

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (10/22):**

BUTTER: Grade AA closed at \$2.1850. The weekly average for Grade AA is \$2.1850 (N.C.).

CHEESE: Barrels closed at \$1.6800 and 40# blocks at \$1.6675. The weekly average for barrels is \$1.7020 (-.0305) and blocks, \$1.7030 (-.0610).

BUTTER HIGHLIGHTS: The CME Group cash butter price has remained at \$2.1850 for over two weeks and the longer it stays at that level, the more optimism the trade has that it will hold until holiday needs are in. Churning activity across the country is mixed as butter producers are cautious with their cream purchases and churning schedules. Butter producers are becoming more comfortable with their inventory situation as holiday orders are being placed. Butter producers do not want to get caught with uncommitted inventories, especially when much of current inventory was generated at higher than desired price levels. When possible, butter handlers prefer to fill butter orders out of storage rather than weekly churning. Butter orders for the upcoming Thanksgiving holiday period have been good, stimulated by some scheduled feature activity. According to the Foreign Agricultural Service, exports of butter and milk fat for January-August 2010 total 86 million pounds, up 223% from January-August 2009. The exports account for 8.3% of production in the U.S. for January-August.

CHEESE HIGHLIGHTS: The cheese market is weak and prices on both blocks and barrels at the CME Group cash market declined below \$1.70 per pound on October 21. This is the first time since September 9 that a cheese price was less than \$1.70. The price declines may have slowed some orders as buyers wait for prices to settle or possibly decline further. However, time is limited for customers to order holiday volumes and have them available for Thanksgiving. Cheese production is steady to slightly higher despite efforts by some manufacturers to limit production in a weak market. Cheese yields continue to improve seasonally. On October 14, the Kansas City Commodity Office announced Solicitation DNAC2-001 seeking between 5,790,150 – 74,792,500 pounds of natural American cheese for January 1 – December 31, 2011 delivery. Offers are due October 28. This is the last of the

three annual solicitations for cheese used in various programs, including school lunch. According to FAS, January-August 2010 cheese and curd exports total 250.7 million pounds, up 66% from the same period in 2009. These exports equal 3.6% of U.S. total cheese production during the period.

FLUID MILK: Milk production across the country continues to follow positive seasonal trends. In most areas, weather patterns are quite favorable, thus the milking herd is experiencing warm days and cool nights, conducive for steady, fall milk flow. In most instances, manufacturing milk volumes are not that plentiful. Many milk handlers anticipate that during the next few weeks, Class II milk demand will improve as operations generate cream based products for upcoming holiday needs, further limiting milk volumes for Class III and IV usage. Churning activity is seasonal, although butter producers are more cautious with their cream purchases. From a stability standpoint, cream multiples and overages are steady after retreating from some lofty levels over the past few months. Cream demand is somewhat mixed. There is an expectation that cream based holiday items should be taking more cream, but that hasn't fully developed yet.

DRY PRODUCTS: Nonfat dry milk powder prices are generally steady to slightly lower in the Western region. Production continues to be subject to manufacturing milk availability. Demand for condensed skim is mostly contractual with no extra demand beyond contracts. Dry buttermilk markets are unsettled to weak. Buttermilk powder production is following churning schedules which are often lower, although buttermilk stock levels are comfortable and adequate for near term needs. Whey powder markets are steady to firm with prices unchanged to higher. Whey volumes are most available in the Central part of the country with volumes from this region clearing to buyers in Eastern and Western areas of the U.S. Although stocks are available in the Western region, price differences between Central and West offer some benefits to purchasing in the Central region and shipping to the West. Whey protein markets are steady to firm. Interest is active for the limited number of spot offerings from manufacturers.

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CME GROUP CASH TRADING

PRODUCT	MONDAY OCTOBER 18	TUESDAY OCTOBER 19	WEDNESDAY OCTOBER 20	THURSDAY OCTOBER 21	FRIDAY OCTOBER 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.7325 (N.C.)	\$1.7025 (-.0300)	\$1.7000 (-.0025)	\$1.6950 (-.0050)	\$1.6800 (-.0150)	(-.0525)	\$1.7020 (-.0305)
40# BLOCKS	\$1.7200 (-.0200)	\$1.7200 (N.C.)	\$1.7150 (-.0050)	\$1.6925 (-.0225)	\$1.6675 (-.0250)	(-.0725)	\$1.7030 (-.0610)
NONFAT DRY MILK EXTRAGRADE	\$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	\$2.1850 (N.C.)	\$2.1850 (N.C.)	\$2.1850 (N.C.)	\$2.1850 (N.C.)	\$2.1850 (N.C.)	(N.C.)	\$2.1850 (N.C.)

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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ORGANIC DAIRY MARKET NEWS (DMN): AMS reports Organic Whole Milk sales for August 2010 up 29.9% compared with August 2009, and up 12.0% year-to-date compared with 1 year ago. August 2010 sales were 38 million pounds and year-to-date sales through August were 272 million pounds. Total Organic Milk Products sales for August 2010 are up 15.1% from August 2009 and up 8.0% year-to-date compared with 1 year ago. August sales were 153 million pounds and year-to-date through August were 1.136 billion pounds. This contrasts with a 2.3% August 2010 decline for Total Fluid Milk Products (which includes organic and non-organic) compared with August 2009. Year-to-date through August 2010, Total Fluid Milk Products sales are down 1.5%. This total Fluid Milk products data is adjusted for calendar year composition. The national weighted average advertised price for half gallons of organic milk fell 9 cents to \$2.84. The price range remained at \$1.39. The bottom and top of the price range remained unchanged with \$2.50 at the low and \$3.89 at the top of the range. The weighted national average advertised organic yogurt prices in 6 ounce containers fell 1 cent to \$0.75. All 353 ads were in the Northeast region and all were priced at 75 cents. In the 30 City Series, comparing the October average price in each city with the annual average in each city, 11 cities are above the average, 16 are below, and 3 are even with the average. The overall October average price for the 30 cities combined is 3 cents lower than the combined average year-to-date. Organic milk ad placements are dominated by ads for half gallons numbering 2,868. Though the total represents a decline of 1,188 ads for organic half gallons compared to the last report, it is the second highest total number of ad placements for organic half gallons during 2010. This is followed by 80 ads for 8 ounce aseptic containers of organic milk and no ads for organic gallons. The total number of organic yogurt ad placements this period is 546, a decline of 1,108 ads from the previous report. Organic yogurt placements for 6 ounce containers, a traditionally standard ad item, registered 353 ad placements this report. This was followed by 193 ads for kefir in 32 ounce containers with no ads for 4 ounce organic yogurt; 5.3 ounce organic Greek yogurt; and 32 ounce organic yogurt.

SEPTEMBER FMMO MARKETING AND UTILIZATION (DAIRY PROGRAMS): During September, about 10.0 billion pounds of milk were received from producers. This volume of milk is 9.7% higher than the September 2009 volume. In September 2009 and September 2010, there were significant volumes of milk not pooled due to intra order disadvantageous price relationships. About 3.8 billion pounds of producer milk were used in Class I products, 0.7% higher than the previous year. The all-market average Class utilization percentages were Class I = 38%, Class II = 10%, Class III = 45%, and Class IV = 7%. The weighted average statistical uniform price was \$17.59 per cwt., \$0.67 higher than last month and \$4.96 higher than last year.

INTERNATIONAL UPDATE (DMN): The October 19th session of the g/DT showed results of steady to weaker prices for all contracting periods except the April – June contracts for anhydrous milk fat which was up 3.2%. For the nearby December 2010 period, prices and changes from the previous session are: anhydrous milk fat, \$5,175/MT, -3.1%; butter milk powder, \$3,000/MT, unchanged; skim milk powder, \$2,927/MT, -6.9%; and whole milk powder, \$3,485/MT, -2.0%. For all products and contracting period, prices were down 2.5%.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 23 major states during September totaled 14.5 billion pounds, up 3.6% from September 2009. August revised production at 15.0 billion pounds, was up 2.7% from August 2009. The August revision represented a decrease of 18 million pounds or 0.1% from last month's preliminary production estimate. Production per cow in the 23 States averaged 1,729 pounds for September, 54 pounds above September 2009. The number of milk cows on farms in the 23 States was 8.37 million head, 31,000 head more than September 2009, and 4,000 head more than August 2010. Milk production in the U.S. during the July-September quarter totaled 48.1 billion pounds, up 2.7% from the July-September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.12 million head, 32,000 head less than the same period last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the Class I base price for November 2010 is \$17.24, up \$0.66 from October. This price is derived from the Class IV skim milk pricing factor of \$8.98 and the advanced butterfat pricing factor of \$2.4495. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. The Class II skim milk price for November is \$9.68 and the Class II nonfat solids price is \$1.0756 per pound. The following are the two-week product price averages: butter \$2.1942, nonfat dry milk \$1.1755, cheese \$1.7695, and dry whey \$0.3634.

CME GROUP

MONDAY, OCTOBER 18, 2010

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.7250, 1 @ \$1.7200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.7325; 1 CAR 40# BLOCKS @ \$1.7200
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 5 CARS GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, OCTOBER 19, 2010

CHEESE — SALES: 2 CARS BARRELS @ \$1.7050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.7025; 2 CARS 40# BLOCKS @ \$1.7200
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2200; LAST OFFER UNCOVERED: 5 CARS GRADE A @ \$1.2300
 BUTTER — SALES: 1 CAR GRADE AA @ \$2.1850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1900

WEDNESDAY, OCTOBER 20, 2010

CHEESE — SALES: 3 CARS BARRELS @ \$1.7000; 4 CARS 40# BLOCKS @ \$1.7150; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7150
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 4 CARS GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1900

THURSDAY, OCTOBER 21, 2010

CHEESE — SALES: 4 CARS BARRELS: 2 @ \$1.6975, 2 @ \$1.6950; 3 CARS 40# BLOCKS: 2 @ \$1.7000, 1 @ \$1.6925; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6950; 1 CAR 40# BLOCKS @ \$1.6925
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 4 CARS GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, OCTOBER 22, 2010

CHEESE — SALES: 6 CARS BARRELS: 3 @ \$1.6825, 3 @ \$1.6800; 4 CARS 40# BLOCKS: 2 @ \$1.6775, 2 @ \$1.6700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6675
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 4 CARS GRADE A @ \$1.2300
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

CME Group butter prices through Tuesday remain at 2.1850, unchanged since October 6. Also on Tuesday, the first butter sale occurred since September 21, which some observers note is an indication of little buyer expectation of significant price increases. In fact, last week's weekly average of 2.1850, represents the fourth consecutive week of a declining weekly average. In contrast with several weeks ago when some profit could be realized in moving cream from California to the East, that has generally stopped occurring. The cream supply is increasing seasonally, both due to volume and butterfat content. Multiples are generally between 130 and 135 this week. Some spot market cream acquisition is occurring to meet demand by cream cheese manufacturing. Having decided to not accumulate inventory over last few months to avoid risk of holding high price basis product, they are now very busy working to stay ahead. It is "nuts and bolts" time. Thus, expect some spot supplementation at least until the end of November.

