NATIONAL DAIRY MARKET AT A GLANCE

CME GROUP CASH MARKETS (11/19):
BUTTER: Grade AA closed at $1.8900. The weekly average for Grade AA is $1.9480 (-.0500).
CHEESE: Barrels closed at $1.4300 and 40# blocks at $1.4450. The weekly average for barrels is $1.3895(-.0155) and blocks, $1.4285(+.0245).

BUTTER HIGHLIGHTS: The CME Group AA cash butter price continues to edge lower, settling at $1.8900 at week's end, down $0.1000 during the week. Most butter producers are expecting the cash price to decline as yearend holiday butter orders are finalized. The question that many butter producers and handlers are asking is where the cash price level will settle. Due to this uncertainty, butter churning activity across the country is being closely monitored and controlled. Butter producers do not want significant volumes of high priced/uncommitted butter inventories as the new year arrives. Most butter producers do anticipate that cream volumes will increase during the upcoming week as Class II operations will be running at reduced schedules due to the Thanksgiving holiday. Good butter orders for Thanksgiving needs are now in the books, stimulated by retail feature activity in some areas of the country as low as $1.7900 per pound. Food service orders are stronger than previous weeks as the holiday shopping season and seasonal parties begin.

CHEESE HIGHLIGHTS: CME Group cheddar block and barrel cash prices rebounded this week but not near the prices just two weeks ago. This week, the block weekly average is $1.4285 per pound and barrels $1.3895. For the comparable week in 2009, the block CME Group weekly average was $1.5860 per pound and barrels were $1.4540. Orders have improved at the lower prices. Some buyers are looking at trying to work extra promotion(s) in before the Super Bowl. Time is limited for producing bulk varieties and packaging and shipping finished product to be available before the yearend holidays. Packaging operations will be closed for an extra day or two for the holiday observance next week. Strong Class I milk use this week in parts of the country limited production at some cheese operations though extra milk supplies are expected to be available over the long holiday weekend. Cheese yields have improved from low summer levels.

FLUID MILK: Demand for fluid milk is strong this week to service retail milk needs. Additional Class I and II holiday items are pulling heavier volumes of milk and cream into plants making those products. Schools and colleges are poised to take additional time off around Thanksgiving holiday and that will change needs for accounts servicing those institutions. Milk handlers and processors are expecting milk logistics over the upcoming holiday period to be uneventful with some challenges. Milk production levels are trending along fall season patterns and are poised to move higher. Gains are being noted in fat and protein levels of incoming milk. Higher grain and hay prices are creating more friction at the farm level. Higher input costs are squeezing margins.

DRY PRODUCTS: Pricing levels for dry dairy products are showing slight changes. Nonfat dry milk prices are steady to higher with some changes being influenced by higher pricing indices. Demand is fair to good for exports and movements are helping to keep stocks in fairly good balance. The weaker U.S. Dollar is making exports values more attractive in the world market. Domestic usage is flat and along expectations. Dry buttermilk pricing is unchanged to lower. More buttermilk is being made, reflecting active seasonal churning and available drying times. Dry whey price are mostly steady to trending slightly higher in a firm market tone. Any spot offerings are clearing readily. Delays in filling contract loads are occurring for others. Whey protein concentrate 34% prices are unchanged in a firm market. Offerings are light and the market not fully tested. Lactose markets are mostly steady with spot activity limited and demand in good shape for any offerings.

ORGANIC DAIRY MARKET OVERVIEW (DMN): Comparing the November average retail half gallon organic reduced fat (2%) milk price in 30 cities with the 2010 average in each city for January through November, 12 cities are above the average, 14 are below, and 4 are even with the average. Chicago, at $3.94, is the city most below its annual average to date, being 30 cents lower. Minneapolis, at $4.74, is the city most above its annual average to date, being 26 cents higher. The national weighted average advertised price for half gallons of organic milk increased 42 cents to $3.17. Nevertheless, the fact of the price range remaining unchanged from two weeks ago at $2.50 to $3.50, suggests that the weighted average price movement is driven by a greater percentage of ads listing a higher price within

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CME GROUP CASH TRADING

PRODUCT	MONDAY NOVEMBER 15	TUESDAY NOVEMBER 16	WEDNESDAY NOVEMBER 17	THURSDAY NOVEMBER 18	FRIDAY NOVEMBER 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.3575 (-.0125)	$1.3500 (-.0075)	$1.3900 (+.0400)	$1.4200 (+.0300)	$1.4300 (+.0100)	(+.0600)	$1.3895 (-.0155)
40# BLOCKS	$1.4125 (+.0025)	$1.4175 (+.0050)	$1.4225 (+.0050)	$1.4450 (+.0225)	$1.4450 (N.C.)	(+.0350)	$1.4285 (+.0245)
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	$1.2250 (N.C.)	$1.2250 (N.C.)	$1.2250 (N.C.)	$1.2250 (N.C.)	$1.2250 (N.C.)	(N.C.)	$1.2250 (N.C.)
BUTTER							
GRADE AA	$1.9850 (-.0050)	$1.9850 (N.C.)	$1.9500 (-.0350)	$1.9300 (-.0200)	$1.8900 (-.0400)	(-.1000)	$1.9480 (-.0500)

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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the existing range. The national weighted average advertised price for organic milk gallons fell 54 cents from 2 weeks ago. The price range narrowed considerably, entirely at the top. The bottom of the range remains unchanged at $4.99 while the top is now, $5.27, down from $5.99 two weeks ago. Thus, nearly all ads are close to the bottom of the narrower range this week which is what drove the weighted average advertised price nearly to the bottom of the range. The national weighted average advertised organic yogurt price in 6 ounce containers fell 15 cents to 77 cents. This decline from what was the highest weighted average advertised price of 2010, brings the weighted average advertised price back closer to the normal cluster of prices over the year. Milk ads continued to dominate organic dairy advertising, with ads for half gallon containers comprising about one half of milk ads and ads for 8 ounce aseptic containers of organic milk comprising about one third of organic milk ads. Ads for gallon containers of organic milk comprised the balance of organic milk ads. Organic yogurt ads this reporting period numbered about one half of organic milk ads. Nearly two thirds of organic yogurt ads were for 6 ounce containers of organic yogurt. Almost all of the remaining ads were for 4 ounce containers. It is a sign of approaching holidays and also possibly expansion of strengthening consumer demand for organic dairy products, that ad numbers for organic egg nog are 32 times greater than last year at this time, approach total ad numbers for organic yogurt, and eclipse ad numbers for any sub-category of yogurt broken into container size. Ad placements for egg nog in quarts totaled 768 ads. All advertised organic egg nog was manufactured by two separate national brands.

DECEMBER FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for December 2010 is $16.96, down 28 cents from November. This price is derived from the advanced Class IV skim milk pricing factor of $9.11 and the advanced butterfat pricing factor of $2.3348 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for December is $9.81 and the Class II nonfat solids price is $1.0900 per pound. The following are the two-week product price averages: butter $2.0995, nonfat dry milk $1.1903, cheese $1.7063, and dry whey $0.3716.

MARKETING AND UTILIZATION SUMMARY (FMMO): During October, about 10.5 billion pounds of milk were received from producers. This volume of milk is 4.4% higher than the October 2009 volume. In October 2009 and October 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, 4.7% lower 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 = 36%, Class II = 12%, Class III = 45% and Class IV = 7%. The weighted average statistical uniform price was $18.00 per cwt., $0.41 higher than last month and $4.38 higher than last year.

OCTOBER MILK PRODUCTION (NASS): Milk production in the 23 major states during October totaled 14.8 billion pounds, up 3.3% from October 2009. Production per cow averaged 1,767 pounds for October, 47 pounds (2.7%) above October 2009. The number of cows on farms was 8.37 million head, 54,000 head (0.6%) more than October 2009, but unchanged from September 2010.

CME GROUP

MONDAY, NOVEMBER 15, 2010
CHEESE — SALES: 5 CARS BARRELS: 1 @ $1.3725, 3 @ $1.3600, 1 @ $1.3575; 1 CAR 40# BLOCKS @ $1.4125; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ $1.4000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.3600
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 4 CARS GRADE A @ $1.2250
BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9850

TUESDAY, NOVEMBER 16, 2010
CHEESE — SALES: 4 CARS BARRELS: 1 @ $1.3550, 1 @ $1.3525, 2 @ $1.3500; 8 CARS 40# BLOCKS: 2 @ $1.4150, 6 @ $1.4175; LAST BID UNFILLED: 1 CAR BARRELS @ $1.3400; 1 CAR 40# BLOCKS @ $1.4150; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.3550
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER — SALES: 1 CAR GRADE AA @ $1.9850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ $1.9850

WEDNESDAY, NOVEMBER 17, 2010
CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ $1.3900; 1 CAR 40# BLOCKS @ $1.4225; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9500

THURSDAY, NOVEMBER 18, 2010
CHEESE — SALES: 2 CARS BARRELS: 1 @ $1.4100, 1 @ $1.4200; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ $1.4450; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9300

FRIDAY, NOVEMBER 19, 2010
CHEESE — SALES: 1 CAR BARRELS @ $1.4200; LAST BID UNFILLED: 1 CAR BARRELS @ $1.4300; 1 CAR 40# BLOCKS @ $1.4450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.4500
NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ $1.8900

BUTTER MARKETS

NORTHEAST

The CME cash butter price eased slightly over the past week and remains at $1.9850 on Tuesday November 16. Many butter producers and handlers are wondering when further weakness will occur as Thanksgiving orders are now completed and yearend orders are in the final stages of completion. Churning activity remains seasonally active, dependent on cream availability, as butter producers generate fresh volumes to supplement inventoried stock for yearend needs. Most producers and handlers are reducing higher priced inventories prior to further cash price declines. Retail butter feature activity has been active prior to Thanksgiving with reported prices ranging $1.88 – 3.00 per pound for both local and national brands. Butter producers and handlers are stating that yearend orders are starting to ease as much of this need has already been filled or will be in the very near future. For those buyers that have been cautious and hesitant with their yearend butter orders in hopes of weaker prices, many now need and are returning to the market place for those needs. Although butter inventory levels have been lower than desired for much of the fall, most butter producers are now seeing light at the end of the tunnel and are more comfortable with their supply situation in relationship to need.

CENTRAL

The cash butter price at the CME is starting to trend lower on a more regular pace, declining 5 cents since last Wednesday to settle at $1.9500 at midweek this week. Some producers and handlers continue to adjust to the sharp decline and then partial recovery of the cash butter price within the past two weeks but feel that a weak market tone prevails. Churning schedules are active. Many producers and handlers are closely monitoring their supply situation with known needs and adjusting fresh production schedules accordingly. Thanksgiving orders are now filled with some last minute orders possible. For the most part, Thanksgiving orders were classified as good, especially with the cash price as firm as it was. Retail feature activity in the range of $1.79 – 2.79 per pound for local and national brands were reported which potentially cleared good volumes of print butter. Food service orders are stronger than previous weeks as the holiday shopping season and seasonal parties begin. Bulk butter prices range from 0 - 4 cents over various pricing bases and averages per pound. Some butter producers are willing to clear bulk butter at this point at flat markets to reduce inventories prior to further price declines.

WEST

Wednesday's butter price at the CME Group was $.0350 lower at $1.9500. Over the last week, the market has receded $.0500. Weaker prices had been anticipated by the industry. Sales at the CME Group for the week have been very slow with only one load trading at the exchange.

Western butter production is being matched to immediate needs as manufacturer's balance fulfilling of holiday sales and reducing any older inventory. Holiday sales are active. Cream supplies are described as long in many cases. Extra cream inventories, not going to butter churns, are moving into other cream based holiday products. Bulk butter orders are reduced as buyers await anticipated price reductions. Prices for bulk butter range from flat to 4 cents under the market, based on the CME with various time frames and averages used. According to the CME Group, weekly butter stocks in CME approved warehouses decreased 650,000 pounds last week to 12.3 million pounds. This total compares to 56 million pounds in 2009 and 42.1 million pounds in the comparable week in 2008. Butter currently held in storage at the CME approved warehouses is at the lowest same week level since November 1997.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
November 13	1.6721	1.6417	1.1921	2.0550	0.3713
	12,069,300	8,984,765	13,936,464	2,685,927	9,179,438

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

CHEESE MARKETS

NORTHEAST

Most wholesale prices are lower following price declines on the CME Group cash cheese market. Buyers are returning to the market to cover late year holiday season and early 2011 needs. Orders for fall/holiday items such as aged cheddar and mozzarella have improved. Cream cheese production is still solid preparing last minute Thanksgiving orders. Cheese production is generally steady but expected to increase next week as bottler fluid needs decline prior to the closing of schools for Thanksgiving vacation.

