	2.24

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 (9-10), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JUN 2010	219.2	0.7	197.9	1.9	192.2	8.1	202.0	0.8	175.5	5.8	208.2	2.0
JUL 2010	219.1	0.9	199.0	3.0	193.5	9.1	204.5	2.4	180.4	7.8	209.0	3.6
AUG 2010	219.5	1.0	198.7	3.3	192.2	9.3	205.0	3.6	186.8	12.0	208.9	2.9
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Dollars												
JUN	3.297	3.009	2.953	2.906	4.074	3.900	4.525	4.723	4.528	4.250		
JUL	3.313	2.992	3.155	2.922	3.956	3.881	4.631	4.560	4.432	4.193		
AUG	3.303	2.979	3.242	2.774	3.811	3.902	4.650	4.552	4.421	4.279		

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

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

Item	May-Jul. 2009	Percent change ^{2/}	May-Jul. 2010	Percent change ^{2/}	Jan.-Jul. 2009	Percent change ^{2/}	Jan.-Jul. 2010	Percent change ^{2/}
	Million Pounds							
MILK								
Production	48,752	1.3	49,813	2.2	112,264	0.4	113,546	1.1
Marketings	48,497	1.3	49,572	2.2	111,676	0.4	112,991	1.2
Beginning Commercial Stocks ^{3/}	13,442	3.5	13,384	-0.4	10,045	-3.0	11,333	12.8
Imports ^{3/}	1,186	63.9	652	-45.0	2,376	23.5	1,616	-32.0
Total Supply ^{4/}	63,125	3.1	63,608	0.8	124,097	0.8	125,940	1.5
Ending Commercial Stocks ^{3/}	14,536	8.9	13,561	-6.7	14,536	8.9	13,561	-6.7
Net Removals ^{3/}	-92	-100.0	5	105.4	36	100.0	112	211.1
Commercial Disappearance ^{4/}	48,681	0.9	50,042	2.8	109,525	-0.6	112,267	2.5
SELECTED PRODUCTS ^{5/}								
Butter	375.1	0.1	375.6	0.1	869.3	-3.0	882.0	1.5
American Cheese	1,065.4	8.0	1,084.8	1.8	2,446.5	6.4	2,455.4	0.4
Other Cheese	1,501.4	2.3	1,574.9	4.9	3,451.0	-0.1	3,604.9	4.5
Nonfat Dry Milk	393.5	1.7	372.4	-5.4	855.2	-6.6	896.9	4.9
Fluid Milk Products ^{6/}	13,291.5	1.3	13,021.9	-2.0	31,929.0	1.4	31,481.8	-1.4

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

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

For July 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12 per cwt., down \$0.01 from the June 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 \$0.75 in the Pacific Northwest to \$3.54 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.13 per cwt., down \$0.03 from the June 2010 average. Eighty 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	1.07
Southeast	007	2.72	2.19
Florida	006	3.54	1.05
Mideast	033	2.07	1.43
Upper Midwest	030	2.02	1.21
Central	032	1.83	0.77
Pacific Northwest	124	0.75	0.56
All Reporting Areas Combined 3/		2.12	1.13

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.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

