

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (01/14):**

BUTTER: Grade AA closed at \$2.1000. The weekly average for Grade AA is \$2.1000 (+.2620).

CHEESE: Barrels closed at \$1.4750 and 40# blocks at \$1.5250. The weekly average for barrels is \$1.4320 (+.0915) and blocks, \$1.4705 (+.1195).

BUTTER HIGHLIGHTS: The CME cash butter market has been unchanged at \$2.10 since January 7. Butter makers and cream users are still adjusting production/marketing plans to the seasonally high butter prices. Butter inventories remain well below recent years with many operations recalculating their butter needs for later in the year. Current butter and cream prices may also slow export interest, at least to some countries. Some firms have looked to reformulate various products to reduce or replace the butter/cream content as a result of current prices. Reports indicate that some butter offerings were clearing commercially at lower prices. Cream offerings are mixed from tighter to steady. Higher November average butterfat tests in Federal Milk Orders helped generate larger cream volumes than in November 2009.

CHEESE HIGHLIGHTS: The cheese market continues to react to the sharp rise in butter prices and, as a result, Class IV milk prices at the CME Group last week. Since January 3, the CME Group cash block prices has increased 18.25 cents and barrels 13.50 cents. These price increases have customers rushing to make purchases under the previous week levels and are likely to slow sales soon. Current offerings are generally at least adequate. Rebuilding aging programs is also likely to slow with higher prices. Current butter/cream prices have some fat users such as processors and cheese plant operators reformulating products or separating extra cream rather than adding skim solids to bolster yields in the cheese vat. Some cream cheese makers are also reducing production schedules. Cheese production remains seasonally active, though generally lighter than late December when schools were closed.

FLUID MILK: Milk production is generally flat across the nation with feed costs and weather factors limiting growth. Higher dairy product prices are being welcomed and creating higher milk prices on the futures markets. Class I demand increased significantly in the East as a major winter storm moved north along the Eastern

seaboard from Atlanta to Boston. Class I demand was also good in other regions of the country as most schools and more colleges are in session. Cream markets are unsettled with many in the dairy industry reworking 2011 forecasts, production schedules and marketing plans after the butter price jumped to \$2.10 last week, significantly raising cream prices. Cream demand is irregular with numerous users limiting production to contracted cream volumes, while others are limiting purchases.

DRY PRODUCTS: Nonfat dry milk prices moved higher with overall good demand. Production has declined as strong Class I and II pulls reduce available manufacturing milk supplies. Supplies are tight. Dry buttermilk prices moved higher influenced by higher protein values for nonfat dry milk. Production is steady to lighter with stocks light to moderate and tightening. Dry whole milk prices are unchanged with a firm undertone supported by firm dairy proteins and butterfat values. Dry whey prices moved higher across the nation in a firm market. Production is steady, supplies are tight and demand is good with buyers seeking additional loads having limited success. Prices for whey protein concentrate 34% are unchanged to higher. The market remains firm with most inventories committed to fill contracts. The lactose market is firm, prices moved higher and supplies are tight.

ORGANIC DAIRY MARKET OVERVIEW (DMN): AMS reports Total Organic Milk Products sales for November 2010 are up 17.3% from previous year sales and up 12.2% year-to-date compared with 1 year ago. November sales were 159 million pounds and year-to-date through November were 1.643 billion pounds. The strong resumption in growth of retail organic milk sales during 2010 shows signs of continuing, at least into early 2011. In the East, interest in acquiring additional organic milk for private label bottling had to be deferred for delivery next week due to supply tightness. Recent requests in the East for additional milk volumes have been difficult to accommodate. Texas producers, who supply milk to Eastern markets, late this week advised of increasing production levels and availability. The Northwest, in contrast, has been experiencing volumes of organic milk beyond regional market demand. Even with a mature organic

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CME GROUP CASH TRADING

PRODUCT	MONDAY JANUARY 10	TUESDAY JANUARY 11	WEDNESDAY JANUARY 12	THURSDAY JANUARY 13	FRIDAY JANUARY 14	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.3500 (+.0075)	\$1.4250 (+.0750)	\$1.4475 (+.0225)	\$1.4625 (+.0150)	\$1.4750 (+.0125)	(+.1325)	\$1.4320 (+.0915)
40#BLOCKS	\$1.3700 (+.0050)	\$1.4450 (+.0750)	\$1.5025 (+.0575)	\$1.5100 (+.0075)	\$1.5250 (+.0150)	(+.1600)	\$1.4705 (+.1195)
NONFAT DRY MILK EXTRAGRADE	\$1.3400 (N.C.)	\$1.3500 (+.0100)	\$1.3600 (+.0100)	\$1.3700 (+.0100)	\$1.4000 (+.0300)	(+.0600)	\$1.3640 (+.0880)
GRADE A	\$1.3500 (+.0200)	\$1.3600 (+.0100)	\$1.3725 (+.0125)	\$1.3950 (+.0225)	\$1.4325 (+.0375)	(+.1025)	\$1.3820 (+.0880)
BUTTER GRADE AA	\$2.1000 (N.C.)	\$2.1000 (N.C.)	\$2.1000 (N.C.)	\$2.1000 (N.C.)	\$2.1000 (N.C.)	(N.C.)	\$2.1000 (+.2620)

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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dairy market in the Northwest and a lively and competitive retail supermarket setting, some organic milk has been sold into non-organic markets. The national weighted average advertised price for half gallons of organic milk fell 45 cents to \$3.00 following a 46 cent increase two weeks ago. The price range narrowed to 41 cents with advertised prices ranging from \$2.88 to \$3.29. This is the narrowest advertised price range for organic half gallons since this data series began in October 2009, as well as the second lowest top-of-range price. Organic milk gallon ads yielded a weighted average advertised price of \$5.22, slightly down from \$5.27 two weeks ago. The range increased 42 cents to \$5.69 at the top while the bottom fell 42 cents to \$4.69. All organic yogurt in surveyed ads was priced at 60 cents. This is 13 cents below the weighted average advertised price last reporting period, when the range was 69 cents to 99 cents.

ANNUAL 2010 ANNOUNCED COOP CLASS I PRICES (AMS): For 2010, the all-city average announced cooperative Class I price was \$20.51 per cwt., \$2.52 higher than the Federal Milk Order minimum Class I price average for these cities. The 2010 announced cooperative Class I price was \$3.94 higher than the 2009 price while the Federal Milk Order minimum Class I price was \$3.87 higher. The 2010 difference was \$0.07 higher than the 2009 difference. On an individual city basis, the annual average differences between the Federal order and announced cooperative Class I prices ranged from \$0.50 in Phoenix, AZ, to \$3.90 in Miami, FL.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production estimate for 2010 and forecast for 2011 are unchanged from last month. Ending stocks for 2010 are reduced due to expected low stocks of butter and nonfat dry milk (NDM) at the end of the year. Imports for 2010 and 2011 are reduced due to low U.S. prices relative to those internationally coupled with a weak U.S. dollar. Skim-solids basis exports are raised as NDM exports are expected to be supported by tight world supplies into mid-2011. Fat basis exports for 2010 are lowered from last month on weaker-than-expected exports of butterfat. Butter, NDM, and whey prices are forecast higher, but the cheese price forecast is lowered. Tighter beginning stocks support a higher butter price forecast while generally strong exports of NDM and whey will support higher prices. The cheese price forecast is reduced from last month on moderate demand. The Class III price forecast range is reduced as the lower forecast cheese price more than offsets the higher whey price forecast. The Class IV price forecast is raised as both the butter and NDM price forecasts are raised. The all milk price is forecast to average \$16.10 to \$16.90 for 2011.

MAILBOX MILK PRICES (AMS & CDFA): In October 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.67, up \$0.86 from the previous month average, and up \$4.38 from October 2009. The component tests of producer milk in October 2010 were: butterfat, 3.72%; protein, 3.13%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in October 2010 ranged from \$21.80 in Florida to \$17.06 in New Mexico.

NOVEMBER FLUID MILK SALES (AMS): During November, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.7% higher than November 2009. After adjusting for calendar composition, sales in November 2010 were 1.3% lower than November 2009. Estimated sales of total conventional fluid milk products increased 1.3% from November 2009 and estimated sales of total organic fluid milk products increased 17.3% from a year earlier.

CME GROUP

MONDAY, JANUARY 10, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.3500; 2 CARS 40# BLOCKS @ \$1.3700; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.3500; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3600
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 11, 2011

CHEESE — SALES: 1 CAR BARRELS @ \$1.4125; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.4250; 1 CAR 40# BLOCKS @ \$1.4450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 3 CARS GRADE A @ \$1.3600; LAST BID UNFILLED: 2 CARS EXTRA GRADE @ \$1.3500; 2 CARS GRADE A @ \$1.3600; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3700
 BUTTER — SALES: 4 CARS GRADE AA: 2 @ \$2.1000, 1 @ \$2.0950, 1 @ \$2.1000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9900; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 12, 2011

CHEESE — SALES: 12 CARS BARRELS: 1 @ \$1.4600, 11 @ \$1.4475; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4450; 2 CARS 40# BLOCKS @ \$1.5025; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3600; 1 CAR GRADE A @ \$1.3725; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JANUARY 13, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4625; 1 CAR 40# BLOCKS @ \$1.5100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 5 CARS GRADE A: 2 @ \$1.3825, 2 @ \$1.3900, 1 @ \$1.3950; LAST BID UNFILLED: 2 CARS EXTRA GRADE @ \$1.3700; 2 CARS GRADE A @ \$1.3925; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, JANUARY 14, 2011

CHEESE — SALES: 6 CARS BARRELS: 4 @ \$1.4800, 1 @ \$1.4775, 1 @ \$1.4750; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.5250; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5000
 NONFAT DRY MILK — SALES: 4 CARS GRADE A: 2 @ \$1.4200, 1 @ \$1.4225, 1 @ \$1.4325; LAST BID UNFILLED: 5 CARS EXTRA GRADE @ \$1.4000; 5 CARS GRADE A @ \$1.4300; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group held steady Tuesday, closing at \$2.10, after increasing 35 cents in the last two sessions of last week's trade. The CME Group weekly average butter price was \$1.8380 last week, which is \$.8055 higher compared to the same week last year. Butter makers, buyers and users are in uncharted territory with the butter price being this high, this early in the year. Some contacts commented that last week's price increases seemingly had little to do with supply and demand. Butter production remains fairly active filling current orders, but little is known as to what effect the higher butter price will have on future production, inventories and demand. Export interest has also waned as the butter price moved above \$2.00. Demand for cream supplies this week increased, as users attempted to build supplies ahead of the expected higher prices next week. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

Since early last week, the CME cash butter price has increased significantly to levels not seen at this time of the year before. At mid-week, the cash butter price remains at \$2.1000, 75 cents higher than last year (\$1.3500) and 99 cents higher than 2009 (\$1.1100) at this time. The current cash price is the highest since early November 2010. Churning activity remains active as many butter producers are trying to procure additional cream volumes at current pricing levels before potentially higher prices next week. Although churning is active, many butter producers continue to question inventory management. Most butter producers were comfortable with re-establishing inventories prior to the sharp butter price increase last week, but are now more cautious with this move. Many indicate that they will continue to build inventories this week, but are unsure as how to approach next week when cream prices are anticipated to be even higher. Butter producers and handlers are speculating on how long it will take

consumers to respond to higher prices with their purchasing patterns. Retailers are indicating that most current shelf prices have not reflected the increase yet, but it will not be too far into the future before higher prices appear. Food service orders have eased following the yearend holidays and typically are placed for near term needs at this time of the year. Bulk butter prices range from 0 - 2 cents over various pricing bases and averages per pound.