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

Cheddar 40# Block	:	1.7200-1.9950
Process 5# Sliced	:	1.5100-1.8200
Muenster	:	1.7400-1.9450
Grade A Swiss Cuts 10 - 14#	:	3.3275-3.6500

MIDWEST

The cheese market is mixed, steady to firmer on blocks and most natural varieties but weak on barrels. The sharp price declines in recent weeks at the CME Group cash market have customers increasing orders to cover needs for the yearend holidays and into early 2011. The problem for packagers is that most plant operators did not make "spec loads" of specialty varieties that customers are likely to need in the short term. Many retailers are looking at ways to add promotions on various products. Current "high" meat and grain (wheat) prices make additional food service promos less likely. Overtime use has increased at more packaging operations, increasing the bulk volume packaged. Next week's deer hunting in Wisconsin and Thanksgiving holidays will reduce the line time at packaging/processing operations as well as reduce bulk and finished product shipments and bulk cheese needs. Mozzarella interest has also improved. Process movement is steady at lighter seasonal schedules. Reports of large volumes of Western barrels/cheese available in the upper Midwest looking for a home continue to add weakness to the barrel market. The debate is whether barrels have reached a near term low or whether an even wider price spread with blocks is warranted. Current Class III milk price estimates make manufacturing plant profits unlikely at current cheese prices. Milk production in the upper Midwest seems to be little changed from recent weeks, perhaps due to high grain prices and questions about producer profitability. Milk components and cheese yields are around normal fall peak levels.

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

Process American 5# Loaf	:	1.7650-2.1200
Brick And/Or Muenster 5#	:	1.9100-2.3400
Cheddar 40# Block	:	1.9275-2.5650
Monterey Jack 10#	:	1.8700-2.5650
Blue 5#	:	2.2475-3.0600
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7425-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.7350-3.3300

WEST

Cheddar Barrels on Wednesday at the CME Group reversed direction and gained $0.0400 to close at $1.3900. 40 Pound Blocks were $0.0050 higher at $1.4225. Trading was active the first two days this week with nine loads of Barrels and nine loads of Blocks selling. Cheese production continues strong in the face of falling prices. Domestic demand is good, with export sales being assisted with CWT help where applicable. Lower prices have spurred sales of Barrels as buyers take advantage of lower weekly average pricing mechanisms. Contract sales are good for Blocks as retail demand can be accelerated with reduced price specials. Stocks continue to be large, but are described as manageable.

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

Process 5# Loaf	:	1.5300-1.7875
Cheddar 40# Block	:	1.5325-1.8850
Cheddar 10# Cuts	:	1.7125-1.9325
Monterey Jack 10#	:	1.7225-1.8825
Grade A Swiss Cuts 6 - 9#	:	2.9050-3.3350

FOREIGN

Most domestic prices are lower while import prices are steady. Good seasonal demand is noted for hard grating and other cooking type cheese varieties. Some domestic hard Italian cheese buyers are ordering at current price levels to refill aging programs for 2011 use. Interest in cheese varieties used for party trays and specialty food for holiday events are generally improved. Current offerings are mostly adequate for needs.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	2.6400-4.6900	1.8600-3.3475*
Gorgonzola	3.6900-5.9900	2.3625-2.6225*
Parmesan (Italy)	-0-	3.2000-3.3925*
Provolone (Italy)	3.4400-5.8900	1.9025-2.0600*
Romano (Cows Milk)	-0-	3.0500-5.1925*
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-	3.4200-3.7425
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
11/15/10	6,870	132,398
11/01/10	10,107	131,995
CHANGE	-3,237	403
% CHANGE	-32	N.C.

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	110	0	99	0	60
SOUTHEAST STATE	10	0	10	0	0	0

Class I milk demand in Eastern and Southern areas of the country is strong this week. Some milk handlers are stating that demand is the strongest that they have seen in many months. Upcoming holiday retail demand is pushing bottled milk needs higher with school milk bottling programs remaining steady until early next week and then overall milk demand will drop off until the following weekend. Milk handlers and processors are stating that milk logistics over the upcoming holiday period will be challenging, although most are comfortable with projected processing plans. Often, bottling plants are down or running reduced schedules some time during a week with most of these operations rescheduling the down day for Thursday next week. Milk intakes will occur on the holiday, but reduced processing will often be occurring on Thanksgiving. Milk handlers are indicating that milk production appears to be slightly improved, thus generating additional milk volumes for bottling and processing needs. Although milk demand is strong in Florida, 110 loads of milk did clear to processing plants outside of the state this week. This compares to 99 loads last week and 60 last year at this time. Cream markets are mixed with supply availability varying depending on need. For the most part, Class II demand remained strong for much of the week as holiday cream based product production remained strong. Class II demand is expected to ease as the Thanksgiving holiday period nears, but is projected to resume following the holiday weekend. Butter production is active, fully dependent on available cream volumes and price. In most instances, butter producers are actively procuring cream to supplement inventoried butter stocks for upcoming yearend butter needs.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, $ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.5574-2.7173
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.3576-2.5574

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS, F.O.B. PRODUCING PLANTS:

NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.23 - 1.26
NORTHEAST - CLASS III - SPOT PRICES	-	1.11 - 1.16

MIDWEST

Class I and II product demand was steady to generally improved at very strong seasonal levels. Traditionally, this week is one of the annual largest for fluid product manufacturing. Some handlers made extra purchases just to cover bottler needs. Production is strong for holiday specialties including sour and whipping cream, dips, and eggnog. Industry reps expect bottling and Class II use to decline sharply early next week before schools close for the long holiday weekend. Manufacturing schedules are expected to increase over the holiday period when fluid slows. Cream interest was uneven, generally fair at best. Churns are trying to limit production to levels needed to cover orders and still allow them to work down their butter inventory. Sooner or later, most in the industry expect butter prices to decline sharply from current levels and less inventory is better when that happens. Churns expect increased volumes to be available over the long holiday weekend as most other cream users will be closed. Ice cream production is light seasonally with no interest in building inventory until sometime in 2011. Manufacturing milk interest is spotty. Cheese makers are aware that current cheese prices and anticipated Class III milk prices will likely generate "red ink" for November. Cheese orders are generally improved after recent declines and the small price rebounds. However, most cheese packagers and/or processors will be on reduced holiday schedules next week. Current milk intakes still seem to be little changed from recent weeks though some operations are seeing seasonal rebounds. Milk components are around the usual higher fall levels. Somatic cell counts are lower seasonally. Discussion continues on when/if bankers will pull the plug on unprofitable dairy operations with milk futures showing lower prices into 2011 and current high grain prices.

WEST

There is a good pull for fluid milk from retail accounts ahead of the Thanksgiving holiday buying spree. Most schools and colleges will recess for 2-3 days next week for the holiday, which will impact ordering ahead of and refilling during next week. Food service orders are higher. Processors expect no problems handling milk over the upcoming holiday period. Milk production across most of CALIFORNIA is trending mostly flat with recent weeks. Weather conditions are generally neutral for milk cows. Some shifting of milk and components is occurring in advance of the upcoming holiday. Declines in cheese and butter prices have not been major factors in shifting milk among processing plants. ARIZONA milk production levels are steady. Plants are running on expected levels and are able to process available milk and components. NEW MEXICO milk output is steady to slightly lower on a weekly basis. The cooler and wet conditions are partial reasons with feed quality and feed prices also impacting the milk flow. Shipments to other regions are mixed. The Southeast is often taking less milk loads as local milk builds. Other regions are not seeking extra milk. Local plants have capacity. CREAM markets remain unsettled ahead of the Thanksgiving holiday. Cream sales are highly variable, depending on buyers' needs. Some offerings are being discounted to clear cream, while other offerings are returning to more normal levels. Declining butter prices are causing lower basing points and averages. At the CME Group, the Grade AA butter price was down 5 cents to close at $1.95 at midweek. Butter production is strong this week as producers attempt to fill all orders. Cream sales beyond contracted volumes are light, often because churners feel they are better off making butter than taking losses on the cream sales. Production of holiday, cream based items is heavy early in the week and is expected to trend lower. Cream multiples are mixed and range from 100-123 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is following seasonal norms and being handled within the region. Class I utilization for October 2010 was reported by the FMMO to account for 28% of producer milk for the Pacific Northwest Order 124. This is slightly lower than last month. Scheduled maintenance issues have altered intakes at some plants as supplies are balanced. Production of holiday items is increased and helping to utilize available cream supplies. Cheese and butter plants are also filling last minute Thanksgiving orders. Farmers are keeping a close eye on rising feed and forage costs. UTAH and IDAHO milk production is above year ago amounts. Manufacturing capacity is able to handle the increased supplies within the region. Lower cheese and butter prices at the CME Group are causing concern amongst dairy farmers as they see many of their input costs rising. Forage prices are reported higher with many supplies already spoken for. Replacement heifer prices at auction in Idaho were lower as farmers are trying to control costs wherever they can. Weather in the region is reported to be along seasonal expectations and is not causing any difficulties with milk handling.

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: Central low heat nonfat dry milk prices are unchanged. High heat NDM prices are lower. The NDM market tone is unsettled. Market participants report that prognosticators forecasted a weaker market before the end of the year and then revised those predications to a weaker market in Q1 of 2011. With this conflicting information being presented, NDM buyers appear reluctant to commit to sizeable orders at this time since no clear market trend has emerged. Many processors anticipate increasing drying activity in the next 7 to 9 days as fluid demand slackens before the holiday. Inventories of low heat NDM are building as more condensed skim clears to the dryers. A few manufacturers are counting on the upcoming bump in Class IV milk availability to build NDM inventories for meeting contract needs through the end of the year. Farm milk intake component values are reportedly trending higher, allowing some increases in NDM yields from those intakes.
EAST: Eastern low heat nonfat dry milk prices were unchanged this week after recent price increases, while high heat prices declined. Manufacturing milk supplies remained light, due to strong Class I demand, resulting in limited drying schedules. Demand for low heat has increased with support coming from ice cream and baking concerns. Current low heat supplies are tight, but the situation will change as the holiday approaches and manufacturing milk supplies increase. Export interest remains fairly good.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.1800 - 1.2800 MOSTLY: 1.2200 - 1.2500
HIGH HEAT: 1.3100 - 1.3900

NONFAT DRY MILK - WEST

Prices for Western low/medium heat are steady to slightly higher. The market tone is steady to slightly firm. The price range is also being influenced by increases in index pricing. Demand is fair for current light producer offerings. Export accounts are taking expected volumes of NDM and SMP and negotiations for future shipments are taking place. Factors for exporting are improving. Market activity is trending lower due to holiday and year end buying and shipping considerations. Stocks are light to moderate. High heat prices are marginally higher. The market tone is steady. Buying interest is generally light, especially for spots. The pull for contracts is along projected levels. Stocks are available for current needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.1500 - 1.2500 MOSTLY: 1.1800 - 1.2100
HIGH HEAT: 1.2100 - 1.3900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are steady. Market participants describe the tone as weaker, with fluctuations in the cash butter market lending some uncertainty to the dry buttermilk market. Some resellers indicate buyers are only interested in dry buttermilk spot loads that show a price discount to the FOB market. Buttermilk drying activities are steady to lower as various operations are favoring sales of cream into Class II over churning cream and building uncommitted inventories of butter.
EAST: Dry buttermilk prices held steady this week after recent declines. Buttermilk production has increased as some churns have increased operating schedules in advance of the upcoming holiday. Brokers wanting to clear product are lowering offers to stimulate buyer interest. Spot market activity is very light and the market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.2000 - 1.4000

DRY BUTTERMILK - WEST

Western dry buttermilk prices are trending slightly lower in a lightly tested market. The market tone has a weaker undertone. There are more offerings occurring. The impact of higher churning volumes is pushing more buttermilk solids to dryers. Demand is light to steady. Stocks are tending to be more available at the producer levels.