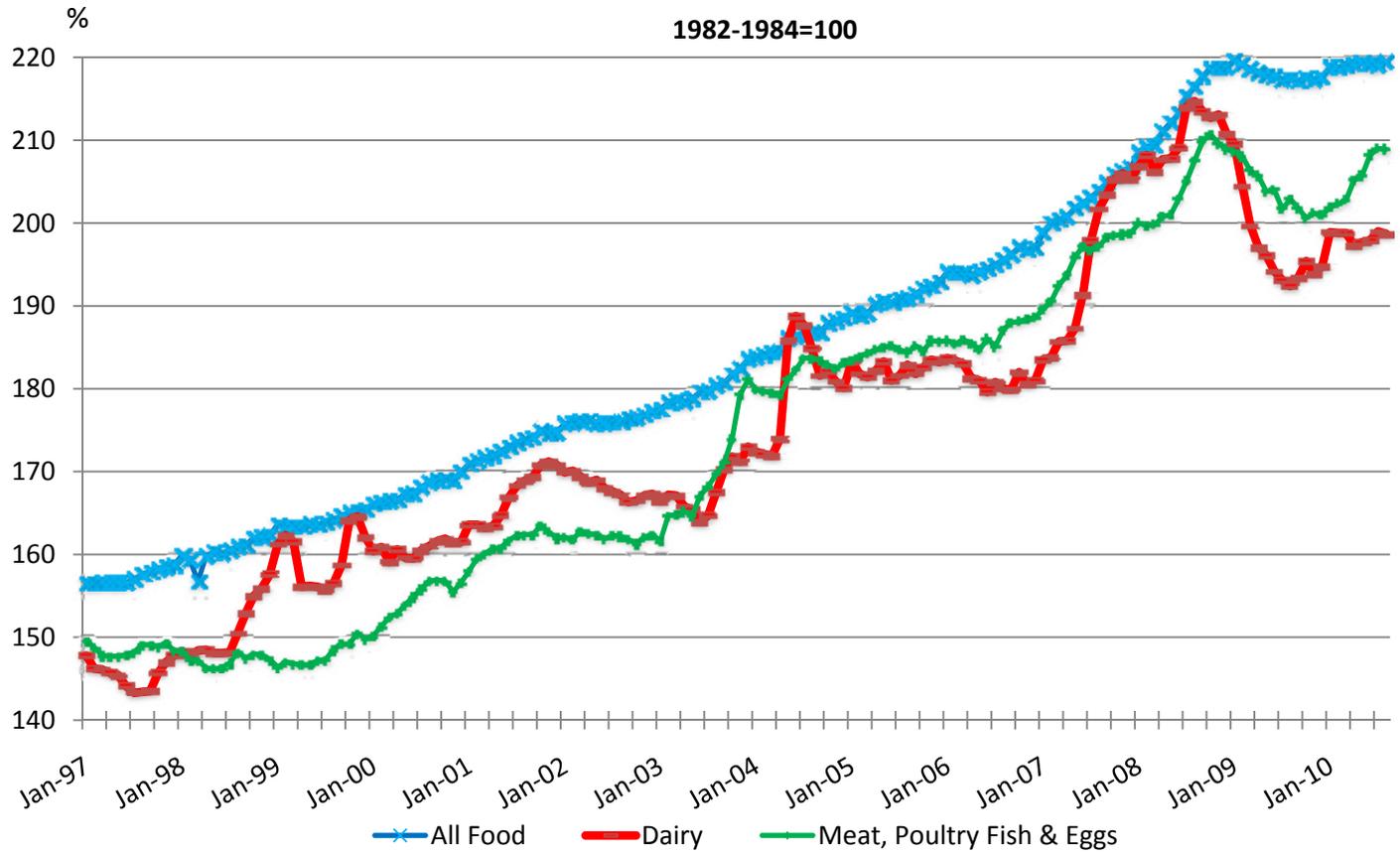
Component Price Information: Under the Federal milk order pricing system, the butterfat price for September 2010 is \$2.4044 per pound. Thus, the Class II butterfat price is \$2.4114. The protein and other solids prices for September are \$2.3057 and \$0.1673 per pound, respectively. These component prices set the Class III skim milk price at \$8.13 per cwt. The September Class IV skim milk price is \$8.65 which is derived from the nonfat solids price of \$0.9608 per pound. **Product Price Averages:** The product price averages for September are: butter \$2.1570, nonfat dry milk \$1.1383, cheese \$1.7016, and dry whey \$0.3615.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	SEPTEMBER 2010				OCTOBER 2010
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	18.75	17.60	16.26	16.76	19.83
Appalachian (Charlotte) 5/ 6/	005	18.90	17.60	16.26	16.76	19.98
Southeast (Atlanta) 6/ 7/	007	19.30	17.60	16.26	16.76	20.38
Florida (Tampa) 6/ 8/	006	20.90	17.60	16.26	16.76	21.98
Midwest (Cleveland) 9/	033	17.50	17.60	16.26	16.76	18.58
Upper Midwest (Chicago) 10/	030	17.30	17.60	16.26	16.76	18.38
Central (Kansas City) 11/	032	17.50	17.60	16.26	16.76	18.58
Southwest (Dallas) 12/	126	18.50	17.60	16.26	16.76	19.58
Arizona (Phoenix)	131	17.85	17.60	16.26	16.76	18.93
Pacific Northwest (Seattle) 13/	124	17.40	17.60	16.26	16.76	18.48
All-Market Average	---	18.39	17.60	16.26	16.76	19.47

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.