CENTRAL

The CME cash butter price has held steady for two weeks at \$2.1850. Manufacturers and handlers are closely monitoring their inventory situation in relation to known and projected orders for the balance of the calendar year. Churning schedules are seasonally active, although butter producers are very cautious with their cream purchases and churning schedules. Butter producers do not want to get caught with uncommitted inventories, especially when much of that inventory has been generated at higher than desired price levels. Butter orders for the upcoming Thanksgiving holiday period have been good, stimulated by some scheduled feature activity. Although shelf prices for butter are higher than last year at this time, retail buyers are optimistic about the upcoming holiday sales period. Some retailers are stating that butter prices have been firm for a longer period of time, going into the holiday period, than is typically the case, thus consumers might be more accustomed to the firmer prices and purchase holiday butter needs as usual. Current bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Wednesday's butter price at the CME Group was unchanged at \$2.1850. The price has held steady at this price for eleven straight trading sessions. Sales of butter this week at the CME Group have been very light with only one sale reported on Tuesday. Although the butter price has been unchanged over the last two weeks, the market remains uncertain as to price stability in the near term. Some buyers are willing to wait to make holiday purchases in the hope of lower prices. Other orders are being placed for immediate needs. Butter manufacturers are increasing churning schedules to utilize lower priced milkfat, but some are still drawing from stored inventories when available. Stocks are increasing in some cases, although butter producers are looking to control inventory at current price levels. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 190,000 pounds last week to 17.9 million pounds. This total compares to 80.6 million pounds in 2009 and 58.1 million pounds in the comparable week in 2008. Prices for bulk butter range from flat to 3.5 cents under the market, based on the CME with various time frames and averages used. According to the Foreign Agricultural Service, exports of butter and milkfat for January-August 2010 total 86 million pounds, up 223% from January-August 2009. The exports account for 8.3% of production in the U.S. for January-August.

U.S. Butter and Milkfat Exports, (USDA-FAS)

	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUG	86.0	+223
Saudi Arabia	15.4	+46
Egypt	9.5	+1009
Mexico	8.6	+55
Russia	6.9	+5381
Canada	6.5	+324

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
October 16	1.7600	1.7649	1.1838	2.1815	0.3627
	12,724,283	8,643,189	12,744,835	4,620,749	10,323,700

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

NORTHEAST

CHEESE MARKETS

WEST

Cheese price weakness prevails. CME Group cheese prices fell this week, with blocks down 2 cents Monday, following last Friday's 3 cent drop, closing unchanged Tuesday at \$1.7200. Barrels were unchanged last week and this Monday but they fell 3 cents Tuesday to close at \$1.7025. The weekly average for each last week was down \$.0025. Regional cheese manufacturing remains active—in some cases, 7 days a week. However, the price decline is causing some buyers with adequate inventory levels to step back to await indicators of price movements. Cream cheese manufacturing is very heavy seasonally. In part, this is due to previous decisions to defer inventory accumulation as cream prices reached high levels. Some manufacturers with cream contracts anticipate regular spot market cream purchases to sustain manufacturing schedules. However, even with holidays approaching, there is general confidence that production goals will be met but aggressive production will be occurring until late November to meet that objective. CWT announced assistance in sales of 2,702,868 pounds of American cheese to buyers in the Middle East and Asia. Delivery will occur between October 2010 and April 2011.

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

Cheddar 40# Block	:	2.0800-2.3550
Process 5# Sliced	:	1.8350-2.1450
Muenster	:	2.1000-2.3050
Grade A Swiss Cuts 10 - 14#	:	3.2075-3.5300

MIDWEST

The cheese market is weak. Prices on the CME Group cash market started to decline last week and continued again this week. Orders are generally light as buyers wait for prices to settle before reordering. However, the time available to package and ship orders in order to be available for use for Thanksgiving is limited. Offerings of many standard varieties are increasing as a result. Cheese plants are happy to take specialty orders but are avoiding making "spec" specialty loads. Lead times are around normal length at most plants. Current cheddar supplies are at least adequate with mozzarella tight to in balance. Process interest is fairly steady around usual fall levels. Some interest continues for processing solids. Milk intakes continue to wander slightly higher to lower on a week to week basis. Milk components continue to improve seasonally. On October 14, the Kansas City Commodity Office announced Solicitation DNAC2-001 seeking between 5,790,150 – 74,792,500 pounds of natural American cheese for January 1 – December 31, 2011 delivery. Offers are due October 28. This is the last of the three annual solicitations for cheese used in various programs, including school lunch.

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

Process American 5# Loaf	:	2.0925-2.2825
Brick And/Or Muenster 5#	:	2.2700-2.3400
Cheddar 40# Block	:	2.1800-2.5650
Monterey Jack 10#	:	2.2300-2.5650
Blue 5#	:	2.6075-3.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1025-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.6150-3.3300

Cheddar Barrels on Wednesday at the CME Group were down \$.0025 to \$1.7000. 40 Pound Blocks were down \$.0050 to \$1.7150. Sales at the CME Group for Barrels were moderate with five loads sold this week. Blocks saw sales of ten loads over the last four sessions. Cheese prices are weaker although available spot loads are hard to find. Production continues at a robust pace as milk supplies are above year ago levels in many locations. Cheese plants are gathering as much milk as possible to maximize efficiencies. Plant capacity exceeds supply in most cases. Contracted sales make up the bulk of cheese movement. Demand is adequate for supplies. Demand for retail accounts is uncertain as buyers try to wait out any possible price reductions. According to FAS, exports of cheese and curd for January-August 2010 total 250.7 million pounds, up 66% from January-August 2009. The exports account for 3.6% of total cheese production in the U.S. for the period.

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

Process 5# Loaf	:	1.8575-2.1150
Cheddar 40# Block	:	1.8925-2.2450
Cheddar 10# Cuts	:	2.0725-2.2925
Monterey Jack 10#	:	2.0825-2.2425
Grade A Swiss Cuts 6 - 9#	:	2.7850-3.2150

FOREIGN

Block prices on the CME Group have declined, closing Tuesday at \$1.7200. Tuesday's close was unchanged following a 2 cent decline Monday preceded by a 3 cent decline last Friday. The weekly average block price fell \$.0025 for last week, reducing wholesale prices for domestic varieties. Prices for Swiss Cuts Switzerland were unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.2200-3.7075*
Gorgonzola	: 3.6900-5.9900	: 2.7225-2.9825*
Parmesan (Italy)	: -0-	: 3.6275-3.8850*
Provolone (Italy)	: 3.4400-5.8900	: 2.2625-2.4200*
Romano (Cows Milk)	: -0-	: 3.4100-5.5525*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-3.8300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3000-3.6225
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

U.S. Cheese and Curd Exports, (USDA-FAS)

	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - AUG	250.7	+66
Mexico	74.8	+26
South Korea	26.1	+71
Japan	20.7	+121
Canada	15.7	+23
Saudi Arabia	11.5	+245

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

BUTTER : CHEESE

10/18/10	10,584	:	129,600
10/01/10	10,741	:	130,318
CHANGE	-157	:	-718
% CHANGE	-1	:	-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	90	0
SOUTHEAST STATE	11	21	0	0	70	0

Northeast and mid-Atlantic milk supplies remain adequate for fluid consumption but tighter for some manufacturing purposes. Powder production is limited in some areas. Inquiries seeking spot purchases of condensed skim are left unfilled – not for price reasons but due to lack of availability. Further south, some milk production increases are occurring but generally not of a magnitude yet to cause any alteration of generally more limited manufacturing. This week, the unusual situation of shipments both into the Southeast as well as out of the region occurred. Milk shipments into the Southeast, which had been 0, increased to 11 to accommodate some limited term manufacturing demand. Inward shipments for this situation are expected for several weeks. There were also other shipments out of the Southeast into the mid-Atlantic region for manufacturing, due to: a saturated Southeast Class I market; lack of manufacturing options in the Southeast; and available ultra-filtration capacity not yet having been engaged. Shipments into or out of Florida remained at 0. Maryland and Delaware pastures were rated fair to good. High temperatures were mostly in the low to mid 80's with lows mostly in the 40's. Temperatures in New York averaged slightly below normal toward the end of last week into this week. Precipitation in the eastern part of the state was above normal and associated with a nor'easter and widespread soaking rainfall, while precipitation in the balance of the state was normal. Weekly rainfall in much of New England topped 2 inches. Heavy snow blanketed the highest peaks in New England and the Adirondacks late week into the weekend, with 25 inches reported at the summit of Vermont's Mt. Mansfield and 8.9 inches on New Hampshire's Mt. Washington. Last week, most Florida panhandle pastures were in poor to fair condition, having declined rapidly due to dry soil, short days and cool nights. Georgia experienced another dry week with a few scattered showers across the state. Daily average high temperatures were in the lower 70's to mid 80's while lows in the lower 40's to upper 50's. Cream markets have been very slow, with no CME Group butter price change since October 6 and only 1 sale since September 21. Multiples were generally 130-135 as this week began but Wednesday there was some sporadic activity into the upper 120's. Many brokers are comfortable "making it on the margins", week after week, but many manufacturers continue to execute a wait and see strategy for cream purchases unless pressed by an order driven schedule. A tight supply situation for condensed skin prevented much if any activity on spot markets. NASS reports that September 2010 milk production for the 23 selected states showed a 3.6% increase from milk production in September 2009. Production per cow averaged 1,729 pounds, 54 pounds higher than the previous year. Milk cows on farms in the 23 States totaled 8.37 million head, an increase of 31,000 head from September 2009, and 4,000 head higher than August 2010. According to NASS, the 5 states in the Northeast and Southeast DMN regions showed the following state by state monthly millions of pounds of milk production and percentages of change from the previous year: Florida, 133, -1.5%; New York, 1,036, +3.6%; Pennsylvania, 867, +2.5%; Vermont, 202, +1.5%; and Virginia, 136, +0.7%. Total milk production for September 2010 for the 5 regional states was 2,374 million pounds, which is a 2.5% increase compared to September 2009. Cow numbers in the 5 selected states decreased by 3,000 (0.2%) from 2009 to 2010.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.7968-2.9497
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.7094-2.8405

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	- 1.05 - 1.16

MIDWEST

Class I interest was steady to occasionally improved where featured. Class II product output was generally steady although some extra whipping cream was put up. Next week and especially the first two weeks in November are expected to be active for manufacturers producing holiday specialties for Thanksgiving use. Many bottlers are about in balance with their cream needs. Some churns remain

reluctant to churn spot cream offerings due to continued butter price uncertainty. Manufacturing milk interest was steady to often lighter as cheese sales are more sluggish than usual for the pre-holiday season. Reported spot prices are being pressured by recent declines in cheese prices. Milk intakes are changing little on a week-to-week basis with some up, down and sideways. Components are increasing seasonally. A question for many in the industry is what effect current high cash grain prices may have on milk production in the next year, particularly if milk prices don't improve much from current levels. Excellent progress continues on the fall harvest with increasing and larger grain piles appearing. Very low grain moisture levels and delays in truck unloading are common. The harvest of some fields is being delayed for some precipitation to raise crop moisture levels. Estimated 2010 milk production in selected Midwestern states compared with 2009 is: Wisconsin, 2.092 billion pounds, +10 million pounds (0.5%); Minnesota, 714 million pounds, -11 million pounds (-1.5%); Texas, 703 million pounds, +12 million pounds (1.7%); Michigan, 668 million pounds, +17 million pounds (2.6%); and Iowa, 342 million pounds, -8 million pounds (-2.3%).