F.O.B. WEST: 1.1500 - 1.2425 MOSTLY: 1.1700 - 1.2250

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady and domestic inventories are tight. Current production is often slated for internal/contract use and offering little whole milk powder in full loads to spot market shoppers for near term needs. Contracting for 2011 is active. The latest *global*DairyTrade auction results show prices trending lower in the near term. New Zealand regular dry whole milk winning prices per pound for the various contract periods and percent change in price from the previous auction are: Contract 1, $1.5558, -1.7%; Contract 2, $1.5468, -2.1%; Contract 3, $1.5422, +3.2%. New Zealand offered quantities for the three contract periods were 9,500 MT, 9,500 MT and 2,500 MT, respectively. Australia regular dry whole milk winning price per pound for Contract 1 and percent change in price from the previous auction are: $1.4855, -2.7%. Australia offered 500 MT for Contract 1.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 12	$1.1697	12,241,357	0
November 5	$1.1591	15,166,429	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

In the Central region, the dry whey range price series narrowed fractionally while the mostly price series is unchanged for the week. The market tone is firm. With contract load commitments gearing down slightly for the second half of the month for some producers, a few additional spot loads of dry whey were offered to and cleared readily into the spot market. For other manufacturers, stocks on hand are tight, forcing delays in contract load shipments by one to two weeks. There is some speculation that higher than average sales into some export markets, particularly China, have contributed to the current tight dry whey supply. Also, market participants are considering whether these active sales represent early fulfillment of 2011 Q1 needs with a possible related decline in demand forthcoming in early 2011. Dry whey production is steady to incrementally higher as component values in farm milk intakes increase seasonally. ANIMAL FEED DRY WHEY prices are unchanged for the week. Demand is steady and being partially satisfied with intermittent availability of downgraded edible dry whey.

F.O.B. CENTRAL:	.3350 - .3900	MOSTLY:	.3375 - .3725
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER:			.2600 - .3525

DRY WHEY - NORTHEAST

The Northeast dry whey prices moved higher on both the lower and upper ends of the range with supplies remaining very tight. Production is steady following the steady cheese production in the East. Supplies are moving through contracts with little available for the spot market. A broker commented on the tight supplies saying, “If you don’t have a contract, you’re not getting any dry whey”. Domestic and export demand remain strong, supporting the markets firm undertone.

F.O.B. NORTHEAST:	EXTRA GRADE AND GRADE A:	.3700 - .3950

DRY WHEY - WEST

Western whey prices are steady to firm. The upper end of the range is fractionally higher. Market supplies are adequate for most expected needs. Additional spot loads continue to be difficult to procure. Whey production continues to be geared mostly to contracted needs. Export demand is good. Alternate whey products are reducing manufacturing of dry whey in some cases.

NONHYGROSCOPIC:	.3550 - .4200	MOSTLY:	.3725 - .4075

EVAPORATED MILK - NATIONAL

The Kansas City Commodity Office issued Solicitation EVD3-110 on November 18, for evaporated milk packaged in 24/12 fluid ounce cans totaling 4,186,080 pounds. Of that total, 1,285,200 pounds are categorized as Small Business Set-Aside. Deliveries are from January – March 2011. Offers are due by November 30, 2010. Award notifications are scheduled to be announced on December 1, 2010, with public release currently scheduled for December 2, 2010. More information on offer specifications may be obtained at: http://www.fsa.usda.gov/FSA/

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The Central and West whey protein concentrate 34% market is firm and prices are steady. Availability of FOB spot loads is tight and the market reflects strong demand and limited supply. Offers of resale product are also limited in frequency. LTL’s are satisfying the current needs of some end users who have been caught in this tight supply environment. Contracting interest for 2011 is active and several manufacturers indicate end users are pressing for increasing contract volumes for 2011. Manufacturers are tending toward keeping their current stable of customers, which translates into few opportunities to increase supply to one customer without shorting another customer. A few manufacturers report projected 2011 WPC 34% production is sold out.

F.O.B. EXTRA GRADE 34% PROTEIN: .9700 - 1.0600 MOSTLY: .9800 -1.0100

LACTOSE - CENTRAL AND WEST

The lactose market is unchanged. FOB spot market activity is limited, but some resellers are moving their contract loads to end users. A few manufacturers are not offering product to the spot market as either inventories are tight or they are comfortable with building some inventory for the near term. Interest in 2011 contracting is active and some manufacturers report buyers are proposing creative offers to limit upside risk for 2011. Various producers indicate these types of offers are generally being bypassed for more equitable contract arrangements. A few 2011 annual contracts have been finalized with prices keyed to a lactose benchmark price that is indicative of market conditions.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .2500-.4350 MOSTLY: .3100-.3600

CASEIN – NATIONAL

Casein markets and prices are generally steady. Stock availability continues to be a concern for many domestic buyers. The EU milk production season is winding down and thus casein output is basically finished for the year. In many instances, European casein production was lower than projected, although suppliers continue to assure domestic contractual buyers that they will fulfill commitments. In the Oceania region, milk production is at peak levels, thus casein output is seasonally active. Casein producers are closely monitoring their production season as milk volumes at peak levels are often lower than projected. Domestic buyers have contracted for first quarter needs with commitments beyond that point still under negotiations.

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 NOVEMBER 15 - 19, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 11/12/10	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 NOVEMBER 15 - 19, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2010 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.5
CUMULATIVE JAN. 1 – NOV. 19, 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 NOVEMBER 15 - 19, 2010 (POUNDS)

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

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

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
REGION	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 10/30/10 & Comparable Week 2009

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL WEEK	U.S. TOTAL SINCE JAN 1	% DAIRY OF ALL WEEK	% DAIRY OF ALL SINCE JAN 1
2010-Dairy	N.A.	0.7	8.3	3.1	20.5	3.7	0.2	N.A.	14.7	2.9	55.6	2,340.4	40.6	43.8
2009-Dairy	N.A.	0.6	8.3	2.9	17.6	3.3	0.3	N.A.	15.1	2.8	52.4	2,409.4	40.0	47.0
2010-All cows	N.A.	0.8	10.4	14.4	37.1	26.1	16.0	N.A.	19.8	7.7	136.8	5,346.5		
2009-All cows	N.A.	0.7	10.5	14.1	36.3	22.8	14.1	N.A.	20.4	7.9	131.0	5,124.6		

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

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEKS ENDING	WEEKLY TOTALS	2010 CUMULATIVE TOTAL	
OCT. 30, NOV. 6	0	7,490	SOURCE: USDA, APHIS

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	16.96
II	15.22	15.65	14.46	13.78	14.90	16.01	17.10	16.98	17.60	17.57		
III	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94		
IV	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15		

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 November 8 -19, 2010

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Organic Whole Milk sales for September 2010 up 27.3% compared with September 2009 and up 13.8% year-to–date compared with 1 year ago. September 2010 sales were 40 million pounds and year-to-date sales through September were 312 million pounds.

Total Organic Milk Products sales for September 2010 are up 17.2% from September 2009 and up 9.0% year-to-date compared with 1 year ago. September sales were 163 million pounds and year-to-date through September were 1.299 billion pounds.

This contrasts with a 1.5% September 2010 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with September 2009. Year-to-date through September 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/	
	Sep.	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,143	10,523	-6.1	-6.1
Flavored Whole Milk	46	408	-0.8	4.7
Reduced Fat Milk (2%)	1,507	13,806	-1.4	0.0
Low Fat Milk (1%)	601	5,239	1.2	3.0
Fat-Free Milk (Skim)	663	5,995	-1.0	1.2
Flavored Fat-Reduced Milk	398	2,829	2.1	1.4
Buttermilk	38	345	-2.5	24.6
Tot. Conv. Milk Products	4,401	39,202	-2.0	1.8
Organic Whole Milk	40	312	27.3	13.8
Organic Reduced Fat Milk	41	3/	3/	3/
Organic Low Fat Milk	31	3/	3/	3/
Organic Fat-Free Milk (Skim)	35	3/	3/	3/
Organic Flavored Milk	9	3/	3/	3/
Organic Fat-Reduced Milk 4/	122	986	14.2	7.6
Tot. Organic Milk Products.	163	1,299	17.2	9.0
Tot. Fluid Milk Prod. 5/	4,564	40,500	-1.5	1.5
Tot Fluid Milk Prod Adj 5/6/	4,575	40,504	-1.1	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

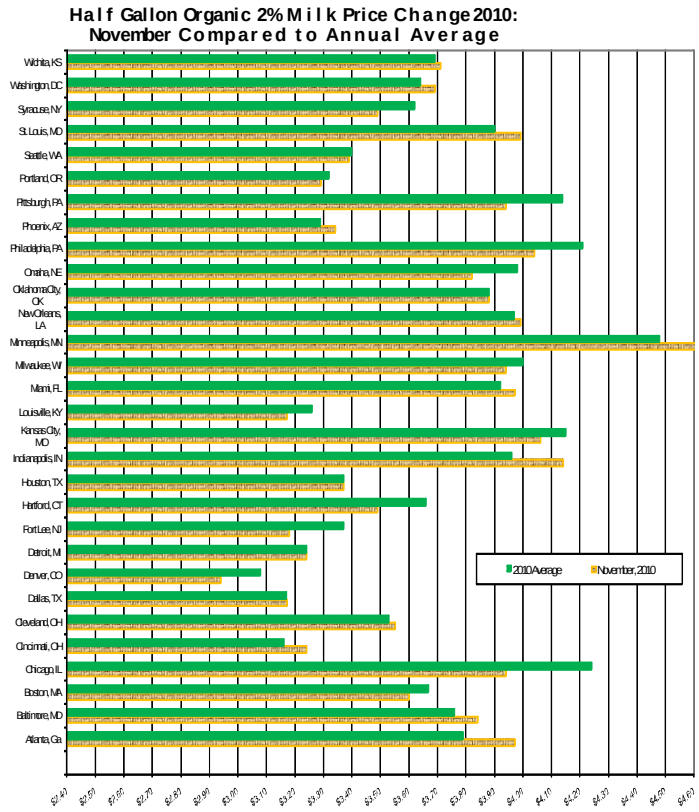
ORGANIC DAIRY RETAIL OVERVIEW

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 November average price in each city with the 2010 average in each city for January through November, 12 cities are above the average, 14 are below, and 4 are even with the average. Chicago, at $3.94, is the city most below its annual average to date, being 30 cents lower. Minneapolis, at $4.74, is the city most above its annual average to date, being 26 cents higher.

The overall November average price for the 30 cities combined is 3 cents lower than the combined average year-to-date. Considering only a one month change in Prices, November 2010 prices compared with October 2010, reveal unchanged prices as the most common situation. Retail prices were unchanged in 20 cities, up in 5 cities, and down in 5 cities.

However, certain markets showed fairly significant price movements from October to November. Atlanta was up the most, 50 cents, to $3.97, while Chicago was down the most, 30 cents, to $3.94. Minneapolis remained the city with the most expensive organic 2% milk and has been since April, $4.74 in November, up 15 cents from October. Denver unchanged at $2.94, remained the city with the lowest priced organic 2% half gallons and also has been since April.



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

NATIONALLY ADVERTISED PRICE COMPARISON:

It is a sign of approaching holidays and also possibly expansion of strengthening consumer demand for organic dairy products, that ad numbers for organic egg nog are 32 times greater than last year at this time, approach total ad numbers for organic yogurt, and eclipse ad numbers for any sub-category of yogurt broken into container size. While last year at this time there were only 24 retail stores running ads for organic egg nog, this year there were 768 ads for organic egg nog among surveyed stores.

Milk ads continued to dominate organic dairy advertising, with ads for half gallon containers comprising about one half of milk ads and ads for 8 ounce aseptic containers of organic milk comprising about one third of organic milk ads. Ads for gallon containers of organic milk comprised the balance of organic milk ads.