WEST

Wednesday's butter price at the CME Group was unchanged at \$2.1000. After last week's significant price increase, the market has held steady this week. Four loads traded hands on Tuesday with no other sales so far this week. The current price of \$2.1000 is the highest price recorded in January for the CME Group. With Western butter prices in uncharted territory for January, the market is struggling to find a balance. Buyers are looking to fill after holiday needs and keeping a close eye on any trends that may develop as to future needs for summer and beyond. Sales to club stores are reported good with food service accounts mostly steady. Manufacturers are hoping to build inventories traditionally at this time of year. Higher priced cream and butter are challenging the wisdom of building stores in this price range. Higher average prices from various pricing indices are expected to make for a tougher sale in the near future as increased prices reach consumers. Prices for bulk butter range from 2 cents over to 5 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 had a net movement of 900,000 pounds in last week to a warehouse adjusted 13.9 million pounds. Butter stocks typically are building at this time of year. The 5 previous year's average input for this week is 6.5 million pounds. The total of 13.9 million pounds compares to 46.6 million pounds in 2010 and 55.7 million pounds in the comparable week in 2009. Stocks in CME warehouses over the previous 5 years averaged 56.1 million pounds for this week.

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
January 8	1.3457	1.3762	1.2224	1.6702	0.3870
	11,550,555	10,672,063	16,315,877	3,323,243	10,421,905

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

NORTHEAST

CHEESE MARKETS

WEST

Cheese prices on the CME Group continued their upward trend with significant \$.0750 increases on Tuesday for both barrels and blocks. Tuesday's prices saw barrels close at \$1.4250, while blocks closed at \$1.4450. The weekly average prices on the CME Group also advanced for barrels and blocks, raising the wholesale prices for Cheddar Blocks, Process Sliced cheese and Muenster, while Swiss Cuts were unchanged in price. Cheese production continues at increased levels for most plants with cheese production running 6-7 days per week. Some auxiliary cheese plants have reduced or curtailed production as manufacturing milk supplies have declined following the holidays, due to increased Class I demand. Some cream cheese makers are limiting production to equal contracted cream supplies, due to the significantly higher cream prices. Cheese inventories are gradually building, but orders for mozzarella, provolone, Swiss and aged cheddar remain good.

Cheddar Barrels on Wednesday at the CME Group are \$.0225 higher at \$1.4475. 40 Pound Blocks are \$.0575 higher at \$1.5025. Barrel prices have increased \$.1050 so far this week with sales of 13 loads. Blocks have increased \$.1375 this week with no sales reported and prices increased on bids. Western cheese prices are firming along with the CME Group cash market. Although cheese inventories are large, most manufacturers are running plants on very busy schedules. Cheese sales continue to be reported as good. The bulk of sales are committed to contracted accounts. Spot sales are being sought, although contracted concerns have the first chance at additional quantities in many cases. Processing demand for Barrels is helping to clear inventories. Domestic consumption of most cheeses is good with mozzarella sales reported very good for pizza needs. Export demand is taking some excess product, although higher price trends are expected to slow some of that interest.

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

Cheddar 40# Block	:	1.6675-1.9425
Process 5# Sliced	:	1.4450-1.7550
Muenster	:	1.6875-1.8925
Grade A Swiss Cuts 10 - 14#	:	3.2325-3.5550

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

Process 5# Loaf	:	1.4650-1.7225
Cheddar 40# Block	:	1.4775-1.8300
Cheddar 10# Cuts	:	1.6575-1.8775
Monterey Jack 10#	:	1.6675-1.8275
Grade A Swiss Cuts 6 - 9#	:	2.8100-3.2400

MIDWEST

The cheese market is unsettled. The cheese market is reacting to the surprisingly sharp increase in butter prices last week to \$2.10 per pound, particularly during a time period when butter makers and some users try to rebuild inventory (hopefully cheaply) to store for later year use. Industry concern is that more milk will shift from cheese over to butter/powder production due to the better returns. Whether to use extra fat in the milk in the cheese vat by adding condensed solids or by selling/churning extra cream, cheese plant operators are reviewing their options. While some buyers have been rebuilding cheese aging program inventory, other buyers are rebuilding their near term working stocks, often mozzarella, for Super Bowl related activities. The high fat cost also has cheese processors looking to reformulate products, perhaps by increasing the percentage of cheese, minimize the fat content, or use alternatives to minimize the increased costs in process formulations. Generally speaking, overtime is very limited on natural lines with many process lines hard pressed to fill a 40 hour week. Cheese production is increasing seasonally with milk components at good January levels.

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

Process American 5# Loaf	:	1.7000-1.9200
Brick And/Or Muenster 5#	:	1.8600-2.0600
Cheddar 40# Block	:	1.8775-2.5650
Monterey Jack 10#	:	1.8200-2.5650
Blue 5#	:	2.1775-2.7800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6925-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.6400-3.3300

FOREIGN

The block cheese price on the CME Group advanced for the fifth consecutive session Tuesday advancing \$.0750 and closed at \$1.4250. The recent price increases moved the weekly average price higher, resulting in higher domestic wholesale prices for all varieties, except for Swiss Cuts which remained unchanged. Swiss cheese production in the Northeast continues to be fairly active prompted by good demand and sales ahead of the NFL playoffs and Super Bowl.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 1.8075-3.2950*
Gorgonzola	: 3.6900-5.9900	: 2.3100-2.5700*
Parmesan (Italy)	: -0-	: 3.1475-3.3400*
Provolone (Italy)	: 3.4400-5.8900	: 1.8500-2.0075*
Romano (Cows Milk)	: -0-	: 2.9975-5.1400*
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-	: 3.3250-3.6475
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
01/10/11	3,644	129,019
01/01/11	3,528	117,082
CHANGE	116	11,937
% CHANGE	3	10

FLUID MILK AND CREAM

E A S T

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	186	0	180	0	0
SOUTHEAST STATE	0	0	0	0	25	0

The effects of the dramatic rise in the butter price last week and winter storms along the Eastern seaboard were the major factors affecting cream and fluid milk in the East this week. The CME Group butter price jumped 35 cents in the last two sessions last week, increasing the weekly average price and effectively raising cream prices. Current week's demand for cream is strong as users of cream try to increase supplies ahead of the expected price increases for next week. Cream cheese makers are looking to scale back production to the level of contracted loads to avoid the higher priced spot market cream. Some ice cream makers are also cutting back and limiting production, waiting for the market to settle and to better analyze their market positions. Cream multiples this week ranged from 110-127 with the low end of the range reflecting weekend activity. A winter storm moved north along the Eastern seaboard this week from Atlanta to Boston and significantly increased Class I demand as bottlers attempted to have adequate supplies ahead of the storm. The Northeast had storms on two fronts as a weather system moved in from the Midwest and combined with the coastal storm to create blizzard conditions in Boston on Wednesday. The increase in Class I demand reduced manufacturing milk supplies in the Northeast and Mid Atlantic regions. The Southeast region also experienced decreased manufacturing milk supplies due to the storms and strong Class I demand. Trucking delays have occurred due to icy road conditions, but there are no reports of any farms having to dump milk. Atlanta especially, is experiencing transportation problems, due to continued icy road conditions. Florida was the only region in the East that experienced milder weather conditions. Warmer temperatures and scattered rains last week improved pasture conditions with 45% of the pastures reported as poor to very poor, compared to last week's report of 70%. Drought conditions continue in some regions of Florida with more than normal supplemental feeding due to poor forage conditions. Class I demand is at normal levels with schools back in session. Reduced condensed skim supplies, due to Class I pulls, have reduced drying schedules at most plants. Class III demand for condensed skim milk continues to be fairly good, while Class II demand is steady at best.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.0218-2.3343
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.1505-2.2607

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.26 - 1.30
NORTHEAST - CLASS III - SPOT PRICES	-	1.01 - 1.08

M I D W E S T

Class I interest is about steady with last week. A few extra loads of milk were shipped out of the area to help refill stores depleted in storm related retail demand. Class II interest was steady to infrequently stronger. Many in the dairy industry are reworking 2011 forecasts, production schedules, and marketing plans after the sizeable jump in butter up to \$2.10, and, as a result, cream prices last week. Cheese prices are reacting by increasing to compensate for butter prices due to concerns about losing milk supplies to butter/powder. The current issue is what to do with extra cream, whether to

churn it, make ice cream, use it in the cheese vat, etc. Cream demand is irregular as some churns are limiting churning to contracted cream volumes while others are limiting purchases. Toll churning is also reduced as a result as \$2+ per pound butter made in January may not be used for several months. The result is likely to be fewer promotions on cream based products in 2011 and/or less customer flexibility by manufacturers. Manufacturing milk interest is also uneven as cheese sales may suffer as higher prices get passed along to customers. Buyers are paying premiums for spot manufacturing milk supplies though there were not enough prices to report a range. Milk intakes range from steady to slightly higher. After lagging recent years through much of the 2010 on a monthly basis, the average November 2010 Federal Order butterfat test was 3.82%, the highest November average since at least 2000. Light snow covered the ground in northern sections with some central and perhaps southern locations harder hit as well as being less equipped to handle. Many producers are consulting with bankers when planning for 2011 crop and feed needs.