WEST

According to NASS, September Milk Production for the 23 surveyed states totals 14.5 billion pounds, up 3.6% or 509 million pounds from last year. Monthly milk production per cow for the 23 surveyed states was 54 pounds more than September 2009. September milk production for selected Western states is as follows: Arizona +13.1%, California +7.3%, Colorado +7.7%; Idaho +8.0%, New Mexico +1.7%, Oregon +7.1%, Utah +2.7%, and Washington +7.2%. Compared to September 2009, the Arizona herd is up 15,000 head, California -22,000, Colorado +5,000; Idaho +25,000, New Mexico unchanged, Oregon +5,000, Utah +2,000, and Washington +14,000. These 8 states are up 44,000 while the 23 surveyed states are up 31,000. September cow numbers in these 8 states were 5,000 more than last month. In spite of lofty sounding percentage changes (+7.3%) in the most recent "Milk Production" report for September 2010 versus a year ago, CALIFORNIA milk output was less than 1% higher than September 2008. This points out the poor month caused by heat in September 2009 rather than astronomical growth in the state's milk supply this year. Current milk production levels are steady to building slightly higher. In spite of higher milk prices, the milk trend is not responding. There are lots of varying reasons at the farm level with input costs being a big factor. More talk in the trade is now centered on margins versus the factors surrounding just milk prices or production costs. Current weather conditions are mostly favorable for cow comfort. Processing schedules are steady to slightly higher and reflect the farm level trends. Fluid milk needs are flat. Butter production is seasonally strong and those plants are running heavy in the state. Milk production in ARIZONA and NEW MEXICO is trending steady to slightly higher and is at projected levels. There were some wetter weather conditions across Arizona, but the impact was light. More milk is staying local as the milk and component shipments to other regions continue to slow. Plant schedules are increasing to handle this milk and slightly higher farm milk. The cream market has stabilized over the past week, but still remains slightly unsettled. The CME Group butter price has remained at \$2.1850 for the past two weeks and the longer it stays at that level, the more optimism the trade has that it will hold until holiday needs are in. Also, from a stability standpoint, multiples and overages are steady after retreating from some lofty levels over the last several months. Cream demand is still somewhat mixed. There is an expectation that more cream based holiday items should be taking more cream, but that isn't fully happening. Cream is hitting the churns as butter production and printing is heavy ahead of holiday needs. Cream multiples are steady and range from 115-125 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is above year ago levels and is being handled within the region. Class I utilization for September 2010 accounted for 28.9% of producer milk in the Pacific Northwest Order as reported by the FMMO office. Milk intakes to manufacturing and balancing plants are increasing seasonally. Good weather and increased numbers of cows have aided the production increase. UTAH and IDAHO milk production is up along seasonal norms. Demand for milk is good amongst manufacturers in the region. Producers are careful to take stock of feed costs before adding cows to their herds. Hay prices were reported higher as buyers from Western states have entered the market looking for alfalfa. Replacement heifer prices at auction in Idaho this week were mostly steady. Top heifer reported at one auction was \$1485, with the top 50 average price steady to weak at \$1300.

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: Nonfat dry milk prices are unchanged on a market various buyers and sellers describe as undecided. Nonfat dry milk production continues to be subject to manufacturing milk availability in the Central region. Class I and II demands are seasonally active and limiting opportunities for NDM production at many facilities. Some plants are scheduling high heat NDM production to rebuild holdings as contract shipping steps up seasonally. Inventories of low heat NDM are steady to building slowly. End user interest is reportedly low key for anything beyond 1-2 load purchases, according to most market participants, as they await a shift to higher production trends in the next few weeks that may affect market value.

EAST: Eastern nonfat dry milk prices remained unchanged. There was increased interest in high heat such that demand for high heat was characterized as exceeding demand for low heat NDM. As for low heat NDM inventory levels, market participants find "lots" of it. Drying schedules in the East were at a very low level, with a number of plants not drying at all. Nevertheless some returning NDM, previously unsuccessfully initially shipped to Russia, is being offered domestically by re-sellers and adds to market availability. Foreign Agriculture Service released August monthly and cumulative 2010 export information, as shown below:

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: 1.2000 - 1.2800 MOSTLY: 1.2300 - 1.2600
 HIGHHEAT: 1.3400 - 1.4500

U.S. NDM Exports, H.S. Code 0402100000(FAS)		
	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUG	492.5	+36
1 Mexico	120.1	-22
2 Philippines	75.2	+98
3 Indonesia	69.3	+130
4 Vietnam	46.8	+89
5 Malaysia	31.2	+79
August Total	78.8	+30

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices mostly steady to slightly lower for the range and mostly series. The market tone is steady for the short term; more unsettled beyond. Current exports are moving NDM and SMP in the short term. Exports are slow to develop for new contracts. Drying schedules are steady to slightly higher where milk is moving higher. Demand for condensed skim is mostly contractual with no extra demand beyond contracts. SMP output is steady. Overall, NDM inventory levels are light to moderate, but are building. Western high heat NDM prices are unchanged with the market undertone remaining unsettled. The wide range for the high heat market remains as some producers' offerings remain tight and they are seeking and getting premiums. Several prices on the lower side of the range are normal pricing levels based of several indexes and are often in line with historical spreads between the low heat and high heat markets. High heat stocks are light to moderate. According to FAS, for January - August 2010, U.S. Exports of NDM/SMP totaled 492.5 million pounds, 36% higher than the same period a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUMHEAT: 1.1500 - 1.2300 MOSTLY: 1.1800 - 1.2050
 HIGHHEAT: 1.2200 - 1.3900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged, but the market undertone is mixed. Cream sales are steady to lower. Some processors are trying to keep churning to a minimal while butterfat prices are at current values. When possible, these operations prefer to fill butter orders out of storage rather than churning weekly, then packaging and selling some fresh butter and also adding to butter inventories. Dry buttermilk production is in step with generally lower churning activity. Sales of condensed buttermilk are slower. Dry buttermilk inventories are comfortable and adequate for near term needs.

EAST: Eastern dry buttermilk prices remained unchanged this week. There was very little spot market activity and ample availability for interested buyers. Some manufacturers with options to use either dry buttermilk or NDM continue to gravitate toward NDM. Seasonal uses of dry buttermilk such as ice cream have declined in demand. Increased demand for seasonal baking purposes has not reached levels which challenge existing capacity to supply the demand.

F.O.B. CENTRAL/EAST: 1.2800 - 1.4300

DRY BUTTERMILK - WEST

Pricing levels for Western dry buttermilk are trending slightly lower. The market tone remains unsettled to weaker. More buttermilk is being dried and projections are higher as butter output will be heavy ahead of the yearend holidays. While, some dry buttermilk producers are still catching up on past orders, others are starting to become concerned about what the market will do over the next few months, especially with some of the pricing gaps between buttermilk and nonfat dry milk. Stocks range from light to moderate and are expected to move higher.

F.O.B. WEST: 1.2000 - 1.2750 MOSTLY: 1.2150 - 1.2450

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady on a firm market. Spot load availability from manufacturers is limited as inventories are tightly bound to contract needs. Production is intermittent at some locations, higher at others with internal needs to meet. The latest global Dairy Trade auction results show prices trending lower in the near term. New Zealand regular dry whole milk prices per pound for the various contract periods and percent change in price from the previous auction are: Contract 1, \$1.5672, -2.0%; Contract 2, \$1.5672, N.C.; Contract 3, \$1.5989, -1.0%. New Zealand offered quantities for the three contract periods were 22.6 million pounds, 24.3 million pounds and 5.5 million pounds, respectively. Foreign Agriculture Service released August monthly and cumulative 2010 export information, as shown below:

F.O.B. PRODUCING PLANT: 1.6400 - 1.7400

U.S. Dry Whole Milk Exports, H.S. Code 0402210000(FAS)		
	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUG	60.1	+192
1 Vietnam	18.5	+4,081
2 Mexico	17.0	+30
3 Russia	9.1	—
4 Egypt	2.2	+502
5 Canada	1.8	+11
August Total	10.5	+615

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 15	\$1.1207	16,066,927	0
October 8	\$1.1059	18,991,950	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

Prices for Central dry whey are unchanged for the week. Buyers are accepting contract loads on schedule and manufacturers indicate there are minor delays in shipping. Light spot market offerings are available from a few producers throughout the region. Central dry whey loads are moving into both the Eastern and Western regions as supplies tighten in the East and price differences between the Central and West offer some benefits to purchasing in the Central region and shipping to the West. ANIMAL FEED DRY WHEY PRICES are slightly higher, reflecting tighter supplies and active interest. End users in the feed blending industry report recent price increases in the lard market, in conjunction with the firm dairy protein prices, have presented challenges to their operations. Wheat protein inputs offer some opportunities to cut input costs, and several manufacturers report they are using more wheat protein to offset other input cost increases. Foreign Agriculture Service released August monthly and cumulative 2010 export information, as shown below:

F.O.B. CENTRAL: .3300 - .3850 MOSTLY: .3350 - .3700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .3525

DRY WHEY - NORTHEAST

Northeast dry whey markets are "tight" or "very tight", depending on the opinion source. Availability from Northeast manufacturers on spot markets varies, with some sources having sold out earlier this week. One manufacturer expects tightness to last at least for the next month. There is some product availability from brokers or re-sale opportunities. There were very few spot market transactions, all within the existing price range and thus, the price remains unchanged from last week even with underlying market tightness.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3575 - .3825

DRY WHEY - WEST

Prices for Western dry whey were fractionally stronger on the range series. The mostly series was steady to slightly higher on the top end. Whey prices are expressed as steady to firm by most manufacturers. Production of whey is above year ago levels as cheese plants operate on heavier schedules. Export demand is showing some increased activity. Domestic demand for fall baking is adding to overall needs. Supplies are adequate for contract orders with spot availability tight. According to the Foreign Agricultural Service, exports of whey for January-August total 371.2 million pounds, up 29% from January-August 2009. The exports account for 53.6% of the total whey production in the U.S. for January-August.

NONHYGROSCOPIC: .3525 - .4150 MOSTLY: .3700 - .4025

U.S. Dry Whey Exports. H.S. Code 0404104000 (FAS)

	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUG	371.2	+29
1 China	72.6	+8
2 Mexico	35.8	+28
3 Japan	35.1	+9
4 Canada	31.2	N.C.
5 Vietnam	26.0	+62
August Total	38.6	+12.6

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged on the mostly price series on a firm market, while the range price series widened. Interest is active for the limited number of spot offerings from manufacturers. Resale offers from brokers and traders are intermittently available and clearing quickly. Some end users are purchasing product from other end users as a supplementary means of keeping operations functioning from week to week. Production is mostly unchanged as manufacturing milk supplies are steady. Foreign Agriculture Service released August monthly and cumulative 2010 export information, as shown below:

F.O.B. EXTRA GRADE 34% PROTEIN: .9600 - 1.0500 MOSTLY: .9700 - 1.0000

U.S. WPC 34% Exports, H.S. Code 0404100500 (FAS)

	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUGUST	183.9	+53
1 China	67.9	+110
2 Mexico	45.7	-13
3 Canada	26.0	+116
4 Japan	14.4	+59
August Total	25.9	+86

LACTOSE - CENTRAL AND WEST

Both price series for lactose are unchanged for the week. Interest is mostly steady for lactose in the 100 or less mesh size, although a few sellers indicate they are placing more calls to initiate sales instead of picking amongst offers. Spot market interest in finer mesh size lactose is mostly steady to higher, but availability is tight. Foreign Agriculture Service released August monthly and cumulative 2010 export information, as shown below:

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL: .2600 - .4350 MOSTLY: .3100 - .3600

U.S. Lactose Exports, H.S. Code 1702110000 (FAS)

	2010 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN-AUGUST	217.1	+21
1 Mexico	28.6	+51
2 Japan	28.1	+17
3 China	20.6	-60
4 Brazil	17.8	+104
5 New Zealand	13.4	+43
August Total	34.3	+23.1

CASEIN - NATIONAL

Casein markets and prices are generally unchanged, although the market undertone remains firm. As has been the situation for much of the year, supply availability continues to be a major concern for many domestic buyers. Reports of lighter than projected production seasons in many sourcing regions of the world are at the forefront of these concerns. Most supplies do confirm these reports, but also assure buyers that they are optimistic about fulfilling their supply commitments. With international supplies not as plentiful as in years past, more domestic buyers are returning to contractual agreements, versus working from a spot market. In many instances, suppliers are more frequently stating that their uncommitted offerings are tightening. Some domestic buyers are exploring the possibility of sourcing and procuring casein volumes from sources that they have not considered before to meet full needs.