Organic yogurt ads this reporting period numbered about one half of organic milk ads. Nearly two thirds of organic yogurt ads were for 6 ounce containers

CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered November 8 -19, 2010

CONTINUED FROM PAGE 8

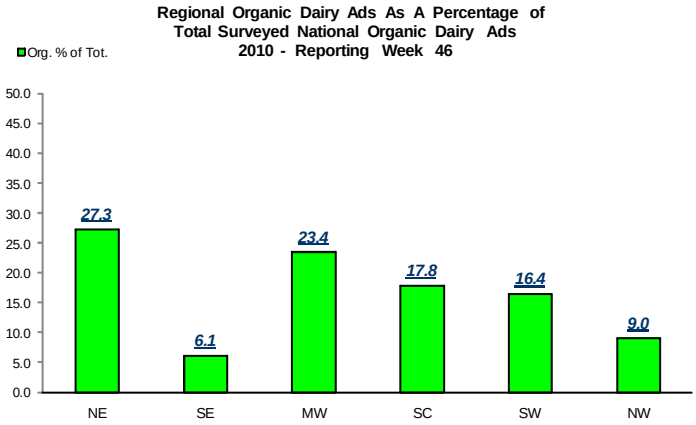
of organic yogurt. Almost all of the remaining ads were for 4 ounce containers.

This information is compiled from newspaper supermarket ads for the period November 6, 2010 to November 19, 2010 identifying weekly "specials" and containing organic dairy content, which numbered 2,642 of 9,210 surveyed ads for supermarkets. The ads identified price specials for 4,266 organic dairy products within the 2,642 supermarkets advertising one or more organic dairy item in each ad. 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. Organic dairy advertising was most prevalent in the Northeast, as it has been for three of the last four Reports, although occasionally by a close percentage.

The Northeast lead all regions with 27.3% of the organic ads placed. The balance of organic ads included: the Midwest, 23.4%; the South Central Region, 17.8%; the Southwest, 16.4%; the Northwest, 9.0%; and the Southeast, 6.1%.

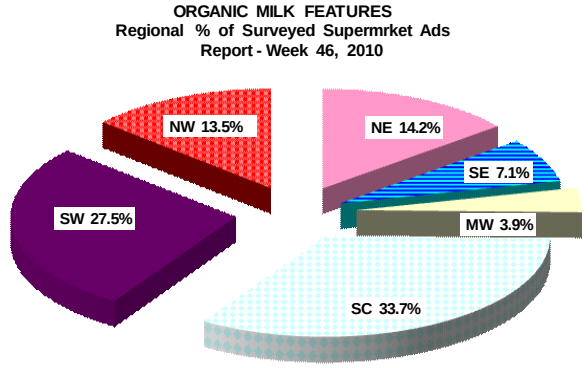


Product Emphasis. Individual store ads may contain more than one type of organic dairy featured item, or multiple brands of the same item and size. Thus, numbers shown below for product emphasis exceed total organic ad numbers.

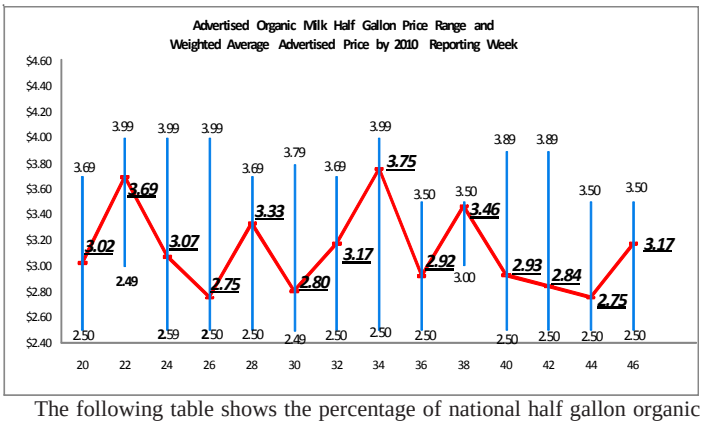
Organic milk ad placements totaled 2,281, a decrease from 3,547 two weeks ago. Of organic milk ads, 1,177 were for half gallons, down from 1,940 two weeks ago; 711 for 8 ounce aseptic containers, slightly fewer than two weeks ago; and 393 for gallons, about one-half of two weeks ago.

The total number of organic yogurt ad placements this period is 1,077, up from 910 two weeks ago and 346 from four weeks ago. Organic yogurt placements for 6 ounce containers, a traditionally standard ad item, registered 740 this week, well up from 283 ad placements two weeks ago. This was followed by 314 ads for 4 ounce yogurt and 12 for 8 ounce containers of organic yogurt.

Milk. Organic milk ads appeared in all regions. The highest concentration of milk ads, 33.7%, appeared in the South Central Region. The remaining regions and percentages include the Southewest, 27.5%; the Northeast, 14.2%; the Northwest, 13.5%; the Southeast, 7.1%; and the Midwest, 3.9%.



Half Gallons. The national weighted average advertised price for half gallons of organic milk increased 42 cents to $3.17. Nevertheless, the fact of the price range remaining unchanged from two weeks ago at $2.50 to $3.50, suggests that the weighted average price movement is driven by a greater percentage of ads listing a higher price within the existing range.

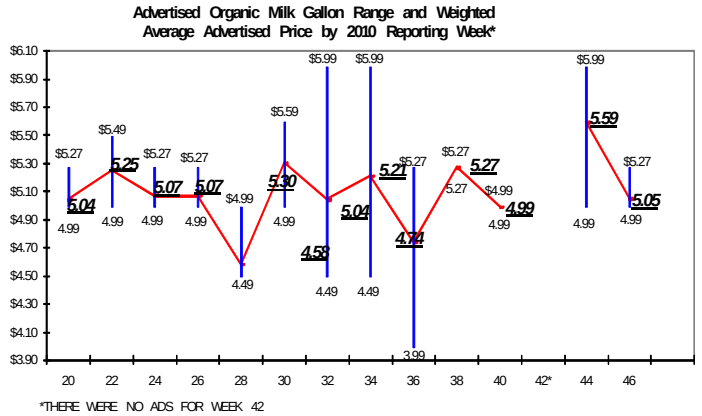


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION	%	WTD. AV. ADV. PRICE $
NE	00.0	——
SE	03.8	2.99
MW	05.0	3.00
SC	28.5	3.21
SW	53.4	3.24
NW	09.3	2.77

Gallons. Organic milk gallon ads appeared in 3 of the 6 regions. The national weighted average advertised price for organic milk gallons fell 54 cents from 2 weeks ago. The price range narrowed considerably, entirely at the top. The bottom of the range remains unchanged at $4.99 while the top is now, $5.27, down from $5.99 two weeks ago. Thus, nearly all ads are close to the bottom of the narrower range this week which is what drove the weighted average advertised price nearly to the bottom of the range. There were 393 ads for organic gallons, about one-half of the number two weeks ago.



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

CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered November 8 -19, 2010

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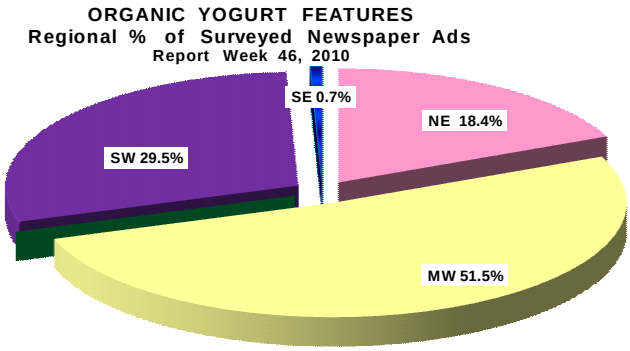
GALLON ORGANIC MILK ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

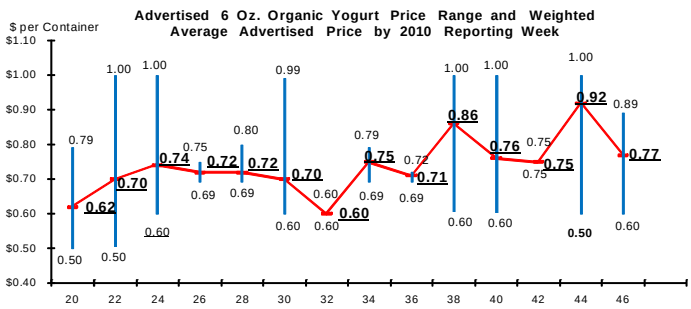
REGION	%	WTD. AV. ADV. PRICE $
NE	49.9	4.99
SE	20.1	5.27
MW	——	——
SC	——	——
SW	——	——
NW	30.0	4.99

8 Ounce Milk. Organic 8 ounce milk container ad placement prices ranged from 66 cents to $1.00, with a weighted average advertised price of 78 cents. The South Central Region led all regions with 432 of the 711 ads. Remaining regions with ads for 8 ounce aseptic containers of organic milk include: the Northeast, 129 ads; the Northwest, 80 ads; the Southeast, 39 ads; and the Midwest, 31 ads.

Yogurt. The Midwest dominated regional yogurt advertising, with 51.5% of ads. Other regions with yogurt ads were: the Southwest, 29.5%; the Northeast, 18.4%; and the Southeast, 0.7%. No organic yogurt ran in surveyed newspapers in the Northwest or South Central Regions.



The national weighted average advertised organic yogurt price in 6 ounce containers fell 15 cents to 77 cents. This decline from what was the highest weighted average advertised price of 2010, brings the weighted average advertised price back closer to the normal cluster of prices over the year.



In the following table, the percentage of national 6 ounce yogurt ads by region and the regional weighted average advertised price is presented.

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

REGION	%	WTD. AV. ADV. PRICE $
NE	26.5	0.89
SE	00.9	0.79
MW	72.6	0.73
SC	——	——
SW	——	——
NW	——	——

Numbers for other organic yogurt ad placements totaled less than one half of ads for 6 ounce yogurt. Other ads included 314 for 4 ounce organic yogurt, all in the Southwest, and 12 for 8 ounce organic yogurt, all in the Midwest.

Egg Nog. Egg Nog ad placements totaled 768 ads for one quart containers. This is a 32 fold increase from the number of organic egg nog ads this week last year, 24 ads. All advertised organic egg nog was manufactured by two separate national brands. Of total ads, 397 appeared in the Northeast, 347 in the South Central Region, and 24 in the Midwest. All ads in both the Northeast and Midwest listed a price of $3.69 while all ads in the Southeast listed a price of $2.80. No ads for organic egg nog ran in the Southeast, Southwest, or Northwest.

Butter. Organic 1 lb. butter placements totaled 55 ads, well down from 304 ads two weeks ago. All advertised prices were $3.99 and all ads were in the Midwest. This level of advertising is down from two weeks ago when 304 butter ads ran. As a comparison, this is the total from a survey of 9,210 stores and from that sample, there were 5,797 ads this week for non-organic butter with prices ranging from $1.88 to $3.49.

Half and Half. The 24 organic half and half ads for pint containers were in the Midwest and all ads listed a price of $1.99.

Cream Cheese. All 24 ads for 8 ounce organic cream cheese were in the Midwest and all priced at $2.59.

Sour Cream. Organic sour cream ad placements totaled 24, all in the Midwest and all priced at $2.99 for 1 lb. containers.

Whipping Cream. The Midwest also recorded 24 ads for whipping cream in 8 ounce containers and all were priced at $1.79.

No ads appeared for organic ice cream, cottage cheese, or other types of cheese.