W E S T

The February 2011 Class 1 prices in CALIFORNIA range from \$16.88 in the north to \$17.15 in the south. The statewide average Class 1 price based on production is \$16.90. The average is \$0.43 higher than January 2011 and \$0.41 more than February 2010. CALIFORNIA milk output is generally flat overall. The impact of recent wet weather and higher feed cost are said to be putting a literal and figurative damper on milk growth. Higher dairy product prices are being welcomed and creating higher milk prices on the futures markets. Plants are running along expected levels in the state and there is a stronger pull from cheese plants for more milk. ARIZONA and NEW MEXICO milk production levels are steady to trending slightly higher on a week-to-week basis. Weather is not affecting cows at this time. Processing plants are running on expected schedules. Class I demand is good and improving as most schools and more colleges are in session and those needs are filled. CREAM markets unsettled and buyers are finding themselves "in a pickle" at times. Higher butter prices are making basing points higher and increasing cream values. Historically, butter prices retreat after holiday orders are done and then the trade rebuilds inventories at lower values. Additionally, other cream based products can then be made at lower costs. With the butter price at \$2.10 and at record January levels, the need to create inventories remains, but the desire is subdued with the fear of losing inventory valuation if there is a market correction. At the CME, Grade AA butter price closed at \$2.10 on Wednesday, January 12, 35 cents higher than a week ago. Cream multiples are trading in a wide range of 105-123; and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is following expected volumes. Weather has not been an issue and milk is being handled within the region. Class I usage has slowed receipts at some manufacturing facilities. Increased milk futures prices are enticing dairy farmers to look at costs of expansion, although this is tempered by higher feed costs for the upcoming year. UTAH and IDAHO milk production is steady to increasing slightly in some areas. Area manufacturers have adequate production capacity to handle current supplies. Winter weather has added to the snow pack in the mountains to help with spring water needs, but has not impeded handling of milk in most cases. The recent Annual Crop Production report for 2010 from NASS has lowered yields and carryover stocks for grains that are used in dairy feeding. Prices for feedstuffs are being watched carefully by dairy farmers as they try to find profitability and make decisions as to possibly increasing production.

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 nonfat dry milk prices are higher, with a firmer market tone emerging. Spot market participation varies from manufacturer to manufacturer, with many Central manufacturers limiting sales to intermittent loads versus steady clearing of NDM into that venue. Both contract commitments and marketing strategies are directing current FOB spot market activity. Low and medium heat NDM production is steady to lower compared to the last few weeks as demands from both Class I and II rebuild. Some integrated operations are shuttling farm milk intakes toward Class III production versus NDM in order to meet 2011 whey stream product commitments. Spot market offers of NDM from Western producers and resellers into the Central region are reportedly less frequent, with indications that supplies from that region are expected to be tight throughout the remainder of January. Central contract loads of NDM are shipping on time.

EAST: Eastern nonfat dry milk prices moved higher for both low and high heat, resulting in the upper end of the low heat price range exceeding the low end of the high heat price range. Production of nonfat dry milk declined in the East as Class I demand significantly increased, as winter storms moved up the Eastern seaboard, resulting in reduced manufacturing milk supplies. As manufacturing milk supplies have declined, some plants have shifted to increased high heat production. Supplies are viewed as tight with buyers attempting to secure additional volumes through their contracts. Inventories are held in firm hands with good to very good demand. Spot sales activity has increased with more buyers showing increased interest. Resale activity is sporadic, due to the tight supplies, with prices usually above the range.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2600 - 1.3600 MOSTLY: 1.2800 - 1.3300
 HIGH HEAT: 1.3300 - 1.4600

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are moving higher. The market undertone is firm. Pricing levels and indices are being adjusted higher. Demand is fair to good for the current limited offerings. Higher international pricing trends and adverse weather conditions in Oceania are being assessed and are impacting U.S. market prices. Inventories are light to moderate and are in tighter positions after recent sales. High heat prices are trending higher. Buying activity is increasing and more orders are moving to seasonal contract accounts. Offerings are generally light. Production levels are along projected levels and most often being made to order. Stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2000 - 1.3700 MOSTLY: 1.2300 - 1.3000
 HIGH HEAT: 1.2600 - 1.3950

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices increased in the Central region, responding to higher butterfat and dairy protein values as well as active buyer interest. Contract loads are shipping regularly. Offers to the spot market vary from processor to processor, depending on current inventory and near term production projections. A few market participants indicated that they had dry buttermilk loads to choose from last week, but FOB spot offerings are short of demand this week. Manufacturers are mindful of upcoming contract needs and often limiting sales to solitary loads versus blocks. Steady butter interest is keeping the churns busy and dry buttermilk production is in step with that churning activity.

EAST: Dry buttermilk prices moved higher this week in the East. Production of dry buttermilk held steady as butter makers were fairly busy filling current orders. It has yet to be determined what the effects will be of last week's significant butter price increases, 43 cents, on future butter orders, production and ultimately dry buttermilk production. Dry buttermilk prices are moving higher as they shadow nonfat dry milk price increases. Buttermilk supplies are becoming tight as users are pulling additional volumes through their contracts. Spot market activity remains light, but buyer interest/demand has improved as buttermilk prices are mostly below nonfat dry milk prices. Current inventories are held in firm hands.

F.O.B. CENTRAL/EAST: 1.1500 - 1.3100

DRY BUTTERMILK - WEST

Dry buttermilk prices in the West are trending higher and the market tone is firmer. The market trend is being influenced by higher protein values for nonfat dry milk, reversing recent lower price trends. Some additional seasonal bakery accounts are redeveloping after the first of the year. Dry buttermilk production is mostly steady to lighter. There are dryer times available for making buttermilk if needed. There is a fair demand for condensed buttermilk. Stocks are light to moderate and tightening.

F.O.B. WEST: 1.1000 - 1.2400 MOSTLY: 1.1600 - 1.2000

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged on a firm market. Recent cash market upticks in both dairy proteins and butterfat values support the current dry whole milk market. Dry whole milk production is steady.

F.O.B. PRODUCING PLANT: 1.6500 - 1.7500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 7	\$1.2195	9,532,092	0
December 31	\$1.1896	10,647,112	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

The Central dry whey market is firm and prices are higher. Active interest has producers regularly handling calls from existing customers looking for additional dry whey loads as well as from other buyers looking for new suppliers because of contract shortfalls from traditional sources. FOB spot market activity remains a function of uncommitted inventories. Resellers also report dry whey interest is active and price pushbacks on spot load offers are infrequent. Price premiums on resell loads of dry whey are increasing from many brokers and traders. A few dry whey end users indicate they are trying different product formulations as a method of modifying their dry whey needs. By substituting other types of dairy solids for some volumes usually filled by dry whey, the end users are hoping to control input costs. With cash cheese prices pushing higher this week, various cheese plant managers shared they are working to fill cheese orders with inventories on hand and expect to notch up cheese production as milk availability allows during the next few weeks. This will augment dry whey production as well. Availability of condensed whey is tight, with one or two plant issues prompting additional sales into other processing plants. ANIMAL FEED DRY WHEY production is unchanged. Prices moved higher due to active demand for animal feed dry whey to be used as a blend-down agent for higher protein products destined for dry mix milk replacer.

F.O.B. CENTRAL: .3500 - .4300 MOSTLY: .3600 - .3900
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .4200

DRY WHEY - NORTHEAST

The Northeast dry whey prices moved higher this week as 2011 contract pricing factors raised the low end of the range. Dry whey production remains fairly steady as cheese production has also held steady. Dry whey supplies remain very tight, as some plants have committed to increased production of other whey stream products at the expense of Extra Grade and Grade A production. Export activity remains active. Spot market activity is very light, due to lack of available uncommitted supplies. The tight supply situation continues to push resale prices at or above 43 cents. Buyers seeking product are looking out of region with limited success. Overall, domestic and export demand is good to very good.

F.O.B. NORTHEAST: EXTRA - GRADE AND GRADE A: .3850 - .4100

DRY WHEY - WEST

Western dry whey prices showed gains this week. The full range price was \$.0125 higher as some new pricing contracts were evidenced in the market. The mostly range was \$.0050 higher for the week. The market tone is firm to higher as prices have gained strength on many dry products in the new year. Dry whey production was mostly steady in the West as cheese plants are operating at normal schedules. Whey production continues to be geared to contract fulfillment. Spot loads of whey are difficult to obtain. Buyer inquiries are increasing with any extra loads desired being put back for later delivery. Stocks are said to be tight in most cases. Export demand is good, although the arrival of the Chinese New Year is expected to slow some interest.

NONHYGROSCOPIC: .3800 - .4425 MOSTLY: .3900 - .4275

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to higher and the market remains firm. Most manufacturers indicate large percentages of inventories are committed to contract fulfillment in the near term. Opportunities for spot market participation are uneven from producer to producer for full loads, and premiums on LTL's are in line with the firm WPC 34% market. Demand for WPC 34% is steady to higher from all end use sectors. Some end users reportedly opted not to contract for some/most/all of their anticipated 2011 dairy protein needs. Respectively, there was some expectation of weaker dairy protein markets on either side of the 2010/2011 intercept. With some percentage of 2011 dairy protein needs uncovered, those buyers are now searching for WPC 34% in firm market conditions and finding little to choose from on the FOB spot market and strong pricing on the resale market.

F.O.B. EXTRA GRADE 34% PROTEIN: .9800 - 1.0900 MOSTLY: .9900 - 1.0500

LACTOSE - CENTRAL AND WEST

The lactose market is firm and additional Q1 price inclusions in the range and mostly series moved prices higher. Spot market activity is light due to tight supplies at many facilities, with prices reportedly mirroring the strength of contract pricing. Lactose production is steady, although heavier cheese orders surfacing this week are expected to bump up lactose production in the near term for those plants that rely more heavily on weekly cheese ordering. Some manufacturers are using these months to build lactose inventories to carry them through the warm, humid months when lactose production is more difficult. Condensed whey availability is tight at most locations, but a few spot loads cleared into lactose/related product facilities, allowing for additional production at the end of the week.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL: .3200 - .4475 MOSTLY: .3300 - .3700

CASEIN - NATIONAL

Casein markets and prices are firm. First quarter contracts are now underway and for the most part, prices are higher. Supply availability continues to be the major concern with domestic buyers. Oceania suppliers are indicating that their production season did not develop as positively as desired, but remain confident that they will be able to fulfill commitments. Most Oceania suppliers do state that will not have any uncommitted stock for spot buyer interest. The European production season has not yet resumed, but suppliers remain optimistic about the upcoming season. In both instances, suppliers are not stretching themselves into multi-quarter commitments with most sales activity limited to 90 days.