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

RENNET: 3.9000 - 4.3000
ACID: 3.9000 - 4.2500

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 18 - 22, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 10/15/10	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-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-	-0-	132,276	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	132,276	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 18 - 22, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.0	1.5
CUMULATIVE SINCE OCTOBER 1, 2010 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.5
CUMULATIVE JAN. 1 - OCT. 22, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	136.7	1,883.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 18 - 22, 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 10/1/10 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	132,276	-0-	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	132,276	-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 10/02/10 & Comparable Week 2009

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2010-Dairy	N.A.	0.6	7.8	3.3	19.4	3.5	0.5	N.A.	15.5	2.6	54.9	2,122.9	44.6	44.0
2009-Dairy	N.A.	0.5	7.6	2.8	15.6	3.8	0.4	N.A.	13.9	3.0	49.0	2,204.2	42.6	47.6
2010-All cows	N.A.	0.7	9.9	14.2	34.6	23.5	8.7	N.A.	21.3	6.6	123.1	4,820.8		
2009-All cows	N.A.	0.7	9.6	12.7	30.4	20.2	13.2	N.A.	17.8	7.0	115.1	4,626.2		

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	17.24	
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

ORGANIC DAIRY MARKET NEWS

Information gathered October 11 - 22, 2010

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Organic Whole Milk sales for August 2010 up 29.9% compared with August 2009 and up 12.0% year-to-date compared with 1 year ago. August 2010 sales were 38 million pounds and year-to-date sales through August were 272 million pounds.

Total Organic Milk Products sales for August 2010 are up 15.1% from August 2009 and up 8.0% year-to-date compared with 1 year ago. August sales were 153 million pounds and year-to-date through August were 1.136 billion pounds.

This contrasts with a 2.3% August 2010 decline for Total Fluid Milk Products (which includes organic and non-organic) compared with August 2009. Year-to-date through August 2010, Total Fluid Milk Products sales are down 1.5%. This total Fluid Milk products data is adjusted for calendar year composition.

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

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

Product Name	Sales		Change from: 2/	
	August Mil. Lbs.	Year to Date	Prev Yr. Percent	Y-T-D
Whole Milk	1,181	9,380	-6.7	-6.1
Flavored Whole Milk	46	362	-3.6	-5.1
Reduced Fat Milk (2%)	1,542	12,299	-1.6	0.1
Low Fat Milk (1%)	572	4,638	2.2	3.2
Fat-Free Milk (Skim)	660	5,332	-2.4	-1.3
Flavored Fat-Reduced Milk	258	2,431	1.3	1.2
Buttermilk	39	307	-3.4	-26.6
Tot. Conv. Milk Products	4,301	34,800	-2.6	-1.8
Organic Whole Milk	38	272	29.9	12.0
Organic Reduced Fat Milk	41	3/	3/	3/
Organic Low Fat Milk	31	3/	3/	3/
Organic Fat-Free Milk (Skim)	33	3/	3/	3/
Organic Flavored Milk	9	3/	3/	3/
Organic Fat-Reduced Milk 4/	115	864	10.9	6.7
Tot. Organic Milk Products.	153	1,136	15.1	8.0
Tot. Fluid Milk Prod. 5/	4,454	35,936	-2.1	-1.5
Tot. Fluid Milk Prod. Adj. 5/6/	4,503	35,930	-2.3	-1.5

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>

ORGANIC DAIRY RETAIL OVERVIEW

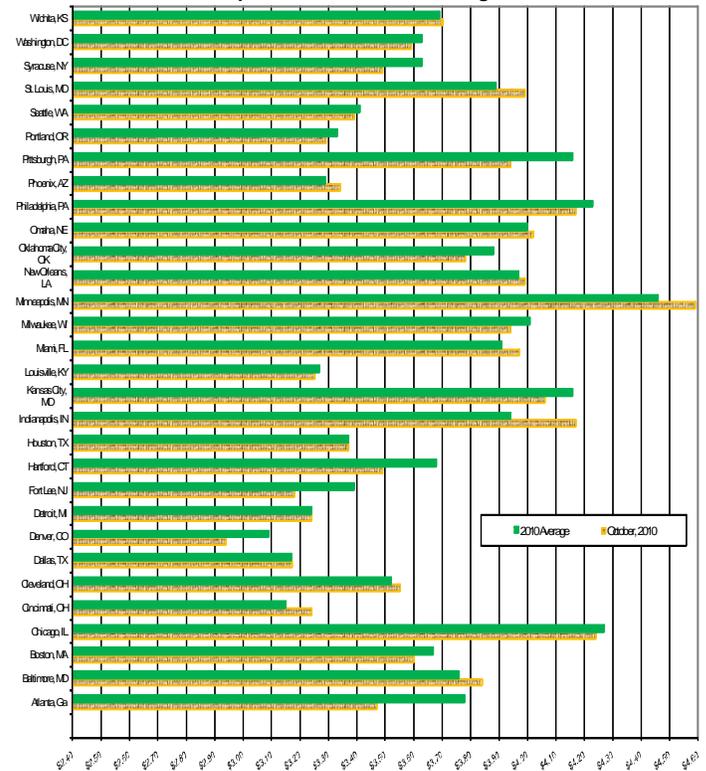
MONTHLY RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Retail half gallon organic reduced fat (2%) milk prices are surveyed monthly in the 30 City Series. Comparing the October average price in each city with the annual average in each city, 11 cities are above the average, 16 are below, and 3 are even with the average. Atlanta, at \$3.47, is the city most below its annual average to date, being 31 cents lower. Indianapolis, at \$4.17, is the city most above its annual average to date, being 23 cents higher. The overall October average price for the 30 cities combined is 3 cents lower than the combined average year-to-date. The median price, the price which half of cities are above and half are below, declined 1 cent to \$3.69.

Considering only a one month change in Prices, October 2010 prices compared with September 2010, reveal unchanged prices as the most common situation. Retail prices were unchanged in 17 cities, up in 4 cities, and down in 9 cities. While the October average for the 30 cities combined was 2 cents below September at \$3.67, certain markets showed fairly significant price movements compared to one month ago. Philadelphia was up the most, 28 cents, to \$4.17, while Pittsburgh was down the most, 25 cents, to \$3.94. Minneapolis remained the city with the most expensive organic 2% milk, \$4.59, and has been since April. Denver at \$2.94 remained the city with the lowest priced organic 2% half gallons and also has been since April.

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

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



ORGANIC DAIRY MARKET NEWS

Information gathered October 11 - 22, 2010

CONTINUED FROM PAGE 8

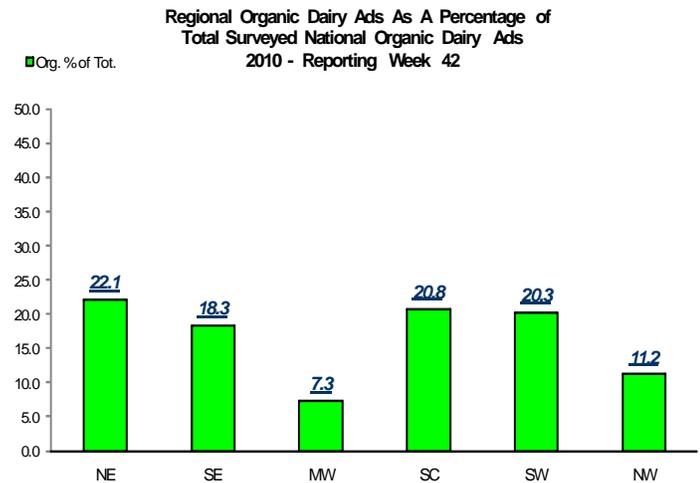
NATIONALLY ADVERTISED PRICE COMPARISON:

Retail advertising dollars are again focusing on organic milk far more than organic yogurt. Organic half gallon milk ad numbers dominated organic dairy ads this period. Other organic items, other than organic half gallons, showed greatly reduced ad placements or no placements at all. Within the organic milk category, ads for half gallon containers of organic milk significantly lead ads for either milk in 8 ounce containers or gallons.

Newspaper supermarket ads for the period October 9, 2010 to October 22, 2010 identifying weekly "specials" and containing organic dairy content, numbered 3,305 of 9,210 surveyed ads. The 3,305 ad total was a decrease of 1,122 ads compared to the previous report, which was the second highest number of ads with organic dairy content during 2010. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

Ads this period represented a mixture of national brands and private label organic milk – even in ads for the same store.

Regional Organic Dairy Ad Trends – Current Period. There continued to be a more even spread of organic dairy advertising among the six regions. This period, the Northeast with 22.1% of organic dairy ads led all regions. The South Central and Southwest regions closely followed with 20.8% and 20.3% respectively. Those regions were followed by the South East Region, 18.3%; Northwest, 11.2%; and the Midwest, 7.3%.



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

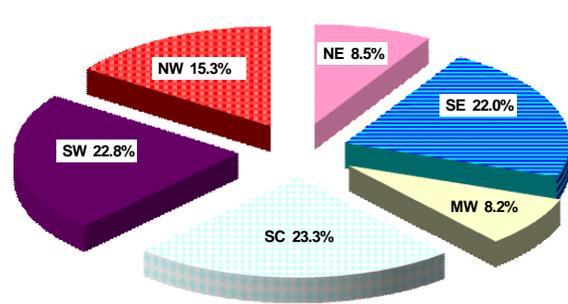
Organic milk ad placements of 2,948 fell significantly below last reports yearly high of 5,085.

Organic milk ad placements are dominated by ads for half gallons numbering 2,868. Though the total represents a decline of 1,188 ads for organic half gallons compared to the last report, it is the second highest total number of ad placements for organic half gallons during 2010. This is followed by 80 ads for 8 ounce aseptic containers of organic milk and no ads for organic gallons.

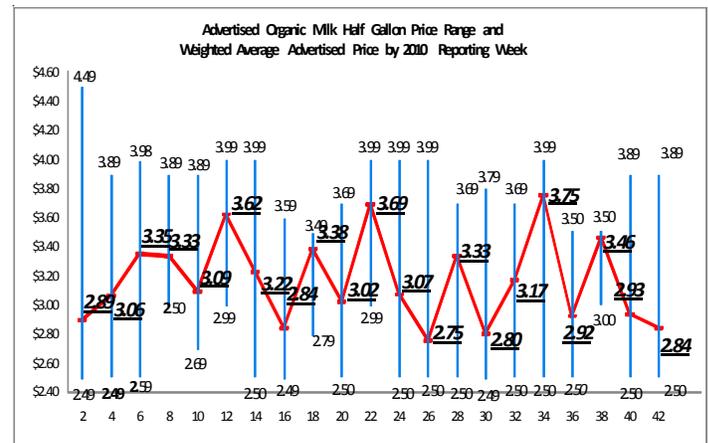
The total number of organic yogurt ad placements this period is 546, a decline of 1,108 ads from the previous report. Organic yogurt placements for 6 ounce containers, a traditionally standard ad item, registered 353 ad placements this report. This was followed by 193 ads for kefir in 32 ounce containers with no ads for 4 ounce organic yogurt; 5.3 ounce organic Greek yogurt; and 32 ounce organic yogurt.