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results appears below.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
REPORTING WEEK 46

	MADISON, WI LOW	HIGH	RANGE
	(In Dollars)		
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	3.00*	4.19	1.19*
Reduced Fat (2%)	3.00*	4.19	1.19*
Low Fat (1%)	3.00*	4.19	1.19*
Nonfat (Skim)	3.00*	4.19	1.19*
CHOCOLATE HALF GALLON:	3.39	5.99	2.60
YOGURT	.79	1.59	0.80
CHEESE – 8 OUNCE BLOCKS:			
Mozzarella	3.59*	5.75	2.16*
Mild Cheddar	3.50	5.99	2.49
Monterey Jack	3.50	5.99	2.49
Pepper Jack	3.59*	5.99	2.40*

CONTINUED ON PAGE 8-C

ORGANIC DAIRY MARKET NEWS

Information gathered November 8 -19, 2010

CONTINUED FROM PAGE 8-B

	LOW	HIGH	RANGE
	(In Dollars)		
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, 6 changed from two weeks ago, with 6 low prices moved lower. This also expanded the range for each of the price changing products. 4 of the changes reduced the low price for half gallons to $3.00 from $3.19 two weeks ago. Low prices for 8 ounce mozzarella and 8 ounce pepper jack also declined to $3.59 from $3.89.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were mostly steady on light to moderate demand and offerings. Buying interest was much improved during this trading period due to end users wanting to secure immediate needs. Producers are being cautious about selling too early and many continue to hold out for higher prices. Premium organic large round bales of alfalfa hay sold from $210 to $220 per ton, delivered, in the Texas Panhandle. This was unchanged from last reporting period.

Eastern organic grain and feedstuff prices were steady to firm. demand was light to moderate for moderate offerings. Buying interest was better than expected due to end users securing immediate needs heading into the holiday season.

Upper Midwest organic grain and feedstuffs prices were mostly steady on light to moderate demand and offerings. Bids on food grade soybeans are reportedly wide spread throughout the Upper Midwest region, with many producers thinking long and hard before committing on a sale. Spot trades of food grade hard red spring wheat were noted, however an accurate test of the market was not fully established.

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

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, OCTOBER 2010

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for October have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During October, about 10.5 billion pounds of milk were received from producers. This volume of milk is 4.4 percent higher than the October 2009 volume. In October 2009 and October 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, 4.7 percent lower 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 = 36%, Class II = 12%, Class III = 45% and Class IV = 7%. The weighted average statistical uniform price was $18.00 per cwt., $0.41 higher than last month and $4.38 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF OCTOBER 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	1,980.0	5.6	894.1	-2.5	45	24	23	8	18.61
Appalachian (Charlotte)	005	497.9	1.2	343.7	-4.9	69	15	8	8	19.50
Southeast (Atlanta)	007	556.8	-1.5	391.2	-6.5	70	11	14	5	19.84
Florida (Tampa)	006	244.0	-2.4	208.8	-5.5	86	7	4	3	21.46
Mideast (Cleveland)	033 3/	1,358.7	1.7	546.6	-11.6	40	18	37	5	17.56
Upper Midwest (Chicago)	030 3/	2,745.9	-0.2	371.1	-5.3	14	2	83	1	17.17
Central (Kansas City)	032 3/	1,163.8	23.9	384.1	1.8	33	12	45	10	17.35
Southwest (Dallas)	126	933.1	7.0	379.0	-0.7	40	7	45	8	18.32
Arizona (Phoenix)	131	339.9	10.6	117.6	-5.0	35	10	30	25	17.81
Pacific Northwest (Seattle)	124	667.2	1.9	186.9	-7.6	28	6	41	25	17.35
ALL MARKET AVERAGE OR TOTAL	3/	10,487.3	4.4	3,823.2	-4.7	36	12	45	7	18.00

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 137 million pounds of milk that normally would have been associated with these markets. In October 2009, the estimated not pooled volume of milk was 302 million pounds, also occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is +2.7%.

OCTOBER MILK PRODUCTION

Milk production in the 23 major States during October totaled 14.8 billion pounds, up 3.3 percent from October 2009. September revised production at 14.5 billion pounds, was up 3.7 percent from September 2009. The September revision represented an increase of 6 million pounds or less than 0.1 percent from last month's preliminary estimate.

Production per cow in the 23 major States averaged 1,767 pounds for October, 47 pounds above October 2009.

The number of cows on farms in the 23 major States was 8.37 million head, 54,000 head more than October 2009, but unchanged from September 2010.

OCTOBER 2010 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2009	2010	2009	2010	2009	2010	% CHANGE FROM 2009
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	166	183	1,840	1,825	305	334	9.5
CA	1,767	1,747	1,815	1,915	3,207	3,346	4.3
CO	116	122	1,920	1,975	223	241	8.1
FL	113	113	1,230	1,280	139	145	4.3
ID	546	571	1,870	1,910	1,021	1,091	6.9
IL	101	98	1,550	1,560	157	153	-2.5
IN	168	169	1,680	1,710	282	289	2.5
IA	215	204	1,690	1,725	363	352	-3.0
KS	112	121	1,750	1,750	196	212	8.2
MI	355	360	1,860	1,895	660	682	3.3
MN	469	470	1,580	1,575	741	740	-0.1
MO	105	97	1,170	1,180	123	114	-7.3
NM	317	318	2,020	2,055	640	653	2.0
NY	614	611	1,640	1,725	1,007	1,054	4.7
OH	276	270	1,540	1,580	425	427	0.5
OR	114	121	1,615	1,695	184	205	11.4
PA	539	541	1,600	1,640	862	887	2.9
TX	413	415	1,720	1,775	710	737	3.8
UT	83	85	1,780	1,790	148	152	2.7
VT	134	139	1,495	1,480	200	206	3.0
VA	95	95	1,475	1,485	140	141	0.7
WA	240	254	1,940	1,965	466	499	7.1
WI	1,258	1,264	1,675	1,680	2,107	2,124	0.8
23 STATE TOTAL	8,316	8,368	1,720	1,767	14,306	14,784	3.3

1/ Includes dry cows. Excludes heifers not yet fresh.
2/ Excludes milk sucked by calves.

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

FEDERAL MILK ORDER ADVANCE PRICES, DECEMBER

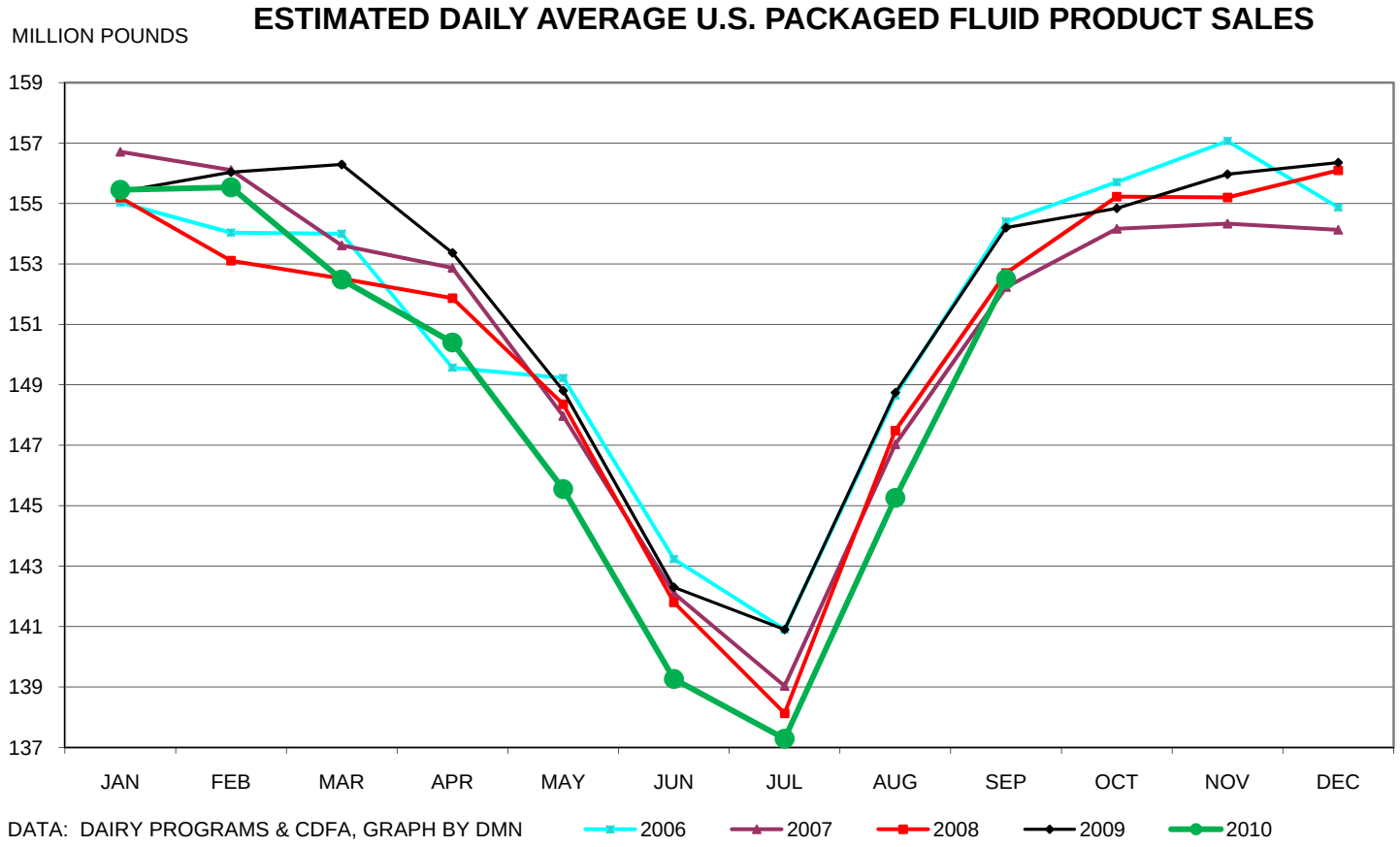
Class I Base Price. Under the Federal milk order pricing system, the Class I base price for December 2010 is $16.96 per cwt. This price is derived from the Class IV skim milk pricing factor of $9.11 and the advanced butterfat pricing factor of $2.3348. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month**. Compared to November 2010, the Class I base price decreased $0.28 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -$0.25 per cwt., -$0.021 per gallon; reduced fat milk (2%), -$0.10 per cwt., -$0.009 per gallon; fat-free (skim milk), $0.07 per cwt., $0.006 per gallon. **Class II Price Information**. The advanced Class IV skim milk pricing factor is $9.11. Thus, the Class II skim milk price for December is $9.81 per cwt., and the Class II nonfat solids price is $1.0900. **Product Price Averages**. The two-week product price averages for December are: butter $2.0995, nonfat dry milk $1.1903, cheese $1.7063, and dry whey $0.3716.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/