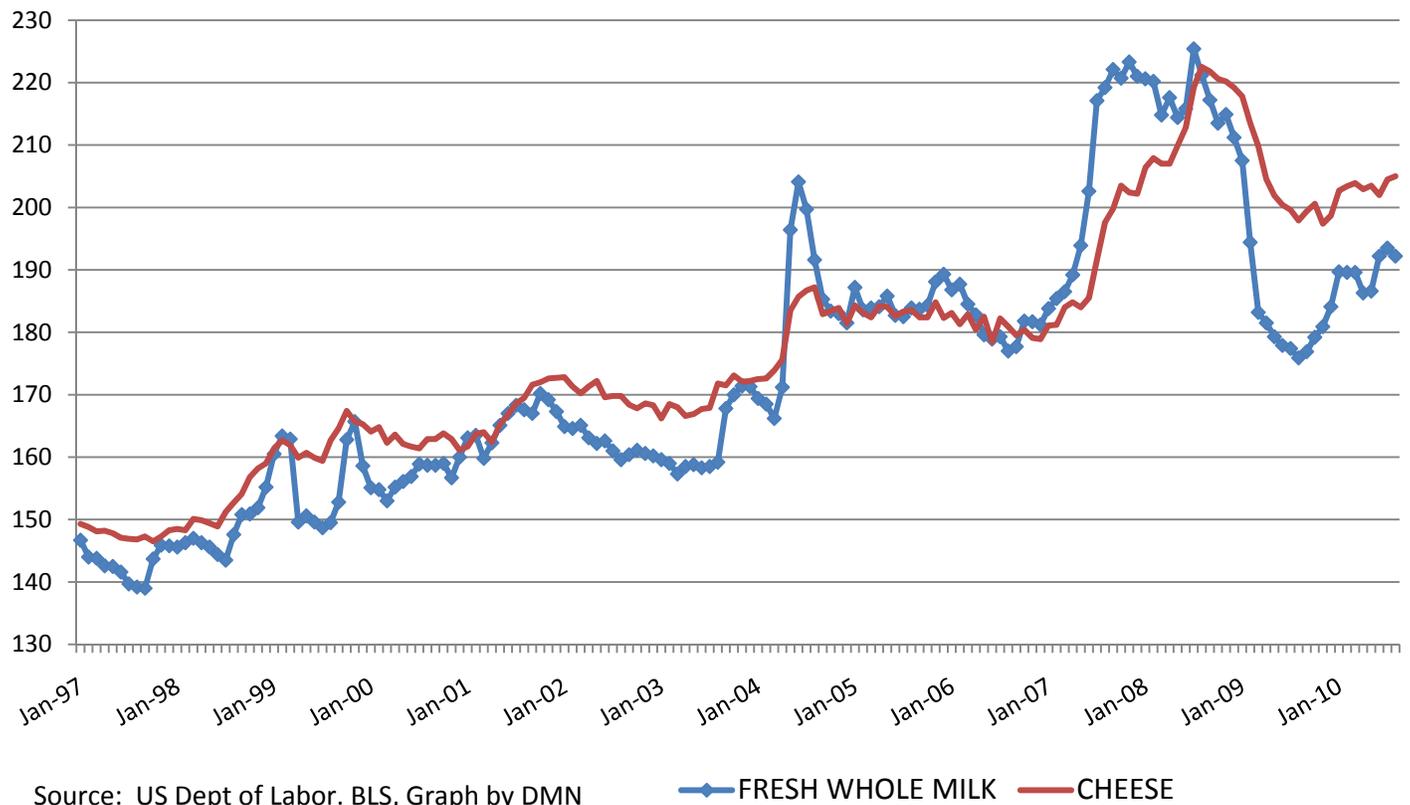
CONSUMER PRICE INDEX

1982-1984=100



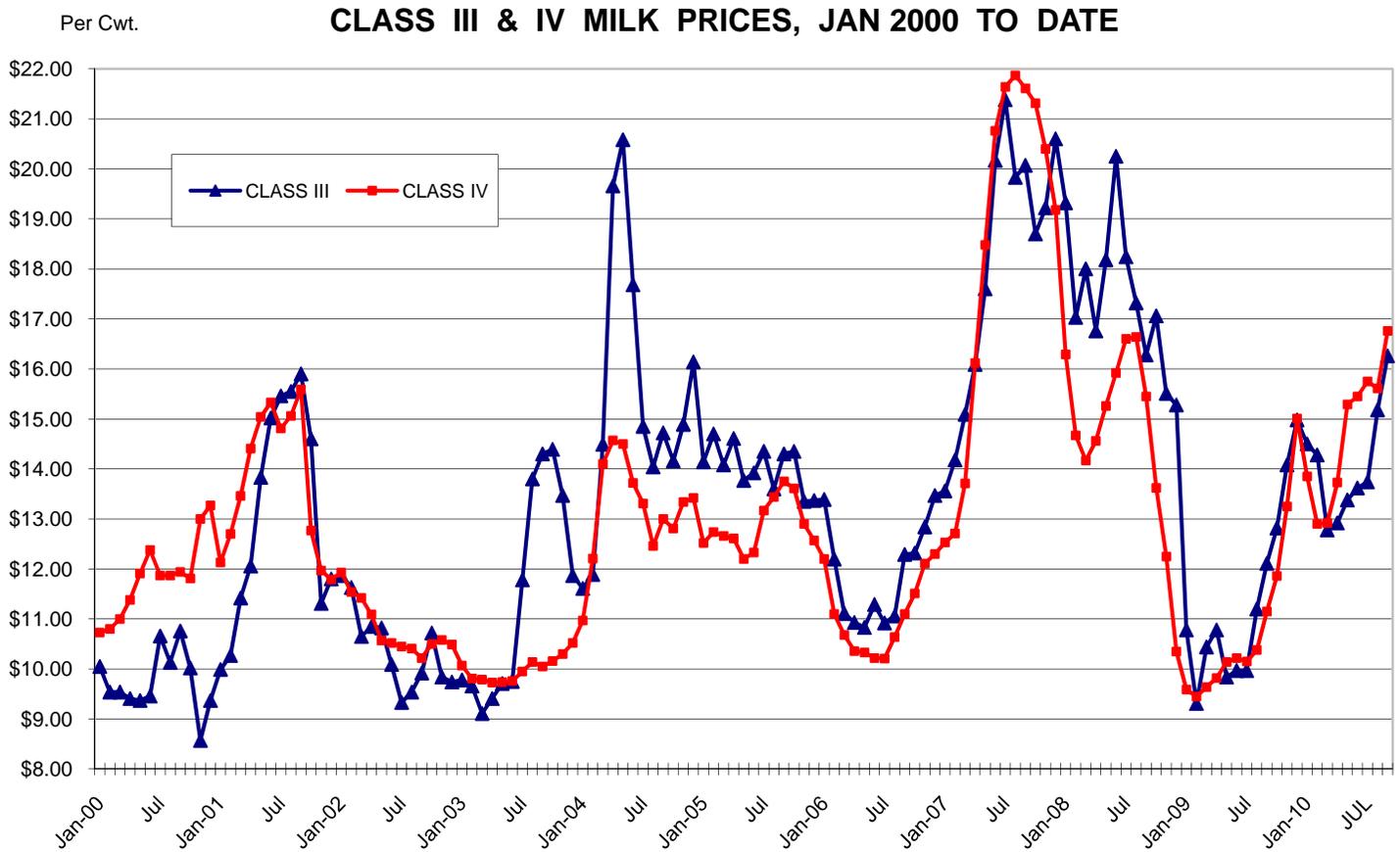