Organic milk ads appeared in all regions. The highest concentration of milk ads, 23.3%, appeared in the South Central, closely trailed by the Southwest with 22.8% and the Southeast with 22.0%. The remaining regions and percentages are the Northwest, 15.3%; Northeast, 8.5%; and Midwest, 8.2%.

ORGANIC MILK FEATURES
Regional % of Surveyed Supermarket Ads
Report - Week 42, 2010



Half Gallons. The national weighted average advertised price for half gallons of organic milk fell 9 cents to \$2.84. The price range remained at \$1.39. The bottom and top of the price range remained unchanged with \$2.50 at the low and \$3.89 at the top of the range. Analysis of advertised pricing reveals that the lower weighted average advertised price is driven by a concentration of prices lower in the range.



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

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

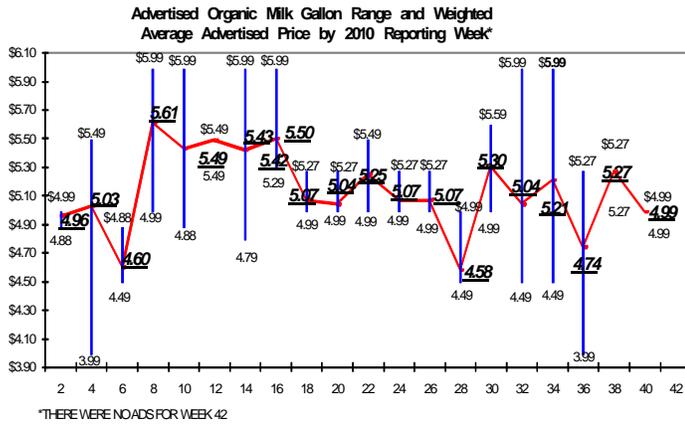
REGION %	WTD. AV. ADV. PRICE \$
NE	08.7 3.48
SE	22.6 2.71
MW	08.4 2.56
SC	24.0 2.67
SW	23.4 2.99
NW	12.9 2.88

Gallons. For the first time since the inception of this report, no organic milk gallon ads were tabulated in the biweekly national survey. All gallon organic milk ads two weeks ago were in the Northeast and all were priced at \$4.99.

ORGANIC DAIRY MARKET NEWS

Information gathered October 11 - 22, 2010

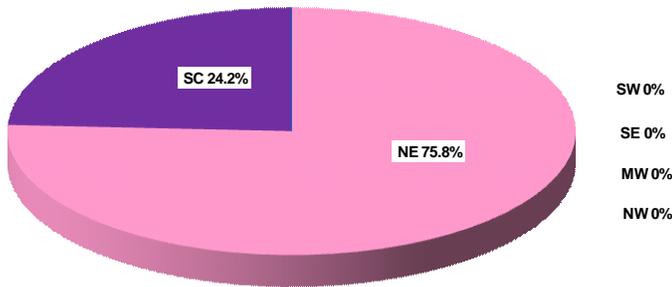
CONTINUED FROM PAGE 8-A



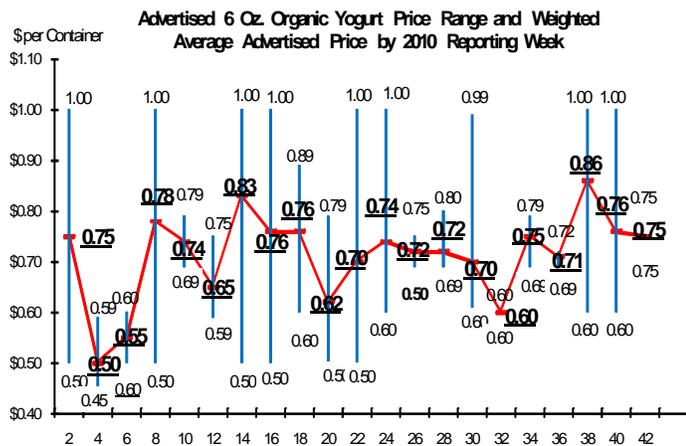
All 80 organic 8 ounce milk container ad placements were priced at \$1.00, with all ad placements in the Northwest. This represents one of the lowest ad placements for 8 ounce milk containers for 2010 and is 444 ads less than the last report.

Yogurt. The Northeast, with 75.8% and the South Central, with 24.2% were the only regions with organic yogurt ad placements. This is the first time in 2010 that yogurt ad placements have been limited to two regions.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 42, 2010



The weighted national average advertised organic yogurt prices in 6 ounce containers fell 1 cent to \$0.75. All 353 ads were in the Northeast region and all were priced at 75 cents.



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

6 OUNCE ORGANIC YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

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

The remaining 193 organic yogurt ads were for 32 ounce kefir. The South Central region had 135 kefir ads while the Northeast had 58. Prices ranged from \$2.99 to \$3.99 with a weighted average advertised price of \$3.29. No ads appeared for 4 ounce yogurt, Greek yogurt, or 32 ounce containers of organic yogurt.

Half and Half. All 237 16 ounce organic half and half ads were in the Northeast region and priced at \$1.49.

Cheese. All 69 ads for 4 ounce organic shredded parmesan cheese were in the Northeast region and priced at \$4.49.

No ads appeared for organic butter, cheese, ice cream, cottage cheese, cream cheese, or sour cream.

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results appears below.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
REPORTING WEEK 40

	MADISON, WI		
	LOW	HIGH	RANGE
GALLONS:			
Whole	5.19*	6.49	1.30*
Reduced Fat (2%)	5.19*	6.49	1.30*
Low Fat (1%)	5.19*	6.49	1.30*
Nonfat (Skim)	5.19*	6.49	1.30*
HALF GALLONS:			
Whole	2.99*	4.19*	1.20*
Reduced Fat (2%)	2.99*	4.19*	1.20*
Low Fat (1%)	2.99*	4.19*	1.20*
Nonfat (Skim)	2.99*	4.19*	1.20*
CHOCOLATE HALF GALLON:			
	3.39	5.69	2.30

ORGANIC DAIRY MARKET NEWS

Information gathered October 11 - 22, 2010

	<u>LOW</u>	<u>HIGH</u>	<u>RANGE</u>
	(In Dollars)		
YOGURT	.79	1.59	0.80
CHEESE – 8 OUNCE BLOCKS:			
Mozzarella	3.70*	5.69*	1.99*
Mild Cheddar	3.50	5.99*	2.49*
Monterey Jack	3.50	5.99*	2.49*
Pepper Jack	3.89*	5.99*	2.10*
CHEESE – 6 OUNCE STRING			
Mozzarella	3.89*	6.99*	3.10*
Colby Jack	3.89*	6.99*	3.10*
BUTTER – 1 POUND	4.79	8.45*	3.66*

* = Price change from prior reporting period

Of 34 prices forming the top and bottom of the price range for the organic dairy categories shown above, 23 changed from two weeks ago. In the ranges, 4 low prices moved lower; 28 low prices moved higher; 8 high prices moved lower; and 3 high prices moved higher. 12 of 23 price changes modified the low price in the range, while 11 price changes modified the high price, either up or down. 8 of the 12 downward price movements were for milk with 4 price declines for half gallons and 4 for gallons.

The lowest price for half gallon containers of organic lowfat (skim) milk increased to \$2.99, an increase of \$1.30 over the previously reported price. The \$1.69 price reported two weeks ago was the lowest price for half gallons of organic milk at anytime during 2010. The price spread decreased to \$1.20 for half gallons of the same brand, depending on the retail outlet shopped. The lowest price for gallon containers of organic lowfat (skim) milk declined 20 cents to \$5.19.

Half gallons of organic chocolate milk prices were unchanged from the previous reporting period.

As for cheese, the lowest price for mozzarella rose 70 cents to \$3.70, while the high price declined 30 cents to \$5.69. The lowest price for organic pepper jack rose 89 cents to \$3.89, while the high price declined 50 cents to \$5.99. There was a 20 cent decrease in the highest price for both organic mild cheddar and Monterey Jack, to \$5.99.

The highest price for organic butter increased \$3.66 to \$8.45.

Organic yogurt prices were unchanged from the previous report ranging from 79 cents to \$1.59.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were steady to firm on moderate demand and offerings. Conventional prices have surged higher these past couple of weeks, giving some hope to organic producers. Harvest has been moving along at a quick pace due to exceptionally dry weather.

Eastern organic grain and feedstuff prices were steady to firm. Demand was light to moderate for moderate offerings. Organic grain movement has been moderate due to the upswing in conventional corn markets. In response to lower organic corn prices, many producers elected to store their grain and wait for higher premiums.

Upper Midwest organic grain and feedstuffs prices were steady to firm, with the exception of feed grade corn, which was higher. Demand was moderate with moderate offerings. Farmers have reportedly made great strides in corn harvest, with beans approaching harvest soon.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews.

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, SEPTEMBER 2010

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During September, about 10.1 billion pounds of milk were received from producers. This volume of milk is 9.7 percent higher than the September 2009 volume. In September 2009 and September 2010, there were significant volumes of milk not pooled due to intraorder disadvantageous price relationships. About 3.8 billion pounds of producer milk were used in Class I products, 0.7 percent higher than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2010 as compared to 2009. The all-market average Class utilization percentages were: Class I = 38%, Class II = 10%, Class III = 45% and Class IV = 7%. The weighted average statistical uniform price was \$17.59 per cwt., \$0.67 higher than last month and \$4.96 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2010										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,944.9	5.6	881.2	2.6	45	23	24	8	18.33
Appalachian (Charlotte)	005	478.9	2.0	348.5	1.6	73	15	7	5	19.16
Southeast (Atlanta)	007	530.0	-2.5	392.2	-1.2	74	8	16	2	19.38
Florida (Tampa)	006	229.9	-4.0	202.0	-1.6	88	7	3	2	21.04
Mideast (Cleveland)	033 3/	1,251.9	-4.2	544.5	-4.7	43	14	38	5	17.26
Upper Midwest (Chicago)	030 3/	2,678.5	11.9	373.7	0.7	14	2	83	1	16.60
Central (Kansas City)	032 3/	1,132.4	28.0	380.6	7.3	34	12	43	11	17.01
Southwest (Dallas)	126 3/	865.3	2.5	375.4	3.2	43	5	47	5	17.95
Arizona (Phoenix)	131	321.8	13.2	119.1	-1.1	37	7	41	15	17.33
Pacific Northwest (Seattle)	124	657.3	66.5	190.0	-2.1	29	7	40	24	16.94
ALL MARKET AVERAGE OR TOTAL	3/	10,090.9	9.7	3,807.2	0.7	38	10	45	7	17.59

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 238 million pounds of milk that normally would have been associated with these markets. In September 2009, the estimated not pooled volume of milk was 866 million pounds, occurring in order numbers 030, 032, 033, and 124. After adjusting for non pooled milk, the year-to-year percent change is +2.6%.