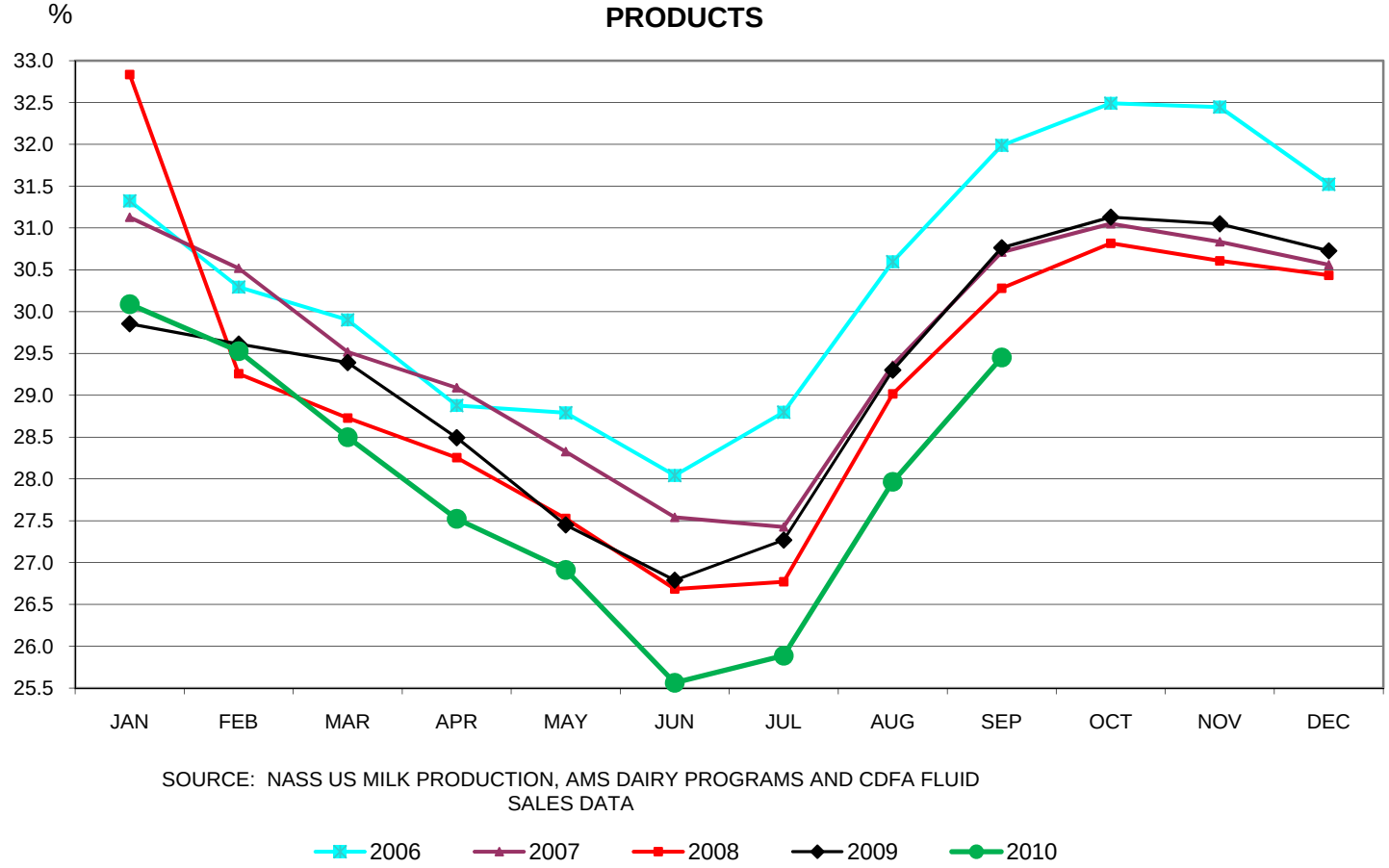
Federal Milk Order Marketing Area 3/	Order Number	December 2010		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		$ per cwt.	$ per cwt.	$ per pound
Northeast (Boston) 4/	001	20.21	12.36	2.3673
Appalachian (Charlotte) 5/ 6/	005	20.36	12.51	2.3688
Southeast (Atlanta) 6/ 7/	007	20.76	12.91	2.3728
Florida (Tampa) 6/ 8/	006	22.36	14.51	2.3888
Mideast (Cleveland) 9/	033	18.96	11.11	2.3548
Upper Midwest (Chicago) 10/	030	18.76	10.91	2.3528
Central (Kansas City) 11/	032	18.96	11.11	2.3548
Southwest (Dallas) 12/	126	19.96	12.11	2.3648
Arizona (Phoenix)	131	19.31	11.46	2.3583
Pacific Northwest (Seattle) 13/	124	18.86	11.01	2.3538
All-Market Average		19.85	12.00	2.3637

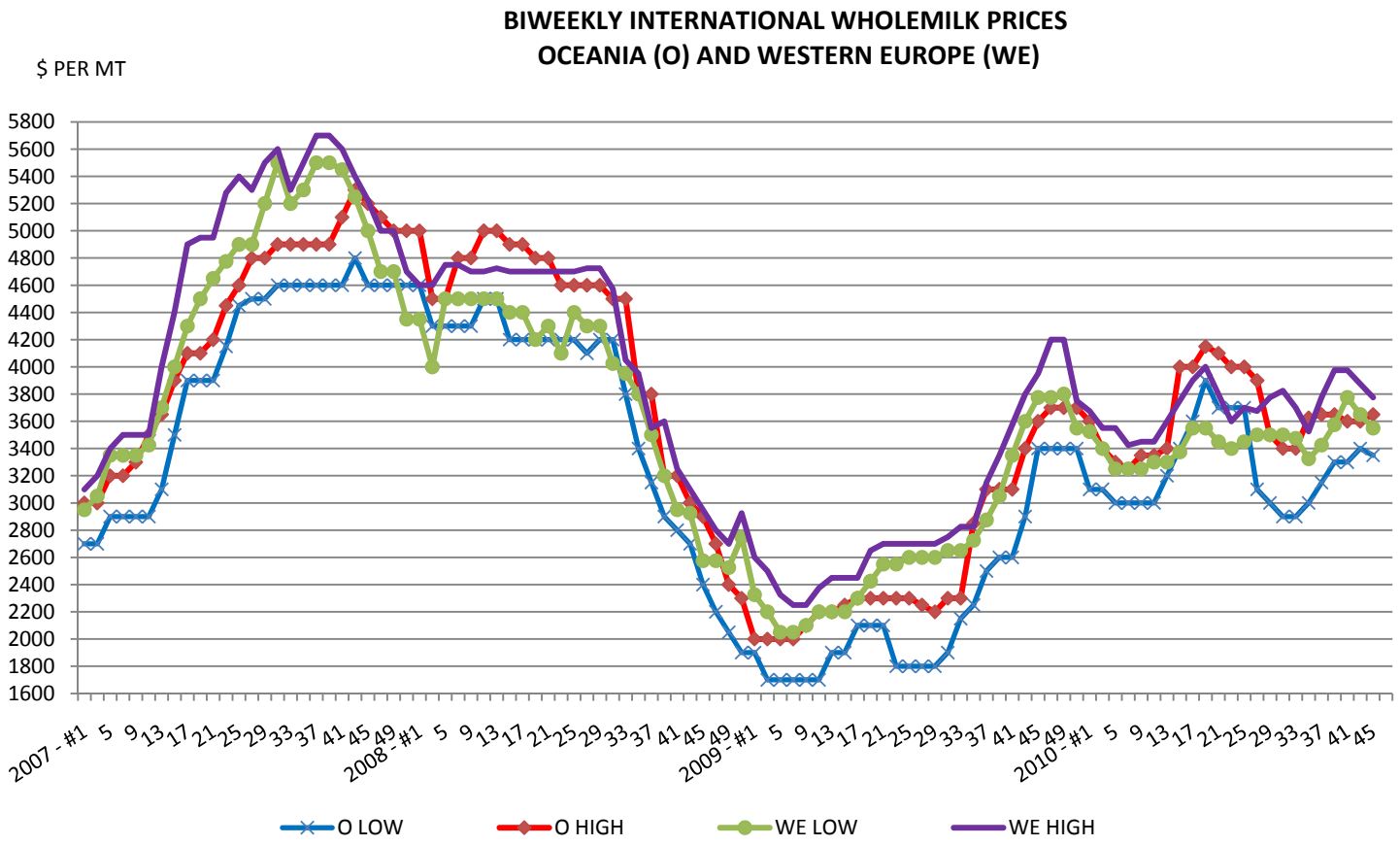
1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this 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.

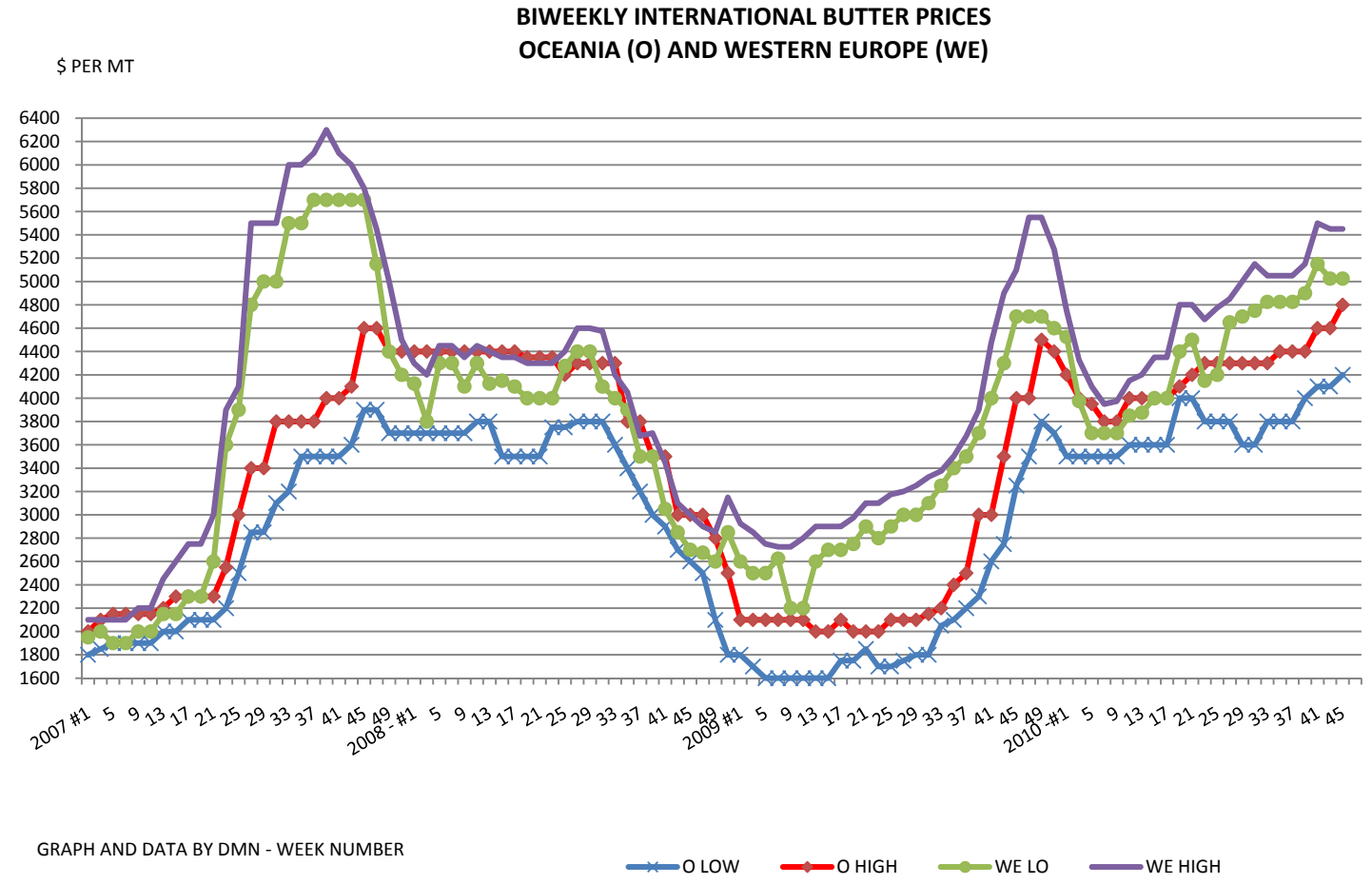
ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES



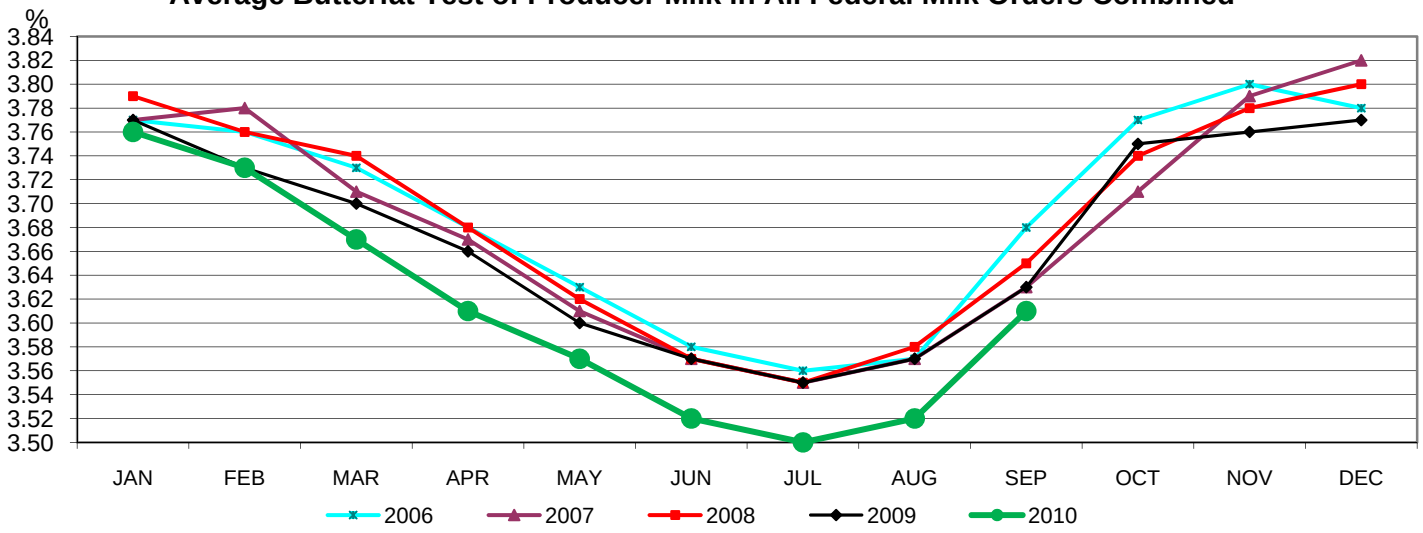
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS