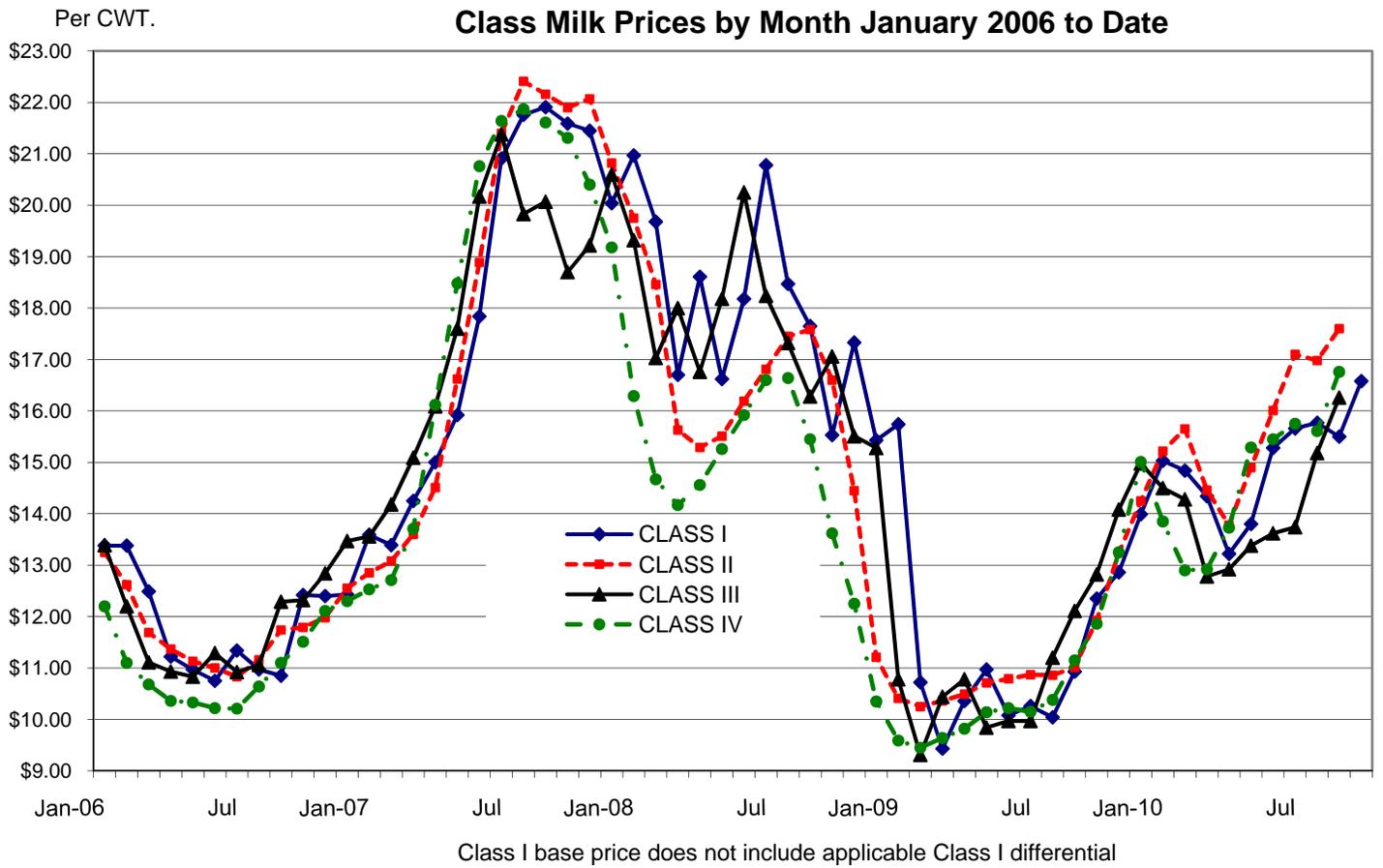
CONSUMER PRICE INDEX DAIRY PRODUCTS

1982-1984=100
%



Source: US Dept of Labor. BLS, Graph by DMN

◆ FRESH WHOLE MILK — CHEESE



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