SEPTEMBER MILK PRODUCTION

Milk production in the 23 major states during September totaled 14.5 billion pounds, up 3.6 percent from September 2009. August revised production at 15.0 billion pounds, was up 2.7 percent from August 2009. The August revision represented a decrease of 18 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 States averaged 1,729 pounds for September, 54 pounds above September 2009. The number of milk cows on farms in the 23 States was 8.37 million head, 31,000 head more than September 2009, and 4,000 head more than August 2010. Milk production in the U.S. during the July-September quarter totaled 48.1 billion pounds, up 2.7 percent from the July-September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.12 million head, 32,000 head less than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	SEPTEMBER		JULY-SEPTEMBER		SEPTEMBER		JULY-SEPTEMBER	
	2009	2010	2009	2010	2010	% CHANGE FROM 2009	2010	% CHANGE FROM 2009
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	11	11	--	--	32	-8.6
AK	--	--	0.6	0.6	--	--	2.1	40.0
AZ	167	182	170	180	319	13.1	972	8.5
AR	--	--	13	12	--	--	35	-7.9
CA	1,769	1,747	1,780	1,747	3,293	7.3	10,098	5.6
CO	117	122	121	120	237	7.7	724	2.8
CT	--	--	18.5	19	--	--	89	3.5
DE	--	--	5.5	5	--	--	21	-8.7
FL	114	113	114	114	133	-1.5	460	1.5
GA	--	--	75	77	--	--	311	-2.2
HI	--	--	1.5	1.9	--	--	6.6	26.9
ID	546	571	548	570	1,091	8.0	3,371	7.5
IL	102	99	102	100	147	-2.6	454	-3.0
IN	168	169	168	169	278	2.2	860	2.3
IA	215	205	215	207	342	-2.3	1,070	-1.8
KS	114	121	116	120	204	6.8	622	4.0
KY	--	--	83	78	--	--	280	---
LA	--	--	22	19	--	--	49	-12.5
ME	--	--	33	32	--	--	148	-2.6
MD	--	--	55	53	--	--	239	0.4
MA	--	--	14	14	--	--	60	-1.6
MI	355	359	355	359	668	2.6	2,074	2.6
MN	469	470	469	470	714	-1.5	2,251	-0.7
MS	--	--	17.5	16	--	--	47	-7.8
MO	105	98	106	99	110	-6.0	343	-7.5
MT	--	--	15	14	--	--	72	-4.0
NE	--	--	61	58	--	--	290	-4.0
NV	--	--	28	28	--	--	158	3.3
NH	--	--	15	15.5	--	--	73	---
NJ	--	--	9	7.5	--	--	34	-15.0
NM	318	318	320	320	641	1.7	1,969	2.1
NY	617	611	619	611	1,036	3.6	3,224	3.3
NC	--	--	45	44	--	--	206	-0.5
ND	--	--	22	21	--	--	98	2.1
OH	278	270	278	270	419	0.5	1,310	0.3
OK	--	--	58	55	--	--	233	-2.1
OR	114	119	114	119	195	7.1	602	6.9
PA	542	542	544	541	867	2.5	2,679	2.4
RI	--	--	1.1	1.1	--	--	5	4.2
SC	--	--	17.5	16	--	--	62	-15.1
SD	--	--	95	91	--	--	473	-1.7
TN	--	--	55	52	--	--	193	-8.1
TX	416	415	420	415	703	1.7	2,143	1.3
UT	83	85	83	85	150	2.7	463	2.7
VT	134	139	135	139	202	1.5	628	1.9
VA	96	95	96	95	136	0.7	419	---
WA	238	252	238	252	489	7.2	1,509	6.9
WV	--	--	11	10	--	--	40	-2.4
WI	1,258	1,264	1,257	1,263	2,092	0.5	6,538	1.0
WY	--	--	5	6	--	--	31.4	29.8
23 STATE TOTAL	8,335	8,366	--	--	14,466	3.6	--	--
U.S. ^{4/ 5/}	--	--	9,155	9,123	--	--	48,071	2.7

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding. SOURCE: "Milk Production," October 2010. Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

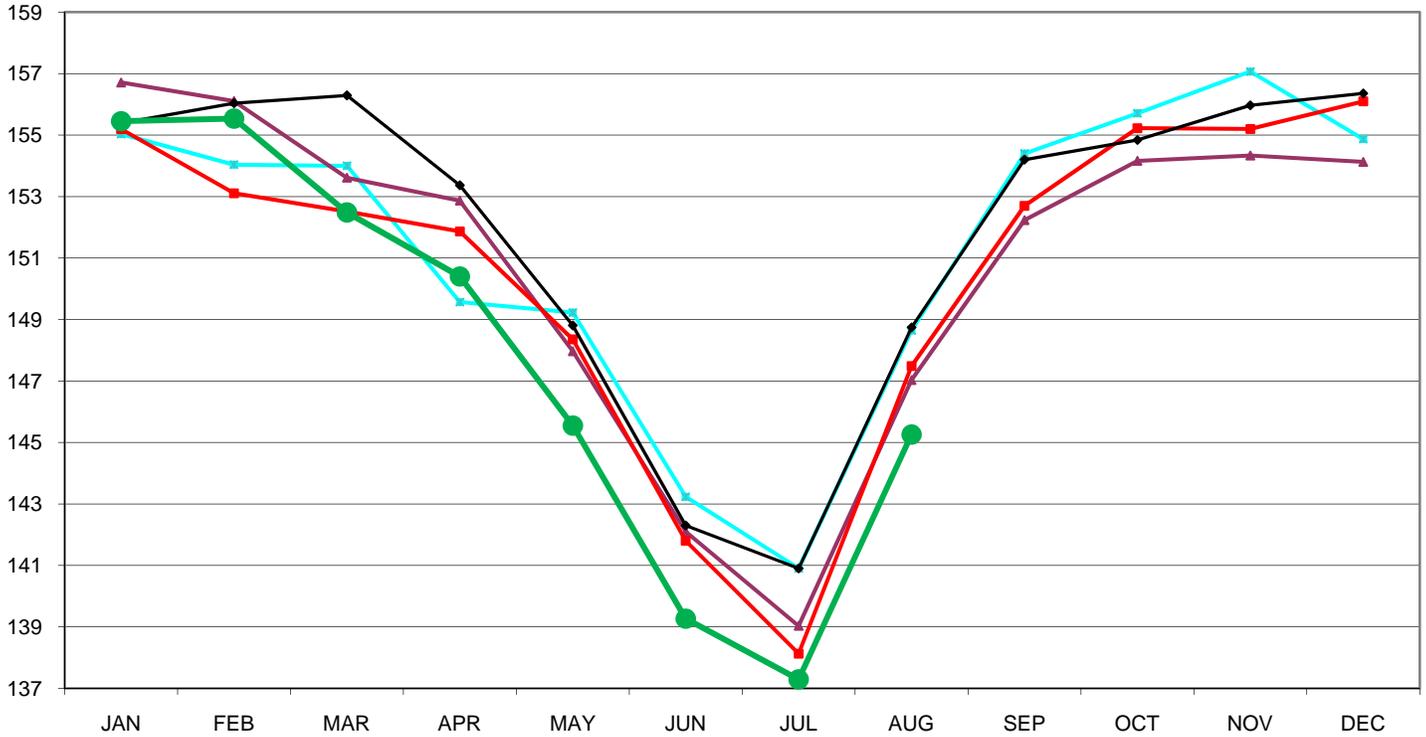
Class I Base Price. Under the Federal milk order pricing system, the Class I base price for November 2010 is \$17.24 per cwt. This price is derived from the Class IV skim milk pricing factor of \$8.98 and the advanced butterfat pricing factor of \$2.4495. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to October 2010, the Class I base price increased \$0.66 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.64 per cwt., \$0.055 per gallon; reduced fat milk (2%), \$0.53 per cwt., \$0.046 per gallon; fat-free (skim milk), \$0.40 per cwt., \$0.035 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.98. Thus, the Class II skim milk price for November is \$9.68 per cwt., and the Class II nonfat solids price is \$1.0756. **Product Price Averages.** The two-week product price averages for November are: butter \$2.1942, nonfat dry milk \$1.1755, cheese \$1.7695, and dry whey \$0.3634.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
November 2010				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	20.49	12.23	2.4820
Appalachian (Charlotte) ^{5/ 6/}	005	20.64	12.38	2.4835
Southeast (Atlanta) ^{6/ 7/}	007	21.04	12.78	2.4875
Florida (Tampa) ^{6/ 8/}	006	22.64	14.38	2.5035
Midwest (Cleveland) ^{9/}	033	19.24	10.98	2.4695
Upper Midwest (Chicago) ^{10/}	030	19.04	10.78	2.4675
Central (Kansas City) ^{11/}	032	19.24	10.98	2.4695
Southwest (Dallas) ^{12/}	126	20.24	11.98	2.4795
Arizona (Phoenix)	131	19.59	11.33	2.4730
Pacific Northwest (Seattle) ^{13/}	124	19.14	10.88	2.4685
All-Market Average		20.13	11.87	2.4784

