

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (01/28):**

**BUTTER:** Grade AA closed at \$2.1000. The weekly average for Grade AA is \$2.1000 (N.C.).

**CHEESE:** Barrels closed at \$1.7050 and 40# blocks at \$1.7350. The weekly average for barrels is \$1.6445 (+.1589) and blocks, \$1.6735 (+.1610).

**BUTTER HIGHLIGHTS:** The CME cash butter price of \$2.1000 has maintained a record high level, for this time of the year, for a third consecutive week. Most butter producers are churning regular cream volumes and cautiously buying additional volumes. Some butter producers continue to churn butter for export commitments made in the later part of 2010. Butter producers and handlers are cautious about inventory buildup, but surplus is clearing to inventory. In some instances, butter producers are churning for near term needs only and waiting for the cash butter price to weaken before replenishing low inventories. Butter demand is seasonally steady, even though prices are substantially higher than they typically are for this time of the year. Retail buyers are stating that shelf prices have increased, although butter continues to clear the shelves. Although it is challenging for many butter producers, handlers, and buyers to wrap themselves around firm butter prices for this time of the season, more are starting to indicate that butter prices, along with other manufactured dairy product prices, might be entering into a whole new realm of price levels. They anticipate that prices will fluctuate higher and lower, but overall, will maintain higher price levels on an average monthly and annual basis.

**CHEESE HIGHLIGHTS:** Cheese prices rose sharply on the CME Group cash cheese market this week, breaking the \$1.70 price barrier for both blocks and barrels. Class III (cheese/whey) milk prices continue to lag behind Class IV prices despite recent increases, causing some milk volumes to be shifted to butter/powder use. Cheese price increases have stimulated sales for some customers while others have slowed. Super Bowl orders needed to be shipped this week to be available for next week's events. Higher prices have stopped plans for additional cheese promotions. Cheese plant operators find it difficult to find supplemental milk supplies to fill

orders, between competition from Class IV, and expectations of higher milk prices in February. Milk components in federal milk orders in late 2010 recovered and overall December butterfat tests exceeded recent years. Higher components provide increased manufactured product yields. According to FAS, quota imports of cheese for January - December 2010 totaled 172.5 million pounds, down 15.2% from calendar year 2009. Imports totaled 57.7% of the annual quota. Imports of high-tier cheese (above quota and with a penalty) for 2010 are estimated to total 23.6 million pounds, nearly equal to the volume imported during 2009.

**FLUID MILK:** Milk production trends across most areas of the country are typical for this time of the year, although adverse weather patterns are impacting milk movement and demand. In the Northeast, another winter storm is tracking along coastal metropolitan areas. This is having minimal impact on actual milk production, but is causing spikes in bottled milk demand. In the Central part of the country, stormy weather, in areas not used to a lot of snow, continues to cause extra milk movement as bottlers try to restock depleted store shelves. Milk output in the Southwest is mostly steady with some very slight fluctuations in both directions being reported. In most all Southern states, milk receipts are on the eve of seasonal increases or are already heavier at milk receiving locations. Cream markets are unsettled with perceptions based on record high January butter pricing levels affecting basing points for cream prices. Most cream handlers are processing regular volumes, but are very cautious with spot purchases. Most butter producers are hesitant to build significant inventories at current levels in fear of future potential market devaluations.

**DRY PRODUCTS:** Nonfat dry milk markets are firm with prices generally higher across the country based on contracts tied to various indices as well as spot market transactions. Nonfat dry milk production has declined as condensed skim sales have increased. Buyer interest is fair to good for the current light producer offerings. Demand is often going unfilled and buyers are looking into resale channels and to alternative proteins for current needs. Buttermilk powder markets are firm with prices generally higher. Pricing

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**CME GROUP CASH TRADING**

PRODUCT	MONDAY JANUARY 24	TUESDAY JANUARY 25	WEDNESDAY JANUARY 26	THURSDAY JANUARY 27	FRIDAY JANUARY 28	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5625 (+.0525)	\$1.6300 (+.0675)	\$1.6425 (+.0125)	\$1.6825 (+.0400)	\$1.7050 (+.0225)	(+.1950)	\$1.6445 (+.1589)
40# BLOCKS	\$1.5875 (+.0625)	\$1.6500 (+.0625)	\$1.6925 (+.0425)	\$1.7025 (+.0100)	\$1.7350 (+.0325)	(+.2100)	\$1.6735 (+.1610)
NONFAT DRY MILK							
EXTRA GRADE	\$1.4900 (N.C.)	\$1.5275 (+.0375)	\$1.5575 (+.0300)	\$1.6000 (+.0425)	\$1.6000 (N.C.)	(+.1100)	\$1.5550 (+.0800)
GRADE A	\$1.5275 (+.0050)	\$1.5500 (+.0225)	\$1.5925 (+.0425)	\$1.6325 (+.0400)	\$1.6575 (+.0250)	(+.1350)	\$1.5920 (+.0870)
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 (N.C.)

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

NATIONAL DAIRY MARKET AT A GLANCE

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strength is being aided due to NDM market trends and buyers seeking dairy proteins. Supplies of buttermilk are light from producers, with spot prices firming. Whey powder markets are steady to firm with prices unchanged to generally higher. Stocks of whey powder are limited to the point that current production is often clearing to end users with some inventories, earmarked for future needs, being pulled at this time for contractual commitments. Spot offerings are minimal.