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: 3.9500 - 4.3000
ACID: 4.0000 - 4.2500

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 10 - 14, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 01/07/11	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 JANUARY 10 - 14, 2011 =	0.0	0.0	COMPARABLE PERIOD IN 2010 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2010 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	1.5
CUMULATIVE JANUARY 1 - 14, 2011 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2010 =	0.0	0.0

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 JANUARY 10 - 14, 2011 (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 12/25/10 & Comparable Week 2009

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2010-Dairy	N.A.	0.5	8.1	2.8	17.1	3.4	0.2	N.A.	14.8	2.4	50.8	2,793.4	46.5	43.5
2009-Dairy	N.A.	0.5	5.0	1.9	14.3	2.6	0.2	N.A.	12.0	1.8	39.3	2,809.3	42.0	46.0
2010-All cows	N.A.	0.6	10.1	11.4	28.4	18.9	12.7	N.A.	17.6	5.9	109.3	6,415.8		
2009-All cows	N.A.	0.5	6.3	9.3	26.4	15.9	11.0	N.A.	15.7	5.6	93.6	6,106.5		

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

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEKS ENDING	WEEKLY TOTALS	2010 CUMULATIVE TOTAL	
DECEMBER 25	24	7,517	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	JAN 2011
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	15.20
II	15.22	15.65	14.46	13.78	14.90	16.01	17.10	16.98	17.60	17.57	17.21	15.77	
III	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83	
IV	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03	

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 January 3 - 14, 2011

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Total Organic Milk Products sales for November 2010 are up 17.3% from previous year sales and up 12.2% year-to-date compared with 1 year ago. November sales were 159 million pounds and year-to-date through November were 1.643 billion pounds.

Organic Whole Milk sales for November 2010 up 25.4% compared with November 2009 and up 15.6% year-to-date compared with 1 year ago. November 2010 sales were 39 million pounds and year-to-date sales were 391 million pounds.

This contrasts with a 1.3% November 2010 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with November 2009. Year-to-date through November 2010, Total Fluid Milk Products sales are down 1.4%.

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

Product Name	Sales		Change from: 2/	
	November Mil. Lbs.	Y-T-D	Prev Yr. Percent	Y-T-D
Whole Milk	1,187	12,874	0.4	5.7
Flavored Whole Milk	51	507	2.2	4.2
Reduced Fat Milk (2%)	1,558	16,909	0.9	0.4
Low Fat Milk (1%)	600	6,452	2.7	2.6
Fat-Free Milk (Skim)	667	7,333	1.0	1.3
Flavored Fat-Reduced Milk	363	3,596	4.4	1.5
Buttermilk	47	435	1.2	20.2
Tot. Conv. Milk Products	4,524	48,332	1.3	1.8
Organic Whole Milk	39	391	25.4	15.6
Organic Reduced Fat Milk	44	3/	3/	3/
Organic Low Fat Milk	32	3/	3/	3/
Organic Fat-Free Milk (Skim)	36	3/	3/	3/
Organic Flavored Milk	7	3/	3/	3/
Organic Fat-Reduced Milk 4/	120	1,253	14.9	11.2
Tot. Organic Milk Products.	159	1,643	17.3	12.2
Tot. Fluid Milk Prod. 5/	4,683	49,876	1.7	1.4
Tot Fluid Milk Prod Adj 5/6/	4,621	49,868	-1.3	-1.4

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Volume figures are not available for the previous year or 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>

The strong resumption in growth of retail organic milk sales during 2010 shows signs of continuing, at least into early 2011. In the East, interest in acquiring additional organic milk for private label bottling had to be deferred for delivery next week due to supply tightness. Recent requests in the East for additional milk volumes have been difficult to accommodate. Retail orders for organic milk in coming weeks anticipate continuing increases in volume of sales. Texas producers, who supply milk to Eastern markets, late this week advised of increasing production levels and availability.

The Northwest, in contrast, has been experiencing volumes of organic milk beyond regional market demand. Even with a mature organic dairy market in the Northwest and a lively and competitive retail supermarket setting, it was observed that "there is plenty of milk out there." Some organic milk has been sold into non-organic markets.

2010's surge in non-organic butter prices narrowed the spread between organic and non-organic butter prices. While early 2010 organic butter sales were increasing independently of non-organic butter price movement, as the price spread narrowed, consumers responded by further increasing purchases of organic butter. This became a factor in some organic butter manufacturers experiencing fall sales at higher than expected levels. Retail organic butter sales into the fall were sufficiently strong that some planned organic butter promotions were canceled as a precaution to provide greater assurance that stocking organic butter in retail outlets could be maintained with available cream supplies.

The Foreign Agriculture Service has now unveiled the 20 new organic food category import and 23 export codes but none are for any organic dairy product. Thus, quantifying trends and the magnitude of organic dairy imports and exports remains challenging. However, the Organic Trade Association has recently released its' latest estimates of exports of all organic products. The data for all organic products during 2009 reflects a 5 percent annual increase to \$1.7 billion. An example of current organic dairy export activity involves organic fluid milk exports to Asian countries in aseptic containers which do not require refrigeration and which have a shelf life of a number of months.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

Total organic dairy ads this period increased slightly to 2,253 of 9,210 ads surveyed nationally, up from 1,871 two weeks ago. The end of holiday-season advertising has narrowed the range of organic dairy advertising. There were significantly fewer ads this period with multiple organic dairy product content. In the Northwest, 80 stores ran ads for organic milk in both half gallons and 8 ounce containers while 79 stores in the Southeast ran ads for gallons of organic milk and 1 pound organic butter. This yielded a total of 2,412 organic dairy product ad placements.

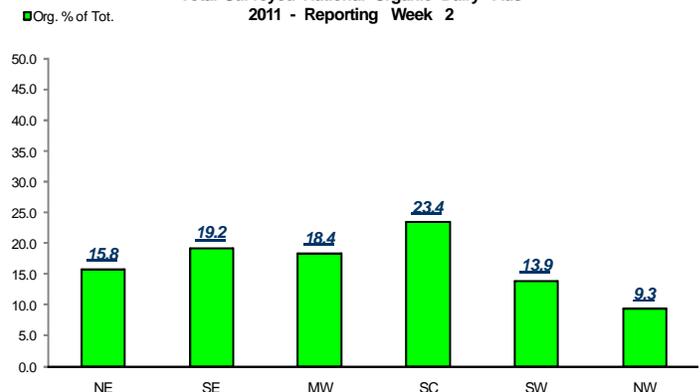
Last period there were 4,737 total organic dairy ad placements in the 1,871 organic dairy ads, just over an average of 2 1/2 organic dairy products in each ad. Organic ad numbers last period resulted in an unusually wide range of eight products in addition to milk and yogurt being advertised. In contrast, this period all ads are for organic milk, yogurt and butter.

This information is compiled from newspaper supermarket ads for the period January 1, 2011 to January 14, 2011 identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

Regional Organic Dairy Ad Trends – Current Period. Retail supermarket organic dairy advertising had no significantly dominant region this period. There were ads in all six regions, unlike two weeks ago when no organic dairy ads appeared in the Southwest.

The South Central Region led with 23.4% of the organic dairy ads placed, followed by the Southeast with 19.2%; the Midwest, 18.4%; the Northeast, 15.8%; the Southwest, 13.9%; and the Northwest, 9.3%.

Regional Organic Dairy Ads As A Percentage of Total Surveyed National Organic Dairy Ads
2011 - Reporting Week 2



CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

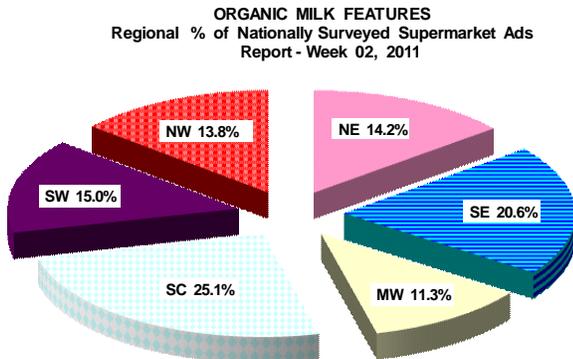
Information gathered January 3 - 14, 2011

CONTINUED FROM PAGE 8

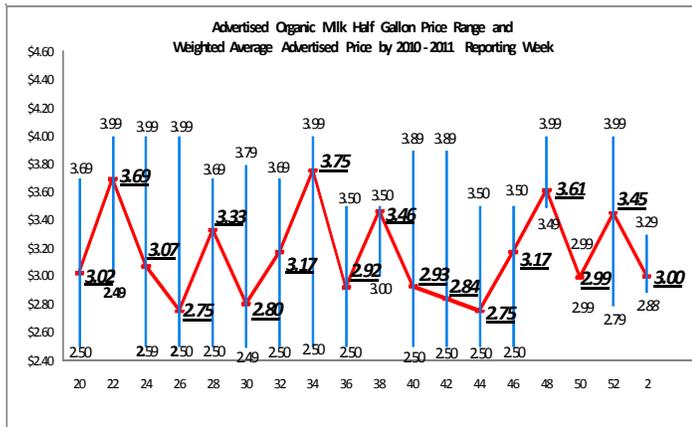
Product Emphasis. Organic milk ad placements totaled 2,099, above 649 appearing two weeks ago, 1,994 four weeks ago and 994 six weeks ago. Of current organic milk ad placements, 974 were for half gallons, nearly double 490 two weeks ago; 491 for gallons, well up from 79 two weeks ago; and 634 ads for 8 ounce organic aseptic containers, in contrast with 80 two weeks ago.

The total number of organic yogurt ad placements this period is 234, down from 671 two weeks ago and lower than any reporting period during 2010.

Milk. Organic milk ads appeared in every region with no significantly dominant region. The highest concentration of milk ads, 25.1%, appeared in the South Central Region, followed by the Southeast, 20.6%; Southwest, 15.0%; Northeast, 14.2%; Northwest, 13.8%; and Midwest, 11.3%.



Half Gallons. The national weighted average advertised price for half gallons of organic milk fell 45 cents to \$3.00 following a 46 cent increase two weeks ago. The price range narrowed to 41 cents with advertised prices ranging from \$2.88 to \$3.29. This is the narrowest advertised price range for organic half gallons since this data series began in October 2009, as well as the second lowest top-of-range price.