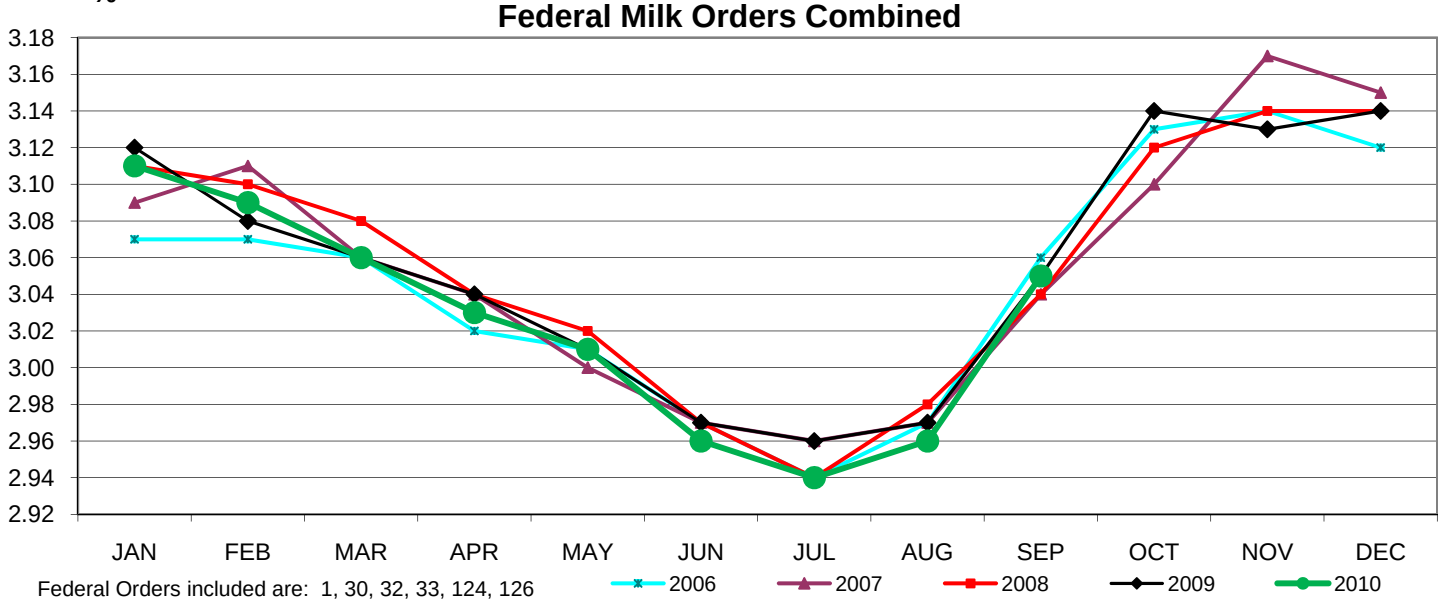

BIWEEKLY INTERNATIONAL WHOLEMILK PRICES
OCEANIA (O) AND WESTERN EUROPE (WE)
$ PER MT
5800
5600
5400
5200
5000
4800
4600
4400
4200
4000
3800
3600
3400
3200
3000
2800
2600
2400
2200
2000
1800
1600
2007 - #1 5 9 13 17 21 25 29 33 37 41 45 49
2008 - #1 5 9 13 17 21 25 29 33 37 41 45 49
2009 - #1 5 9 13 17 21 25 29 33 37 41 45 49
2010 - #1 5 9 13 17 21 25 29 33 37 41 45
O LOW
O HIGH
WE LOW
WE HIGH


BIWEEKLY INTERNATIONAL BUTTER PRICES
OCEANIA (O) AND WESTERN EUROPE (WE)
$ PER MT
6400
6200
6000
5800
5600
5400
5200
5000
4800
4600
4400
4200
4000
3800
3600
3400
3200
3000
2800
2600
2400
2200
2000
1800
1600
2007 #1 5 9 13 17 21 25 29 33 37 41 45 49
2008 - #1 5 9 13 17 21 25 29 33 37 41 45 49
2009 #1 5 9 13 17 21 25 29 33 37 41 45 49
2010 - #1 5 9 13 17 21 25 29 33 37 41 45
GRAPH AND DATA BY DMN - WEEK NUMBER
O LOW
O HIGH
WE LO
WE HIGH