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

ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

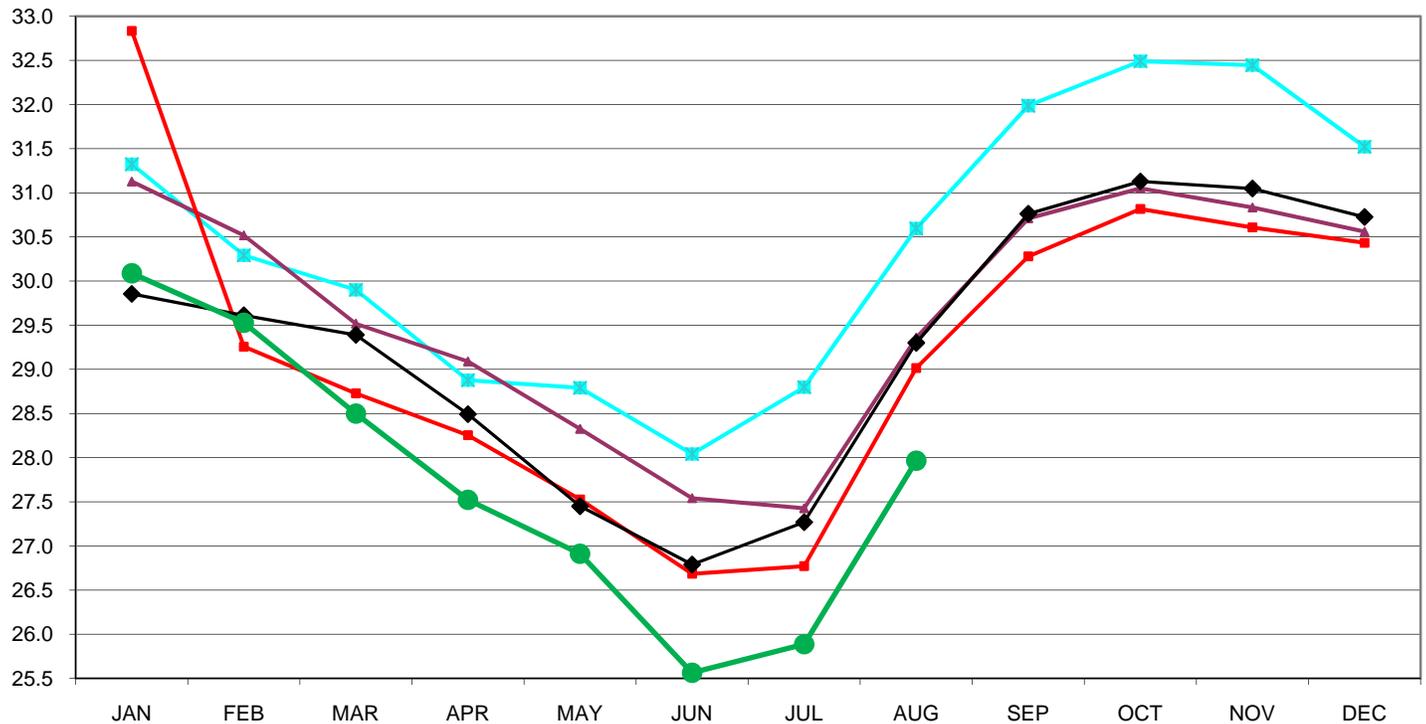
MILLION POUNDS



DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN 2006 2007 2008 2009 2010

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

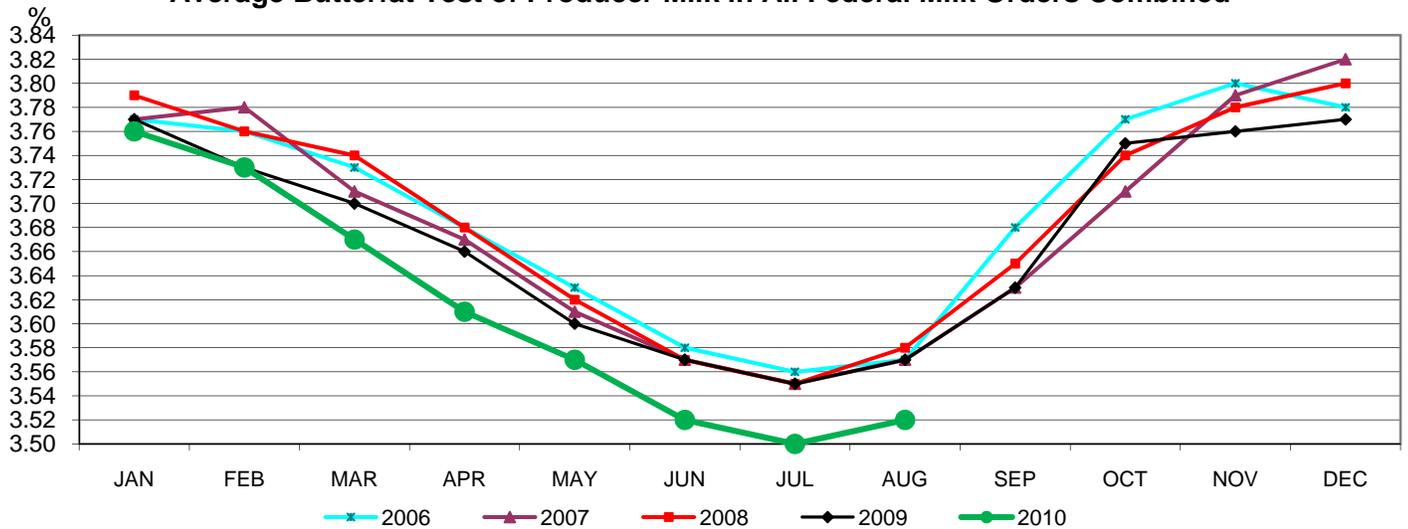
%



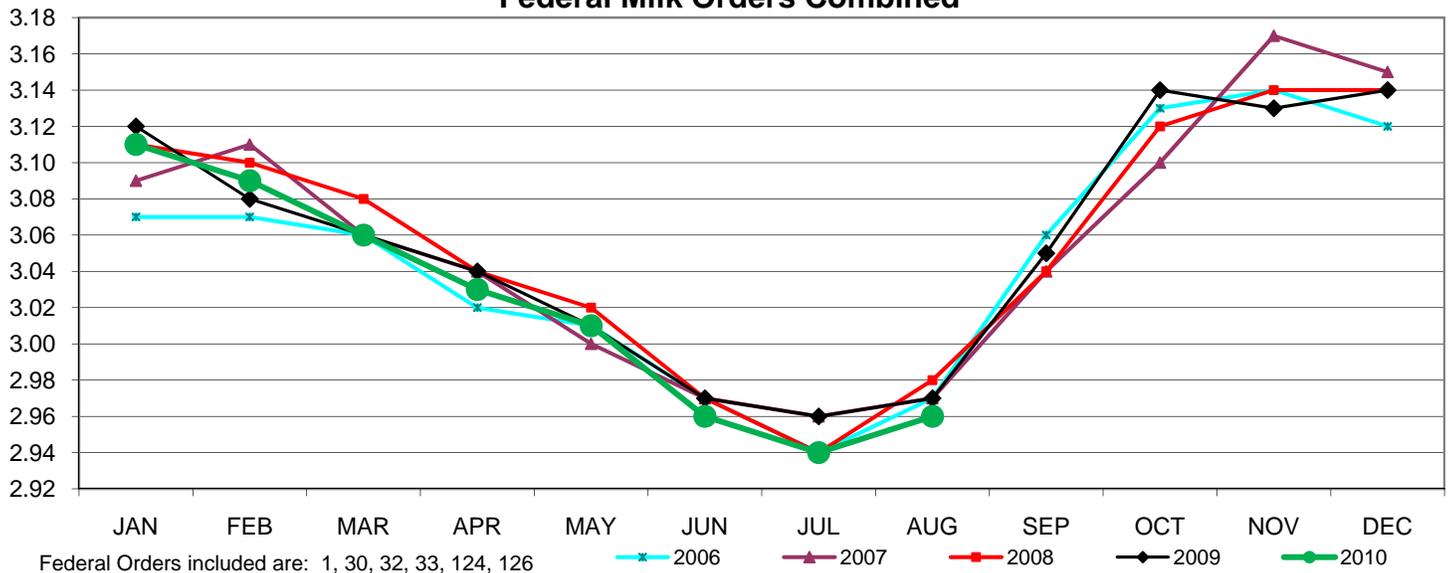
SOURCE: NASS US MILK PRODUCTION, AMS DAIRY PROGRAMS AND CDFA FLUID SALES DATA

2006 2007 2008 2009 2010

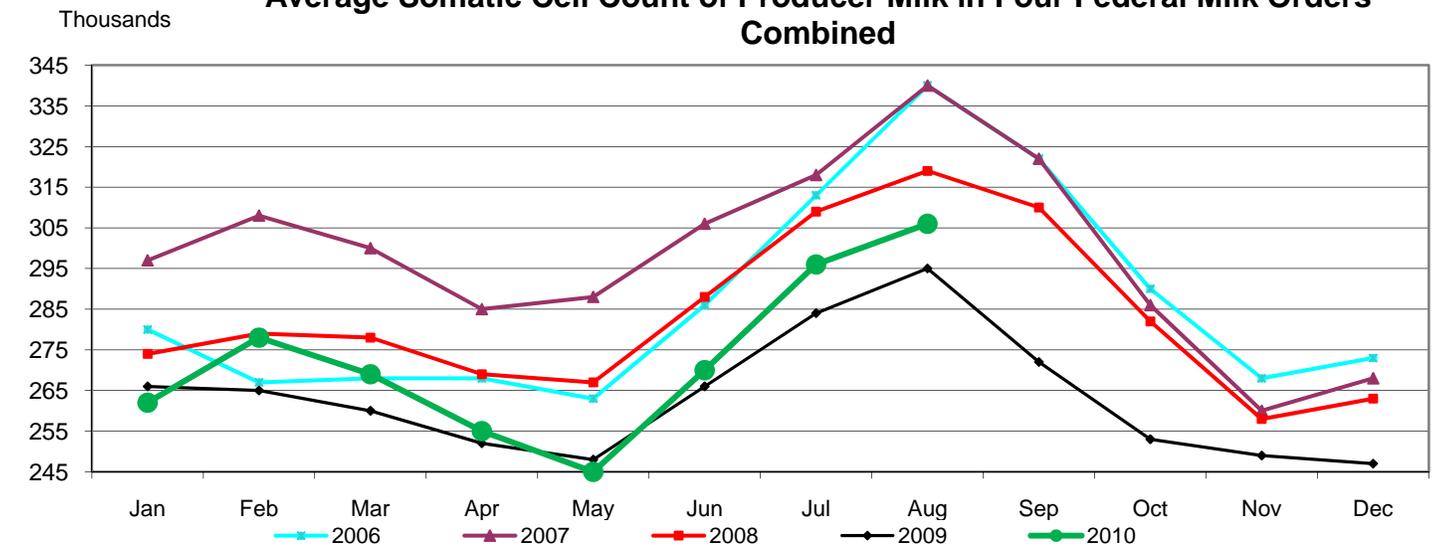
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