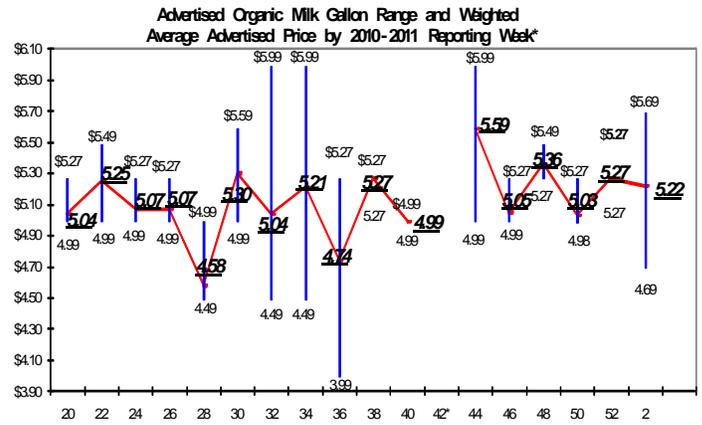


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION %	WTD. AV. ADV. PRICE \$
NE	00.0
SE	34.5
MW	09.9
SC	46.2
SW	00.0
NW	09.4
US	3.00

Gallons. Organic milk gallon ads yielded a weighted average advertised price of \$5.22, slightly down from \$5.27 two weeks ago. The range increased 42 cents to \$5.69 at the top while the bottom fell 42 cents to \$4.69.



*THERE WERE NO ADS FOR WEEK 42

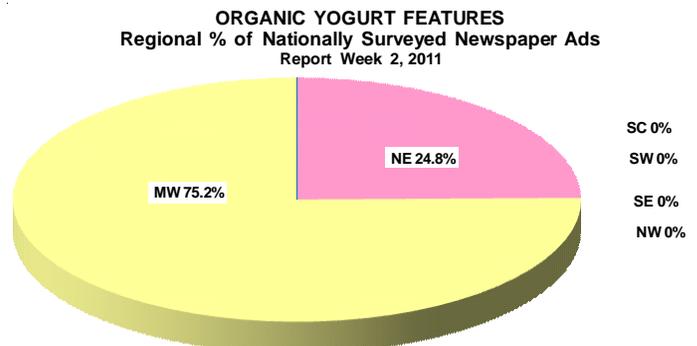
The following table shows the percentage of national gallon organic milk ads by region and the regional weighted average advertised price.

GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$
NE	60.7
SE	16.9
MW	22.4
SC	—
SW	—
NW	—
US	5.22

8 Ounce Milk. There were 634 ad placements for 8 ounce organic milk, well up from 80 two weeks earlier but down from four weeks ago when ad placements were the second highest for 2010 at 1,498. For context, the current level of ads is higher than four of the last eight reporting periods.

Yogurt. For the third consecutive reporting period, only two regions, the Midwest and Northeast, had newspaper retail organic yogurt ads. Leading was the Midwest with 75.2% followed by the Northeast with 24.8%. This reverses the prior two reporting periods when the Northeast led the Midwest.



All ads for organic yogurt in 6 ounce containers reflected a price of 60 cents. This is 13 cents below the weighted average advertised price last reporting period, when the range was 69 cents to 99 cents.

ORGANIC DAIRY MARKET NEWS

Information gathered January 3 - 14, 2011

CONTINUED FROM PAGE 8-A

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

<u>REGION %</u>	<u>WTD. AV. ADV. PRICE \$</u>
NE 24.8	0.60
SE 00.0	—
MW 75.2	0.60
SC 00.0	—
SW 00.0	—
NW 00.0	—
US	0.60

No other organic yogurt product was advertised.

Butter. Organic 1 lb. butter newspaper retail ad placements totaled 79, continuing a “higher number – lower number” see-saw pattern for the sixth consecutive report. All current ads are in the Southeast and all for \$4.99.

For this report and all reports of 2010, the Southeast significantly led all regions in organic butter newspaper retail ads, with ads during twenty-two of the reporting periods. The Midwest and Northeast trailed, tying for second place, with organic butter ads during six report weeks each. The South Central Region had ads in only three reporting periods and the Northwest in two. Only in the Southwest was there a complete absence of organic butter ads going back to the beginning of 2010. The high price each report ranged between \$5.49 and \$3.49 with an average price of \$4.95. Low prices ranged from \$4.99 to \$3.49 with an average low price of \$4.51.

No ads appeared for organic dairy products other than milk, yogurt and butter.

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
2011 REPORTING WEEK 2

	MADISON, WI		
	<u>LOW</u>	<u>HIGH</u>	<u>RANGE</u>
	(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	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
YOGURT	.79	1.59	0.80

LOW HIGH RANGE
(In Dollars)

CHEESE – 8 OUNCE BLOCKS:

Mozzarella	3.70*	5.75	2.05*
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	5.59*	1.70*
Colby Jack	3.89	5.09*	1.20*

BUTTER – 1 POUND 4.79 6.19* 1.40*

*=Price change from prior reporting period

This report, all except one price change resulted in lower prices. The only milk price change was a 40 cent decline in the low price for all types of non-flavored half-gallons, to \$2.99. There was an 11 cent decline in the low price for 8 ounce Mozzarella to \$3.70, a 30 cent decline in the high price for 6 ounce string Mozzarella to \$5.59; and a 30 cent decline in the high price of 6 ounce string Colby Jack to \$5.09. Due to the disappearance of a specialty line of butter previously available in only one store, the high butter price declined \$2.26 to \$6.19. The only increase was a 30 cent increase in the low price of Pepper Jack to \$3.89.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were higher with very good demand reported for feed grade grains, along with moderate supplies. Food grade grain trade was limited in the Upper Midwest and Eastern Cornbelt, as the feed markets have seen increased movement and interest after the lull of the holiday season. Organic fair and premium alfalfa hay in the Northern Intermountain area of California was reported as \$150.00-\$170.00 per ton, while good meadow grass hay in the Sacramento Valley was reportedly \$60.00/ton this period.

Eastern organic grain and feedstuff prices were steady to firm with feed grade corn moderately higher. In recent weeks, organic prices have increased due to improved buying interest and higher conventional corn and soybean values at the Board of Trade.

Midwest organic grain and feedstuffs were higher. Very good demand for feed grade grains was reported, with moderate offerings. Feed grade barley, flax, and oat trades were noted this reporting period, however, an accurate test of the market was not established by publish time. A higher undertone was noted on feed grade soybeans along with feed grade corn. Food grade grain trade was reportedly stagnant.

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

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS
2010 ANNUAL AVERAGES, WITH COMPARISONS ^{1/}**

For 2010, the all-city average announced cooperative Class I price was \$20.51 per cwt., \$2.52 higher than the Federal Milk Order minimum Class I price average for these cities. The 2010 announced cooperative Class I price was \$3.94 per cwt higher than the 2009 price while the Federal Milk Order minimum Class I price was \$3.87 per cwt higher. The 2010 difference was \$0.07 per cwt higher than the 2009 difference. On an individual city basis, the annual average differences between the Federal order and announced cooperative Class I prices ranged from \$0.50 in Phoenix, AZ, to \$3.90 per cwt in Miami, FL.

City	2010 Annual Averages		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	22.44	19.15	3.29
Baltimore, MD	20.02	18.35	1.67
Boston, MA	20.10	18.60	1.50
Charlotte, NC	22.00	18.75	3.25
Chicago, IL	20.68	17.15	3.53
Cincinnati, OH	20.63	17.55	3.08
Cleveland, OH	20.43	17.35	3.08
Dallas, TX	20.21	18.35	1.86
Denver, CO	19.30	17.90	1.40
Des Moines, IA	19.83	17.15	2.68
Detroit, MI	20.20	17.15	3.05
Hartford, CT	20.00	18.50	1.50
Houston, TX	21.01	18.95	2.06
Indianapolis, IN	20.43	17.35	3.08
Kansas City, MO	19.52	17.35	2.17
Louisville, KY	20.70	17.65	3.05
Memphis, TN	21.67	18.25	3.42
Miami, FL ^{2/}	25.25	21.35	3.90
Milwaukee, WI	20.63	17.10	3.53
Minneapolis, MN	19.34	17.05	2.29
New Orleans, LA	22.57	19.15	3.42
Oklahoma City, OK	19.95	17.95	2.00
Omaha, NE	19.58	17.20	2.38
Philadelphia, PA	21.50	18.40	3.10
Phoenix, AZ	18.20	17.70	0.50
Pittsburgh, PA	20.95	17.45	3.50
St. Louis, MO	19.92	17.35	2.57
Seattle, WA	18.03	17.25	0.78
Springfield, MO	20.16	17.75	2.41
Washington, DC	20.02	18.35	1.67
Wichita, KS	19.43	17.55	1.88
Simple Average	20.51	17.99	2.52

^{1/} These figures are simple averages of monthly prices. The cooperative prices are Class I prices announced for the beginning of the month by cooperative associations in various city markets. The information relates to the major cooperative in each of the city markets and does not apply to all of the Class I sales in these city markets. These data are common market knowledge in the sense that the information represents basic Class I price announcements by the cooperative sent to all handlers who buy milk from them. The announced over-order prices include charges for various service charges applicable to milk from supply plants. In some instances, the announced over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES*

The milk production estimate for 2010 and forecast for 2011 are unchanged from last month. Ending stocks for 2010 are reduced due to expected low stocks of butter and nonfat dry milk (NDM) at the end of the year. Imports for 2010 and 2011 are reduced due to low U.S. prices relative to those internationally coupled with a weak U.S. dollar. Skim-solids basis exports are raised as NDM exports are expected to be supported by tight world supplies into mid-2011. Fat basis exports for 2010 are lowered from last month on weaker-than-expected exports of butterfat. Butter, NDM, and whey prices are forecast higher, but the cheese price forecast is lowered. Tighter beginning stocks support a higher butter price forecast while generally strong exports of NDM and whey will support higher prices. The cheese price forecast is reduced from last month on moderate demand. The Class III price forecast range is reduced as the lower forecast cheese price more than offsets the higher whey price forecast. The Class IV price forecast is raised as both the butter and NDM price forecasts are raised. The all milk price is forecast to average \$16.10 to \$16.90 per cwt for 2011.

U.S. MILK SUPPLY AND USE					
Commodity	2009	2010 Estimated		2011 Projected	
		December	January	December	January
BILLION POUNDS					
MILK					
PRODUCTION	189.3	192.8	192.8	195.5	195.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.1	11.3	11.3	10.5	10.2
MARKETINGS	188.3	191.8	191.8	194.6	194.5
IMPORTS	5.6	4.3	4.1	4.1	3.9
TOTAL COMMERCIAL SUPPLY	204.0	207.4	207.3	209.2	208.7
FAT BASIS USE					
COMMERCIAL EXPORTS	4.5	8.2	8.1	6.3	6.4
ENDING COMMERCIAL STOCKS	11.3	10.5	10.2	10.6	10.5
CCC NET REMOVALS <u>1/</u>	0.7	0.2	0.2	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.3	188.5	188.7	192.3	191.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	11.3	11.3	12.2	11.9
MARKETINGS	188.3	191.8	191.8	194.6	194.5
IMPORTS	5.5	5.1	4.8	4.9	4.7
TOTAL COMMERCIAL SUPPLY	204.7	208.3	208.0	211.7	211.1
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	22.4	31.3	32.1	30.0	30.7
ENDING COMMERCIAL STOCKS	11.3	12.2	11.9	11.5	11.5
CCC NET REMOVALS <u>1/</u>	2.9	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	168.6	165.2	164.4	170.1	168.9
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	30	8	8	0	0
CHEESE	3	0	0	0	0
NONFAT DRY MILK	248	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program.
2/ Includes commercial exports.