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

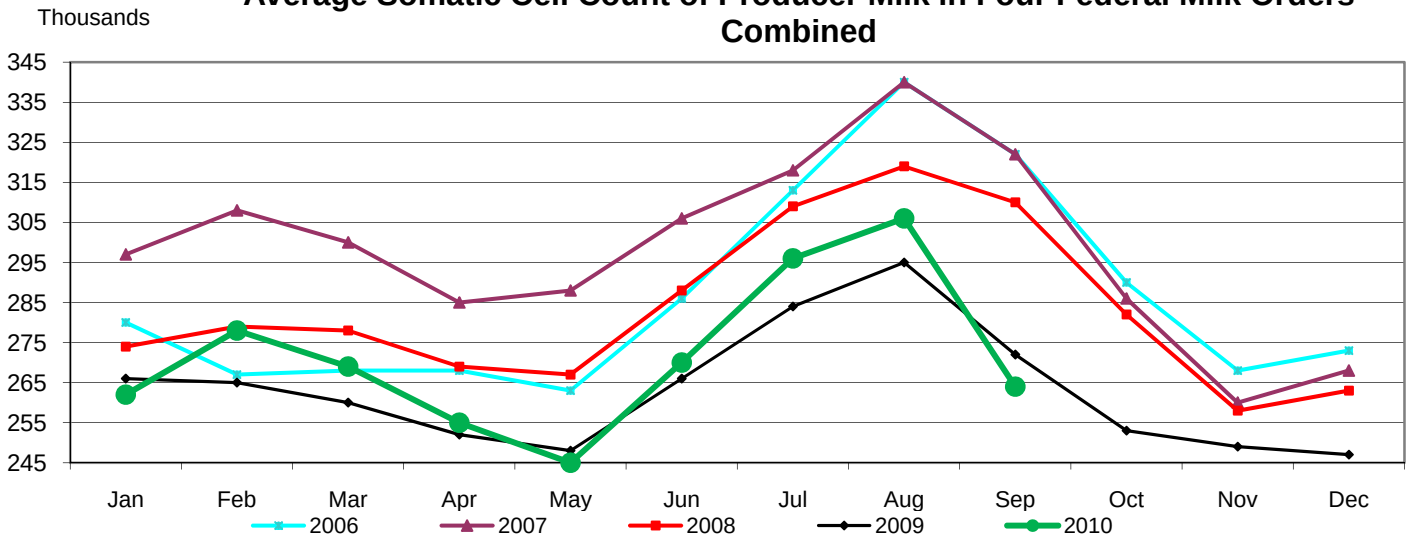


Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined

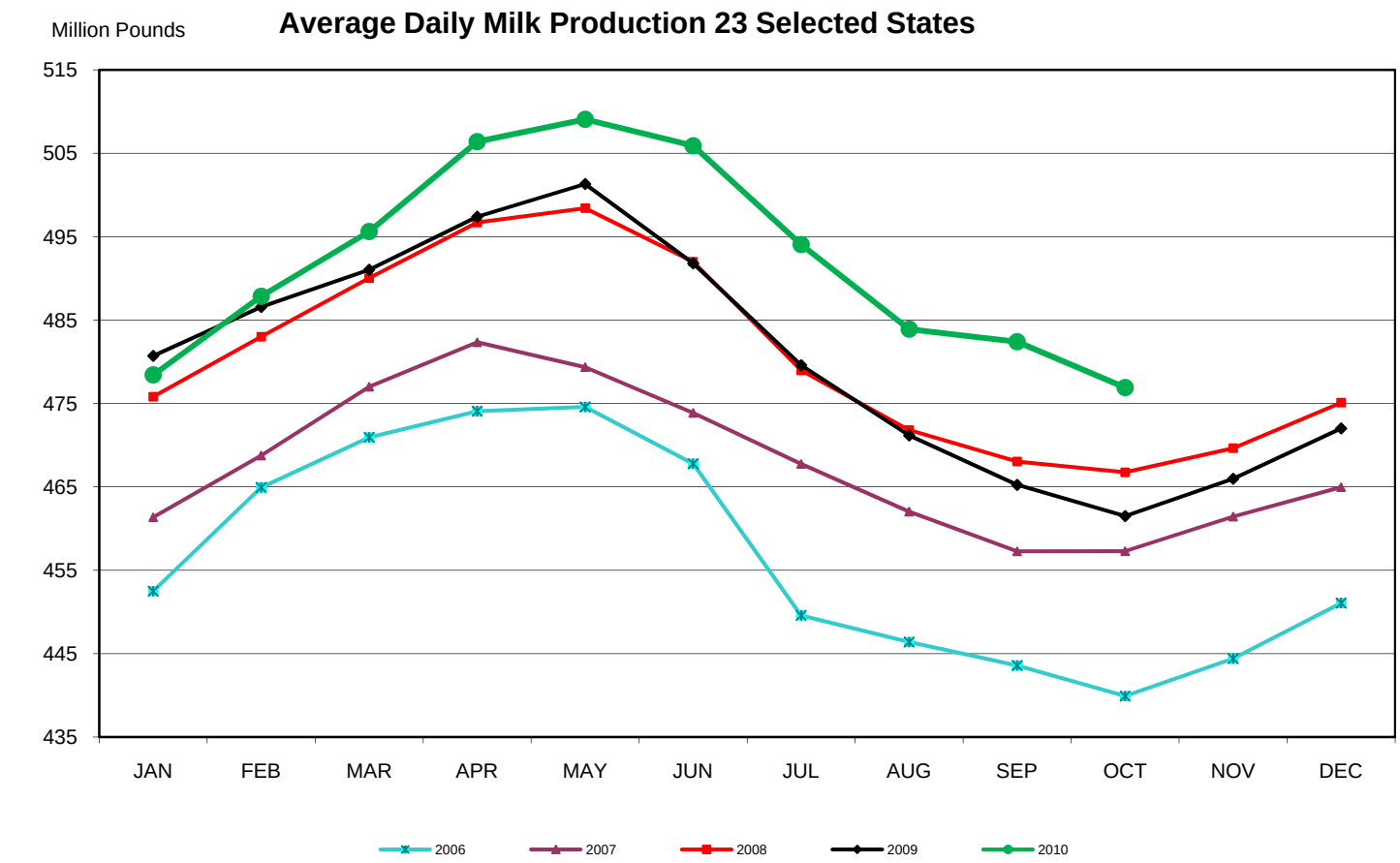


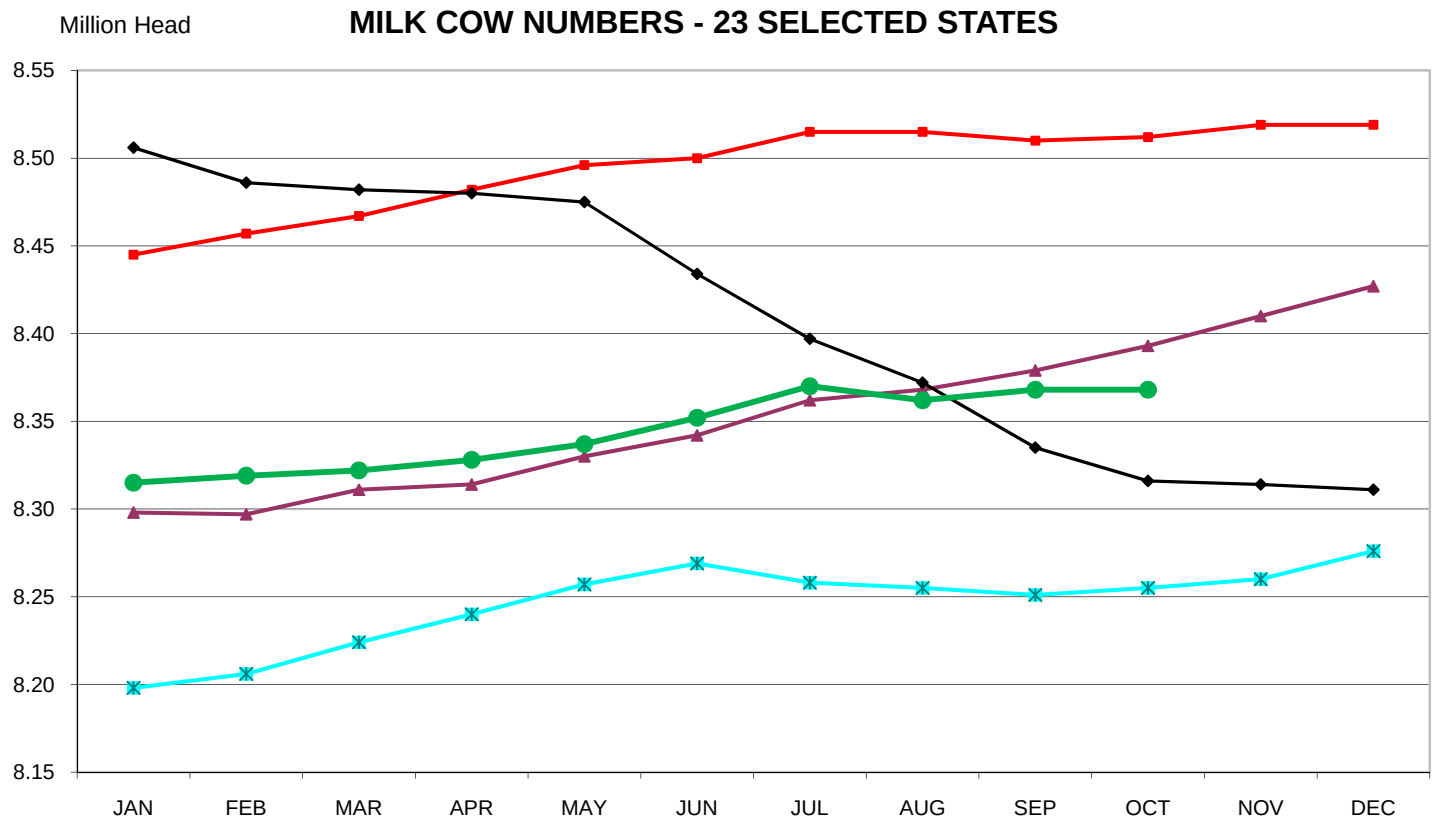
Federal Orders included are: 1, 30, 32, 33, 124, 126

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

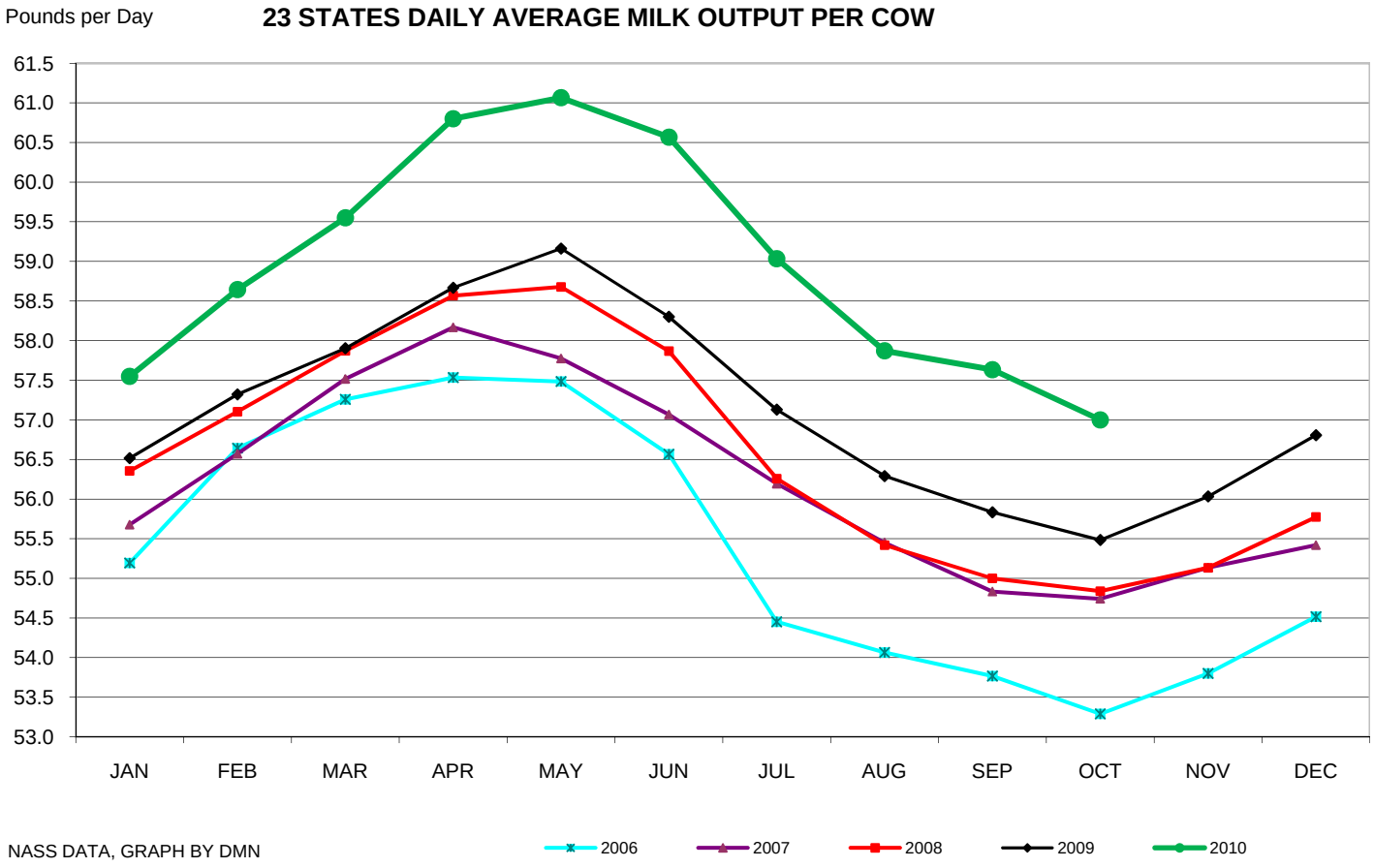


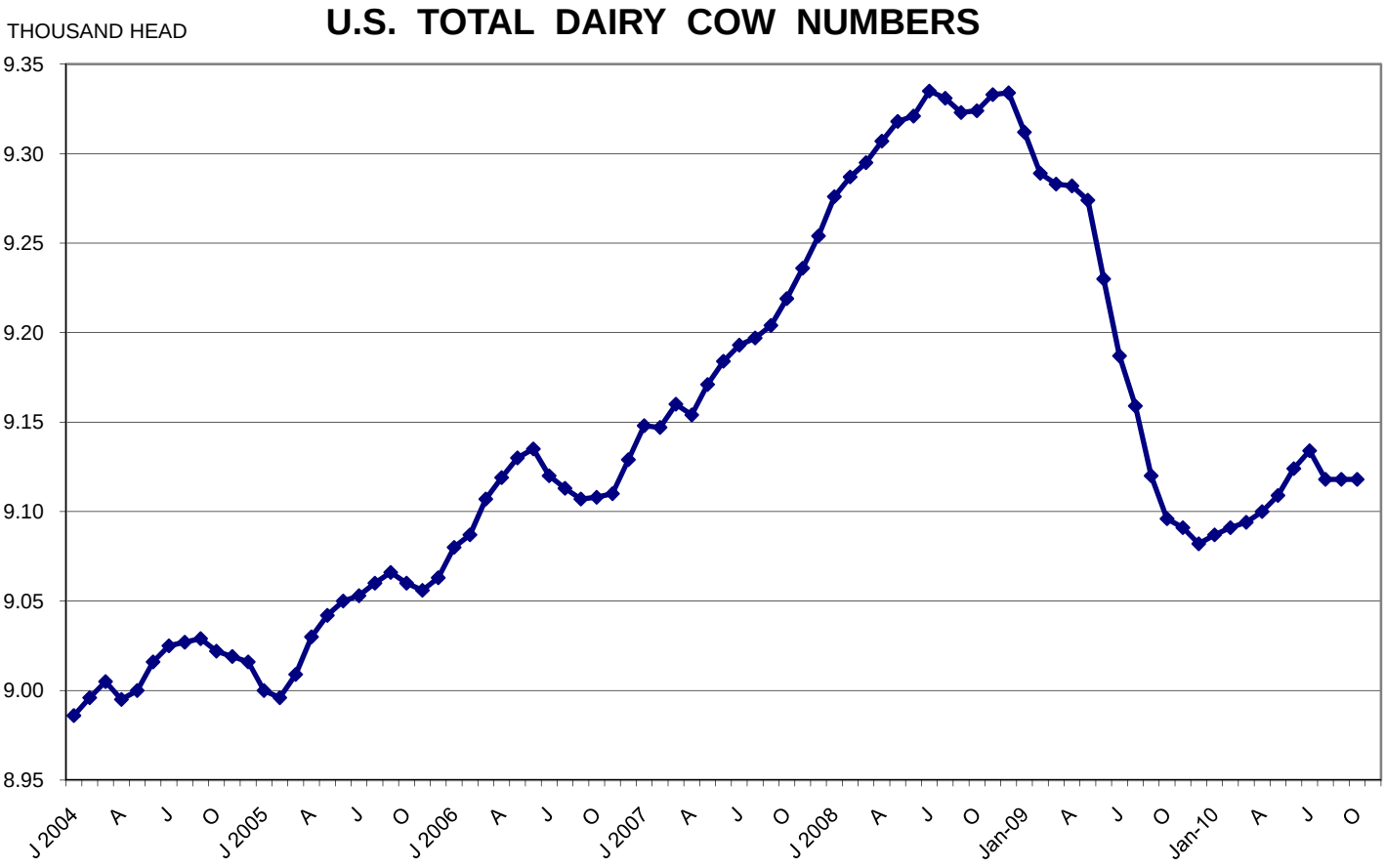
Federal Orders included are: 30, 32, 33, 126





Graph USDA, DMN; Source USDA, NASS


Pounds per Day
23 STATES DAILY AVERAGE MILK OUTPUT PER COW
61.5
61.0
60.5
60.0
59.5
59.0
58.5
58.0
57.5
57.0
56.5
56.0
55.5
55.0
54.5
54.0
53.5
53.0
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC
NASS DATA, GRAPH BY DMN
2006
2007
2008
2009
2010


THOUSAND HEAD
U.S. TOTAL DAIRY COW NUMBERS
9.35
9.30
9.25
9.20
9.15
9.10
9.05
9.00
8.95
J 2004
A
J
O
J 2005
A
J
O
J 2006
A
J
O
J 2007
A
J
O
J 2008
A
J
O
Jan-09
A
J
O
Jan-10
A
J
O

DAIRY MARKET NEWS

GENERAL NUMBER
(608)278-4200

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

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

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

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

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

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

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

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

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

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RECORDED INFORMATION SYSTEM
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FAX
(608) 278-4141

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