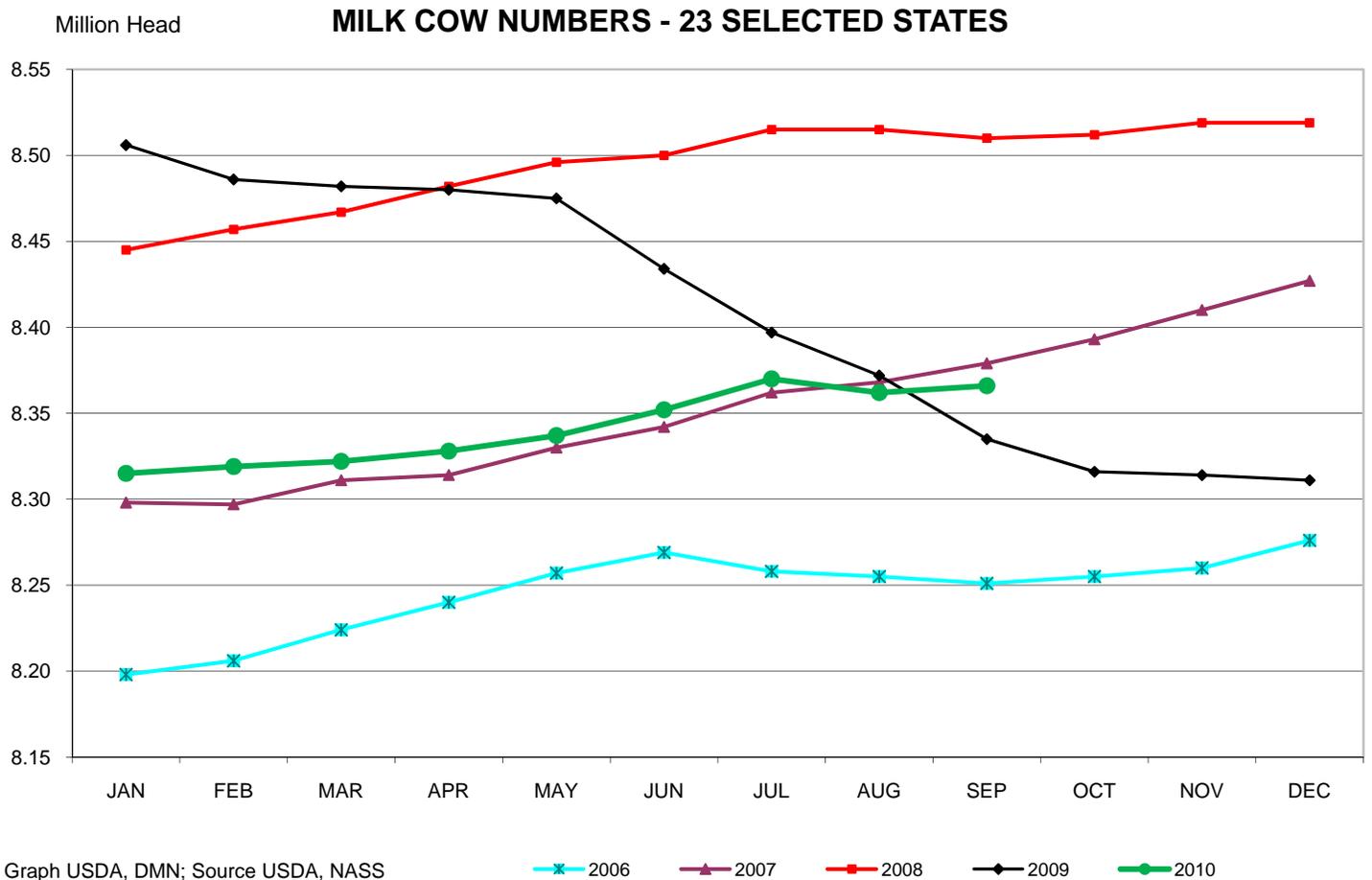
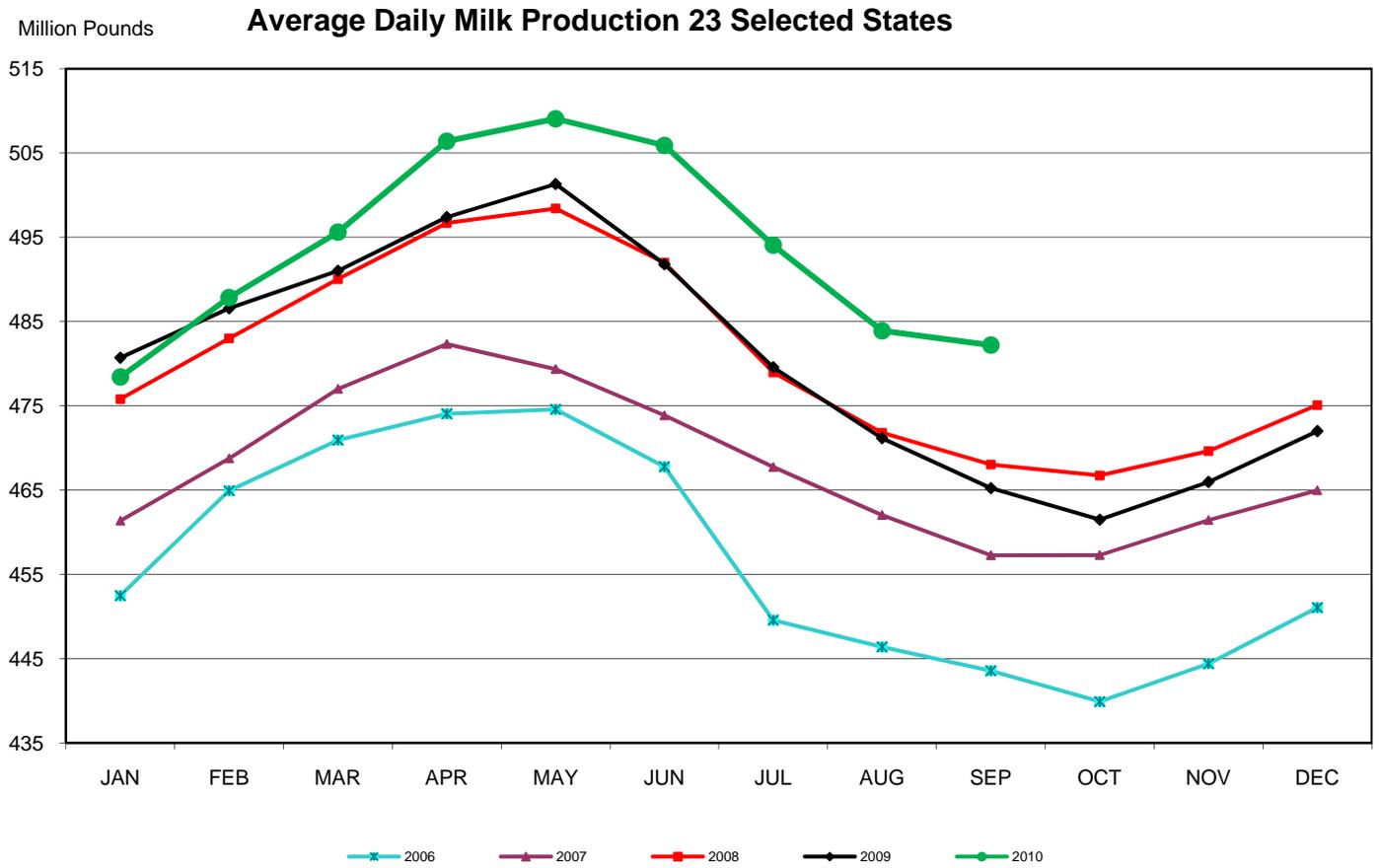
Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



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



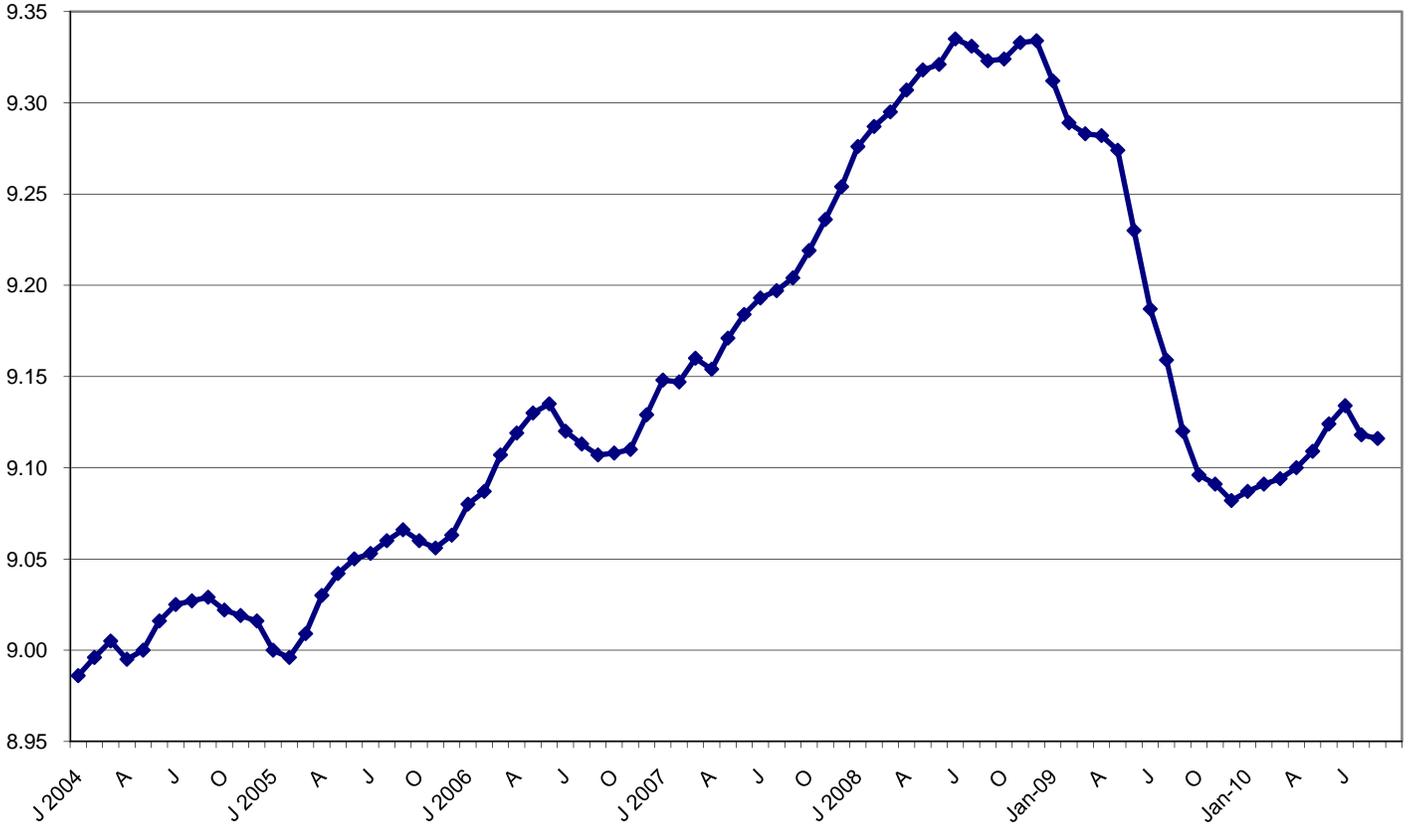
Federal Orders included are: 30, 32, 33, 126



Graph USDA, DMN; Source USDA, NASS

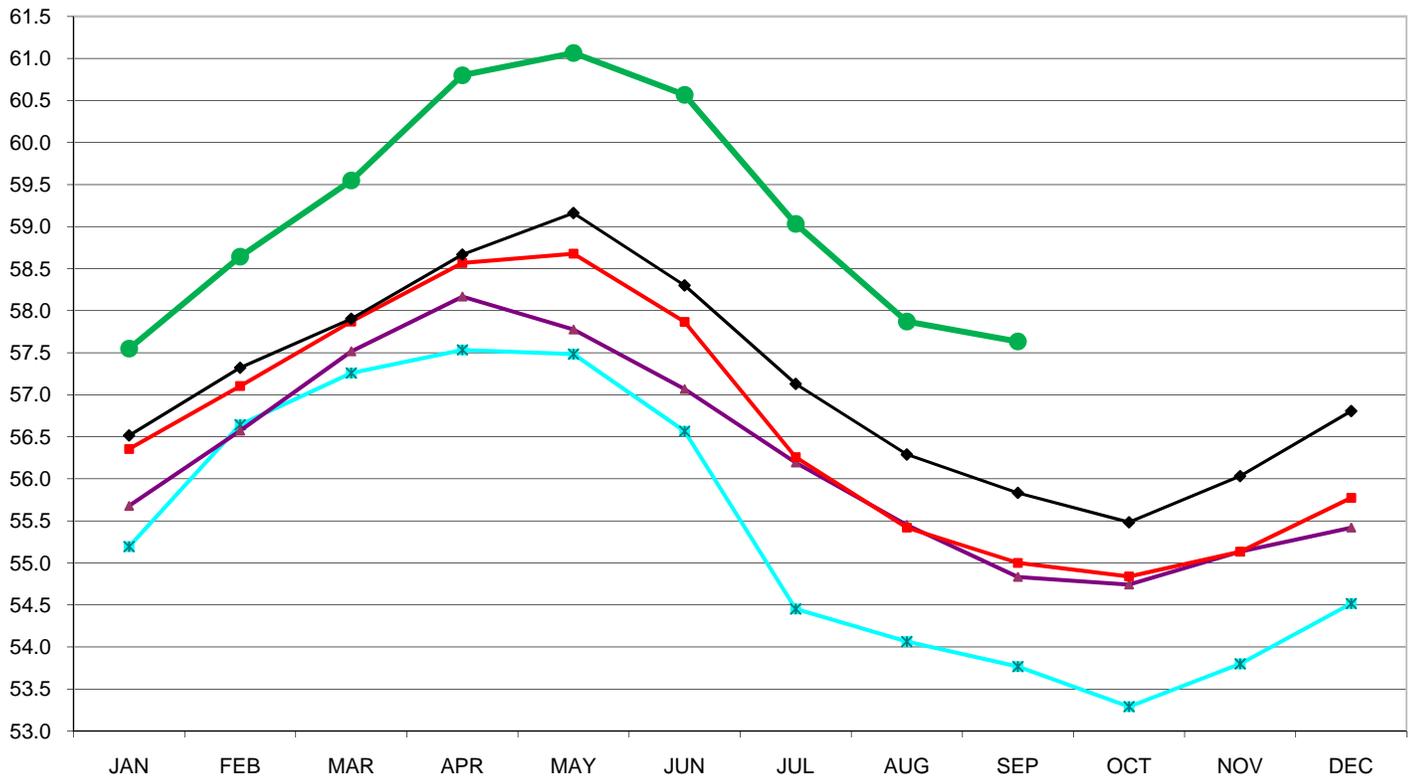
U.S. TOTAL DAIRY COW NUMBERS

THOUSAND HEAD



23 STATES DAILY AVERAGE MILK OUTPUT PER COW

Pounds per Day



DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 77

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REPORT: 42

DATE: 10/22/2010

NORTHEAST/SOUTHEAST

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