Continued on page 11

JANUARY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2009	2010 Projected		2011 Projected	
		December	January	December	January
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u> CHEESE	1.2963	1.515-1.525	1.5226	1.535-1.615	1.510-1.590
BUTTER	1.2094	1.685-1.715	1.7020	1.485-1.595	1.545-1.655
NONFAT DRY MILK	0.9222	1.160-1.180	1.1687	1.200-1.260	1.220-1.280
DRY WHEY	0.2584	0.365-0.375	0.3716	0.365-0.395	0.375-0.405
DOLLARS PER CWT					
MILK PRICES <u>2/</u> CLASS III	11.36	14.35-14.45	14.41	14.45-15.25	14.35-15.15
CLASS IV	10.89	15.00-15.20	15.09	14.50-15.40	14.90-15.80
ALL MILK <u>3/</u>	12.83	16.25-16.35	16.30	15.90-16.70	16.10-16.90
QUARTERLY					
	2010 IV	2011 I <u>4/</u>	2011 II <u>4/</u>	2011 III <u>4/</u>	2011 IV <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	47.6	48.5	50.4	48.5	48.1
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	17.73	16.25-16.65	16.10-16.80	15.95-16.95	16.20-17.20
CLASS III PRICE <u>2/</u>	16.24	13.60-14.00	14.45-15.15	14.85-15.85	14.60-15.60
CLASS IV PRICE <u>2/</u>	16.93	15.70-16.20	15.00-15.80	14.60-15.70	14.35-15.45

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-490, World Agricultural Outlook Board, USDA, January 12, 2010.

2010 MONTHLY AVERAGES

AREA and PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL AVERAGE*
CME GROUP													
BUTTER - DAILY TRADING													
GRADE AA	1.3950	1.3561	1.4641	1.5460	1.5896	1.6380	1.7787	1.9900	2.2262	2.1895	1.9295	1.6327	1.7280
CHEESE - DAILY TRADING													
BARRELS	1.4684	1.4182	1.2782	1.3854	1.4195	1.3647	1.5161	1.6006	1.7114	1.7120	1.4520	1.3751	1.4751
40# BLOCKS	1.4536	1.4526	1.2976	1.4182	1.4420	1.3961	1.5549	1.6367	1.7374	1.7246	1.4619	1.3807	1.4964
NONFAT DRY MILK - DAILY TRADING													
EXTRA GRADE	1.3247	1.2400	1.1278	1.2154	1.2930	1.2544	1.2283	1.2250	1.2250	1.2250	1.2250	1.2250	1.2341
GRADE A	1.3058	1.1308	1.1263	1.2749	1.3179	1.2541	1.2145	1.2061	1.2293	1.2290	1.2250	1.2543	1.2307
CHEESE													
WISCONSIN													
PROCESS AMERICAN 5# LOAF	1.9009	1.9124	1.7717	1.8244	1.8466	1.8278	1.9134	2.0216	2.1055	2.1499	1.9841	1.8821	1.9284
BRICK AND/OR MÜNSTER 5#	2.0811	2.0666	1.9483	1.9378	1.9541	1.9578	2.0106	2.1271	2.1939	2.2514	2.1564	2.0646	2.0625
CHEDDAR 40# BLOCKS	2.2695	2.2659	2.1988	2.1825	2.1938	2.1989	2.2075	2.2655	2.2825	2.3275	2.2968	2.2509	2.2450
MONTEREY JACK 10#	2.2437	2.2632	2.1724	2.2129	2.2231	2.2228	2.2448	2.3090	2.3275	2.3550	2.2684	2.2221	2.2554
BLUE 5#	2.5850	2.5716	2.4533	2.4428	2.4775	2.4883	2.5447	2.6570	2.7226	2.7801	2.6841	2.5834	2.5825
MOZZARELLA 5 - 6#	2.2282	2.2482	2.1574	2.2076	2.2125	2.2119	2.2500	2.3064	2.3621	2.3706	2.2546	2.2084	2.2515
GRADE A SWISS CUTS 6 - 9#	2.9718	2.9666	2.9385	2.9211	2.8350	2.8432	2.8689	2.8850	2.8914	2.9685	3.0175	3.0651	2.9311
NORTHEAST													
CHEDDAR 40# BLOCKS	1.9005	1.9513	1.7699	1.8707	1.8800	1.8768	1.9622	2.0706	2.1731	2.2003	1.9593	1.8667	1.9568
PROCESS 5# SLICED	1.6984	1.7099	1.5275	1.6201	1.6444	1.6257	1.7309	1.8382	1.9496	1.9835	1.7639	1.6603	1.7294
MÜNSTER	1.8818	1.9326	1.7511	1.8519	1.8613	1.8581	1.9434	2.0556	2.1581	2.1853	1.9443	1.8517	1.9396
GRADE A SWISS CUTS 10 - 14#	3.4338	3.3932	3.3357	3.3010	3.1288	3.1165	3.1615	3.1938	3.2066	3.3608	3.4588	3.5540	3.3037
WEST													
PROCESS 5# LOAF	1.7065	1.7161	1.5338	1.6264	1.6506	1.6319	1.7281	1.8339	1.9459	1.9798	1.7588	1.6541	1.7305
CHEDDAR 40# BLOCKS	1.7561	1.7951	1.6136	1.7144	1.7238	1.7206	1.8150	1.9243	2.0258	2.0515	1.8103	1.7155	1.8055
CHEDDAR 10# CUTS	1.8699	1.9088	1.7274	1.8282	1.8375	1.8343	1.9288	2.0381	2.1395	2.1653	1.9240	1.8292	1.9193
MONTEREY JACK 10#	1.8499	1.8888	1.7074	1.8082	1.8175	1.8143	1.9088	2.0181	2.1195	2.1453	1.9040	1.8092	1.8993
GRADE A SWISS CUTS 6 - 9#	3.0350	2.9945	2.9370	2.9023	2.7300	2.7423	2.7927	2.8250	2.8379	2.9920	3.0900	3.1852	2.9220
FLUID PRODUCTS													
CLASS II CREAM													
NORTHEAST - F.O.B.	1.6992	1.7008	1.8856	2.0019	2.1646	2.4046	2.7733	3.1799	3.3642	2.9069	2.6553	2.0343	2.3976
UPPER MIDWEST - F.O.B.	1.6394	1.6453	1.8452	1.9850	2.0926	2.2906	2.6079	2.9227	3.1189	2.8113	2.4596	1.8723	2.2742
CONDENSED SKIM - NORTHEAST - F.O.B.													
CLASS II	1.3324	1.3189	1.1752	1.1134	1.2163	1.3509	1.3695	1.2920	1.2279	1.2150	1.2510	1.2683	1.2609
CLASS III	1.2800	1.2726	1.2352	1.0870	1.0250	1.0250	1.0375	1.0223	1.0929	1.0963	1.1280	1.0189	1.1101

2010 MONTHLY AVERAGES

AREA and PRODUCT	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL AVERAGE*
DRY PRODUCTS													
NONFAT DRY MILK													
CENTRAL/EAST - LOW/MEDIUM HEAT	1.3713	1.1916	1.1175	1.2470	1.3184	1.3009	1.2423	1.2066	1.2450	1.2391	1.2263	1.2545	1.2467
-- MOSTLY	1.3664	1.2050	1.1130	1.2403	1.3175	1.3095	1.2584	1.2182	1.2336	1.2445	1.2338	1.2589	1.2499
CENTRAL/EAST - HIGH HEAT	1.4500	1.2938	1.2384	1.3184	1.4063	1.4090	1.3730	1.3249	1.3471	1.3903	1.3703	1.3484	1.3558
WEST - LOW/MEDIUM HEAT	1.2922	1.1051	1.0837	1.1807	1.2938	1.2716	1.2048	1.1265	1.1814	1.1911	1.1990	1.2305	1.1967
-- MOSTLY	1.3008	1.0739	1.0661	1.1775	1.2825	1.2922	1.2038	1.1236	1.1732	1.1920	1.1919	1.2160	1.1911
WEST - HIGH HEAT	1.3774	1.2332	1.1538	1.2170	1.3088	1.3469	1.3257	1.2624	1.2793	1.3023	1.2990	1.3057	1.2843
WHEY POWDER													
CENTRAL -	0.3845	0.3742	0.3529	0.3439	0.3400	0.3406	0.3377	0.3427	0.3471	0.3569	0.3626	0.3686	0.3543
-- MOSTLY	0.3761	0.3782	0.3707	0.3482	0.3450	0.3450	0.3427	0.3450	0.3439	0.3514	0.3558	0.3575	0.3550
WEST -	0.4037	0.4012	0.3997	0.3898	0.3866	0.3828	0.3769	0.3739	0.3750	0.3807	0.3868	0.3909	0.3873
-- MOSTLY	0.4068	0.4050	0.4024	0.4000	0.3963	0.3896	0.3843	0.3756	0.3735	0.3846	0.3902	0.3930	0.3918
NORTHEAST - EXTRA AND GRADE A	0.3755	0.3807	0.3994	0.3910	0.3734	0.3695	0.3679	0.3675	0.3675	0.3702	0.3812	0.3916	0.3780
WHEY PROTEIN CONCENTRATE													
CENTRAL AND WEST	0.9391	0.9349	0.9072	0.9101	0.9325	0.9447	0.9481	0.9788	0.9892	1.0006	1.0165	1.0249	0.9606
-- MOSTLY	0.9271	0.9307	0.9130	0.9102	0.9238	0.9432	0.9444	0.9555	0.9662	0.9845	0.9950	0.9950	0.9491
ANIMAL FEED													
CENTRAL - MILK REPLACER	0.2950	0.2950	0.2976	0.2926	0.2838	0.2743	0.2713	0.2780	0.2825	0.2994	0.3063	0.3065	0.2902
DRY BUTTERMILK													
CENTRAL/EAST	1.2933	1.1508	1.0192	1.0623	1.2363	1.3464	1.3650	1.3600	1.3686	1.3483	1.2953	1.1846	1.2525
WEST	1.2132	0.9872	0.9062	1.0376	1.2363	1.2952	1.2661	1.2168	1.2374	1.2433	1.2032	1.1520	1.1662
-- MOSTLY	1.2295	0.9726	0.8976	1.0048	1.1975	1.2963	1.2704	1.2009	1.2338	1.2395	1.2043	1.1717	1.1599
DRY WHOLE MILK													
NATIONAL	1.4895	1.4295	1.4809	1.4859	1.5725	1.6100	1.6100	1.6161	1.6600	1.6855	1.6900	1.6987	1.5857
LACTOSE													
CENTRAL AND WEST	0.3684	0.3671	0.3547	0.3315	0.3131	0.3259	0.3052	0.2969	0.3011	0.3401	0.3410	0.3362	0.3318
-- MOSTLY	0.3568	0.3500	0.3484	0.3358	0.3313	0.3295	0.3277	0.3249	0.3213	0.3343	0.3350	0.3350	0.3358
CASEIN													
RENNET	3.8750	3.8750	3.8783	3.9000	3.9000	3.9068	4.0864	4.1000	4.1000	4.1000	4.1000	4.1000	3.9935
ACID	3.8500	3.8500	3.8533	3.8750	3.8750	3.8818	4.0614	4.0750	4.0750	4.0750	4.0750	4.0750	3.9685

*Annual averages are simple averages of the twelve monthly averages.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, OCTOBER 2010, WITH COMPARISONS

In October 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.67 per cwt., up \$0.86 from the previous month average, and up \$4.38 from October 2009. The component tests of producer milk in October 2010 were: butterfat, 3.72%; protein, 3.13%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in October 2010 ranged from \$21.80 in Florida to \$17.06 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	October 2009	September 2010	October 2010
	Dollars per hundredweight		
New England States <u>3/</u>	14.84	18.84	19.73
New York	13.82	17.59	18.40
Eastern Pennsylvania <u>4/</u>	14.43	18.36	19.09
Appalachian States <u>5/</u>	15.30	19.36	20.13
Southeast States <u>6/</u>	16.41	20.11	20.64
Southern Missouri <u>7/</u>	14.23	17.96	18.80
Florida	17.76	21.63	21.80
Western Pennsylvania <u>8/</u>	14.60	18.51	19.44
Ohio	14.88	18.55	19.41
Indiana	14.27	18.22	19.11
Michigan	14.02	17.81	18.48
Wisconsin	14.54	17.70	18.70
Minnesota	14.83	17.71	18.26
Iowa	14.60	17.89	18.75
Illinois	14.71	18.15	19.35
Corn Belt States <u>9/</u>	14.12	17.42	18.45
Western Texas <u>10/</u>	13.37	16.86	18.01
New Mexico	12.52	15.90	17.06
Northwest States <u>11/</u>	13.52	17.33	18.06
All Federal Order Areas <u>12/</u>	14.29	17.81	18.67
California <u>13/</u>	12.30	15.99	16.50

1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

NOVEMBER FLUID MILK SALES

During November, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.7 percent higher than November 2009. After adjusting for calendar composition, sales in November 2010 were 1.3 percent lower than November 2009. Estimated sales of total conventional fluid milk products increased 1.3 percent from November 2009 and estimated sales of total organic fluid milk products increased 17.3 percent from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>. Some data for February-September 2010 have been revised due to changes in the information from some reporting areas.

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

Product Name	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,187	12,874	0.4	-5.7
Flavored Whole Milk	51	507	2.2	-4.2
Reduced Fat Milk (2%)	1,558	16,909	0.9	-0.4
Low Fat Milk (1%)	600	6,452	2.7	2.6
Fat-Free Milk (Skim)	667	7,333	1.0	-1.3
Flavored Fat-Reduced Milk	363	3,596	4.4	1.5
Buttermilk	47	435	1.2	-20.2
Total Conventional Milk Products 5/	4,524	48,332	1.3	-1.8
Organic Whole Milk	39	391	25.4	15.6
Organic Reduced Fat Milk	44	3/	3/	3/
Organic Low Fat Milk	32	3/	3/	3/
Organic Fat-Free Milk (Skim)	36	3/	3/	3/
Organic Flavored Milk	7	3/	3/	3/
Organic Fat-Reduced Milk 4/	120	1,253	14.9	11.2
Total Organic Milk Products	159	1,643	17.3	12.2
Total Fluid Milk Products 5/	4,683	49,876	1.7	-1.4
Total Fluid Milk Products Adjusted 5/ 6/	4,621	49,868	-1.3	-1.4

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

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

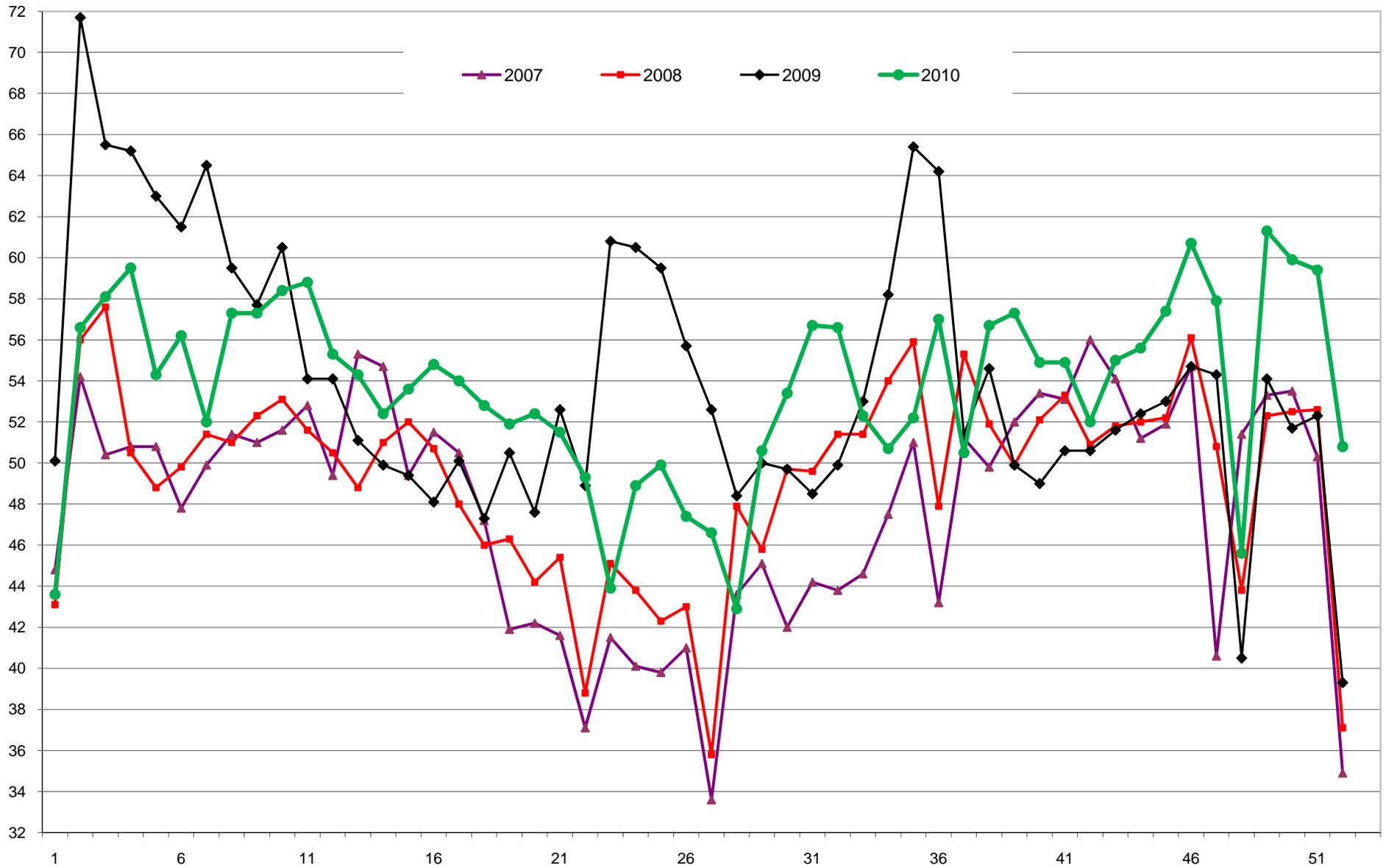
Area (Order Number)	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	791	8,468	1.2	-1.7
Appalachian (005)	308	3,323	2.2	1.0
Southeast (007)	433	4,598	1.6	-1.8
Florida (006)	254	2,690	3.3	-0.4
Mideast (033)	524	5,585	0.8	-1.5
Upper Midwest (030)	375	3,944	2.8	-0.8
Central (032)	397	4,149	2.3	-2.6
Southwest (126)	388	4,116	3.9	1.0
Arizona (131)	105	1,089	0.8	-1.4
Pacific Northwest (124)	194	2,033	2.4	0.1
California (---)	540	5,890	0.0	-3.4

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above.

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

1,000 HEAD

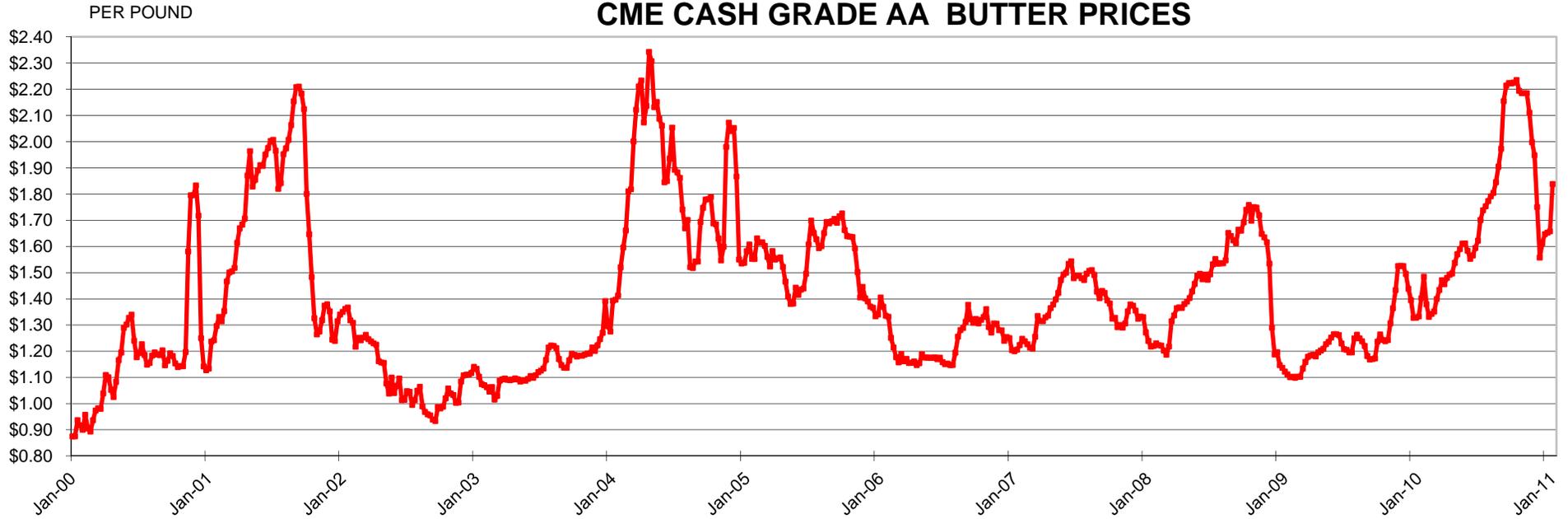
Weekly Dairy Cow Slaughter under Federal Inspection



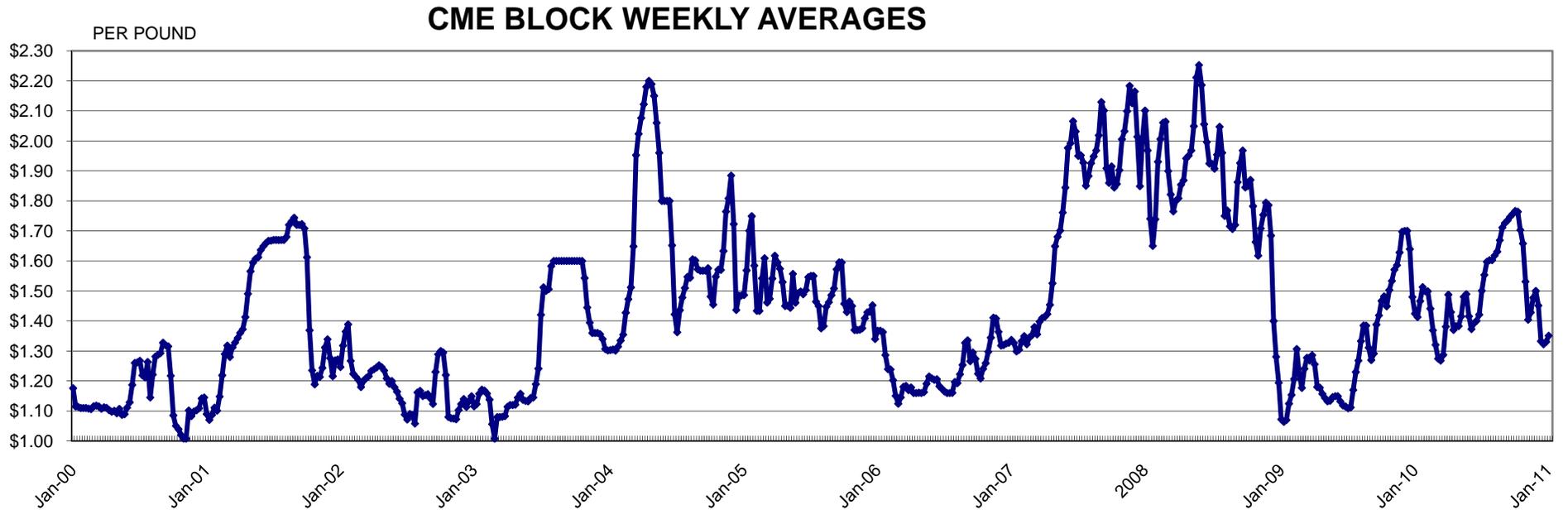
Source: LIVESTOCK MN/NASS, Graph DMN

Week Number

DATA THROUGH 12/25/2010

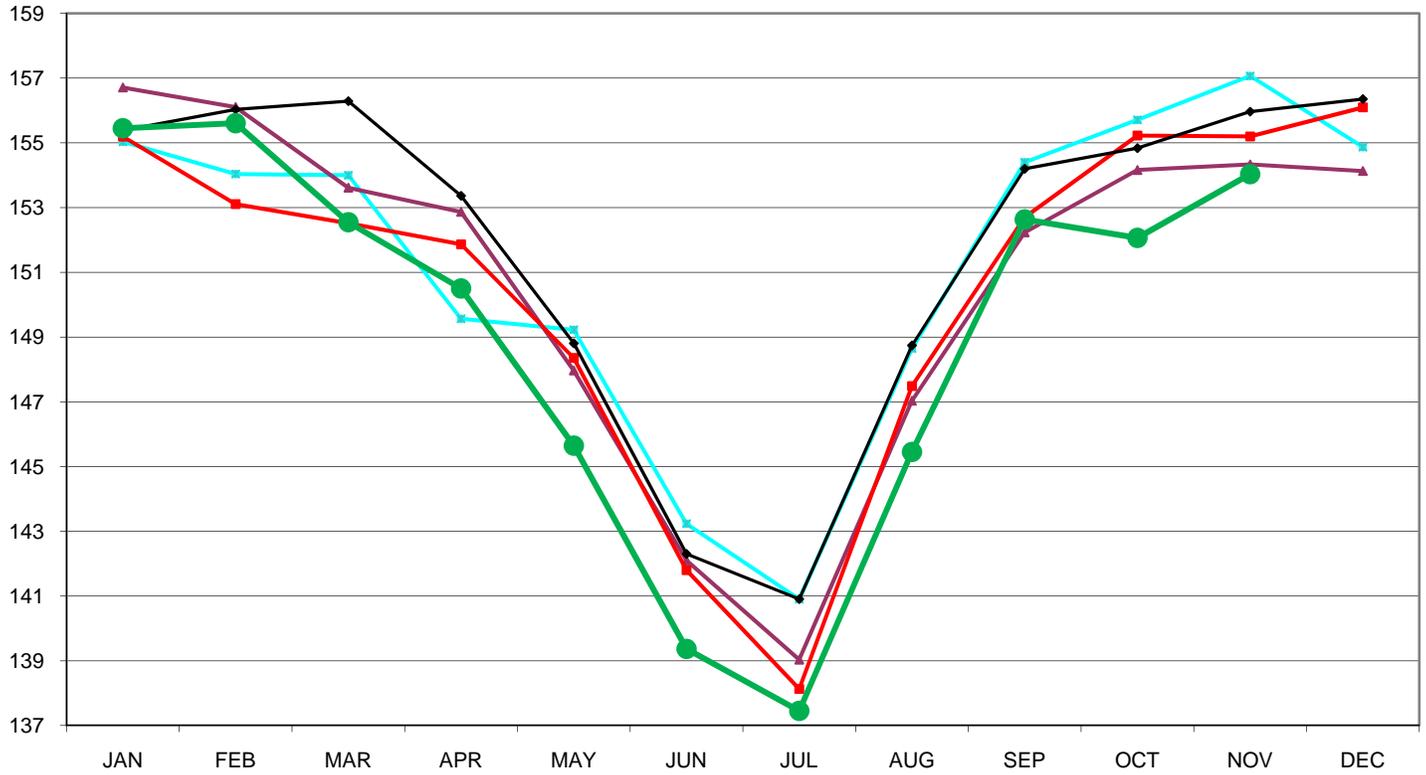


Weekly average used since March 1999
Graph by USDA, DMN



ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

MILLION POUNDS

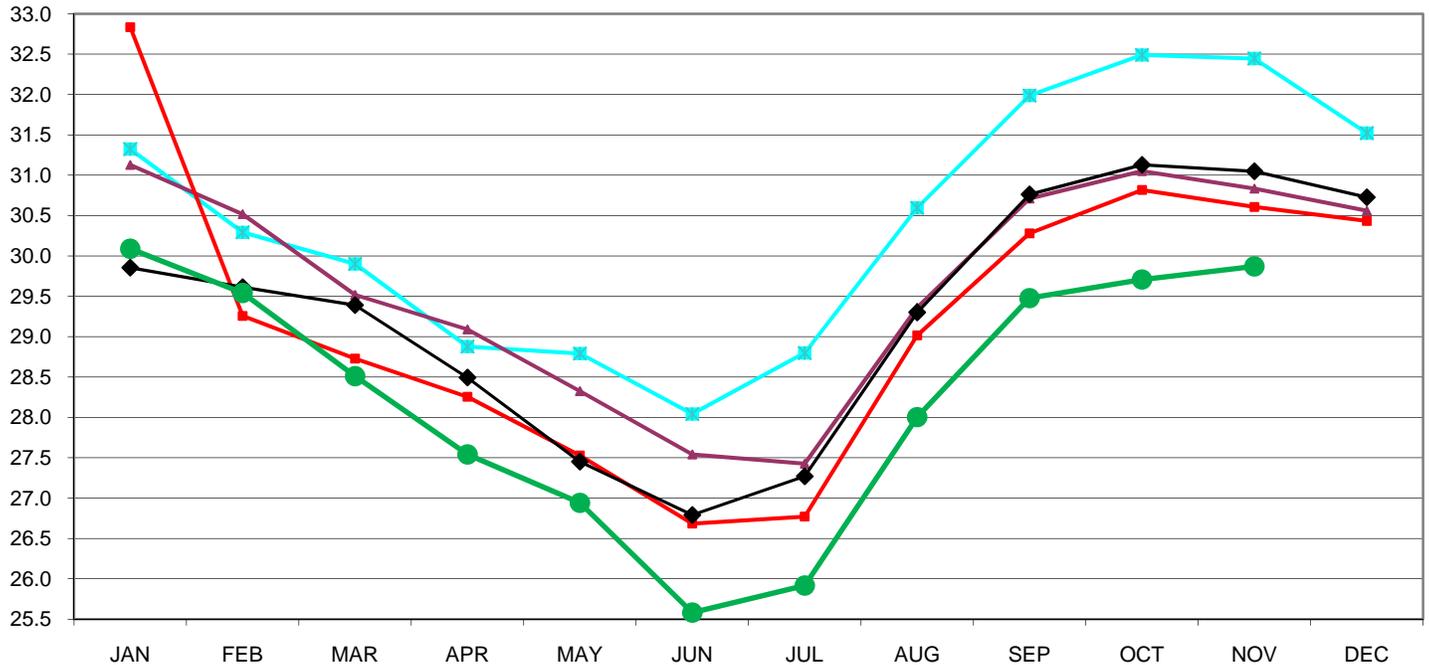


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

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

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