**ORGANIC DAIRY MARKET NEWS OVERVIEW (DMN):** Comparing the January 2011 average organic reduced fat (2%) half gallon milk price in each of 30 cities with the 2010 annual average, the January price in fifteen cities is higher, lower in twelve, and even in three. The national weighted average advertised price for half gallons of organic milk fell 22 cents to \$2.78 following a 45 cent decrease two weeks ago. Yet, the price range increased to \$1.39 from 41 cents, with advertised prices ranging from \$2.50 to \$3.89. Organic milk gallon ads yielded a weighted average advertised price of \$4.79, down from \$5.22 two weeks ago. All prices were \$4.79 so there is no range to report. This is the lowest weighted average advertised price since the first week of September last year. For every report since the Fall of 2009, there have been gallon organic milk ads priced higher than this report. The national weighted average advertised price for 8 ounce organic milk is 85 cents. Regionally, the weighted average varied from 70 cents to \$1.15. Organic milk ads appeared in every region this report, with over one-half of ad placements appearing in two regions: the Southeast, 30.3%; and the Midwest, 24.5%. The remaining region's percentages are: South Central, 19.7%; Northwest, 15.6%; Southwest, 6.7%; and Northeast, 3.3%. The weighted average advertised price of organic yogurt in 6 ounce containers fell 2 cents to 58 cents. The lowest advertised price for this report, 49 cents, is the second lowest since this series began during the Fall of 2009.

**COLD STORAGE (NASS):** On December 31, 2010, U.S. cold storage holdings of butter totaled 81.9 million pounds, 38% less than last December, but 17% higher than November. Natural American cheese holdings total 632.6 million pounds, 8% higher than December 2009 and 1% higher than the previous month. Total cheese stocks were 1.026 billion pounds, 6% higher than a year ago and 2% higher than November 2010.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the first eleven months of 2010 totals 179.4 billion pounds, 2.9% above the same period in 2009. Comparing disappearance levels with year earlier levels: butter is +5.0%; American cheese, +1.5%; other cheese, +4.9%; NDM, +14.9%; and fluid milk products, -1.4%.

**CONSUMER PRICE INDEX (BLS):** The December CPI for all food is 220.9, up 1.5% from a year ago. The dairy products index is 202.1, up 3.7% from a year ago. The following are the December to December changes for selected products: fresh whole milk is +5.6%; cheese, +4.3%; and butter, +21.9%.

**FEBRUARY FEDERAL MILK ORDER COOPERATIVE CLASS I PRICES (AMS):** For February 2011, the all-city average announced cooperative Class I price was \$21.04 per cwt., \$2.51 higher than the Federal milk order (FMO) Class I price average for these cities. The February cooperative Class I price was \$0.73 higher than the January price while the Federal order Class I price was \$0.69 higher than the January price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$0.51 in Phoenix, AZ, to \$4.05 in Miami, FL. For February 2010, the all-city average announced cooperative Class I price was \$20.03, \$2.55 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

**NOVEMBER FEDERAL MILK MARKETING OVER-ORDER CHARGES (AMS):** For November 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.11 per cwt., down \$0.02 from the October 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.81 in the Pacific Northwest to \$2.76 in the Southeast. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.11 per cwt., down \$0.06 per cwt. from the October 2010 average. Seventy-seven percent of the producer milk used in Class II carried an over-order charge.

CME GROUP

MONDAY, JANUARY 24, 2011

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.5550; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5625; 1 CAR 40# BLOCKS @ \$1.5875; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.5275; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.4900; 1 CAR GRADE A @ \$1.5225; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 25, 2011

CHEESE — SALES: 1 CAR BARRELS @ \$1.6300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6300; 2 CARS 40# BLOCKS @ \$1.6500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: 2 CARS GRADE A @ \$1.5500; LAST BID UNFILLED: 2 CARS EXTRA GRADE @ \$1.5275; 2 CARS GRADE A @ \$1.5500; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 26, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6425; 1 CAR 40# BLOCKS @ \$1.6925; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 4 CARS EXTRA GRADE @ \$1.5575; 1 CAR GRADE A @ \$1.5925; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JANUARY 27, 2011

CHEESE — SALES: 1 CAR BARRELS @ \$1.6525; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6825; 1 CAR 40# BLOCKS @ \$1.7025; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7000  
 NONFAT DRY MILK — SALES: 3 CARS GRADE A: 1 @ \$1.6200, 1 @ \$1.6275, 1 @ \$1.6325; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.6000; 1 CAR GRADE A @ \$1.6325; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, JANUARY 28, 2011

CHEESE — SALES: 1 CAR BARRELS @ \$1.7050; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7350; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: 2 CARS GRADE A @ \$1.6575; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6550; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

DECEMBER BUTTER COLD STORAGE

As of December 31, 2010, U.S. holdings of butter totaled 81.9 million pounds, 38% lower than last December, but 17% higher than last month.

NORTHEAST

The CME Group butter price continues to hold steady and closed Tuesday unchanged at \$2.1000. The butter price has remained at \$2.100, since reaching this level on January 7. Cream volumes heading to the churn are increasing as other cream users limit their production and purchases due to high cream prices. Cream multiples are ranging from 115-125. Current production of both salted and unsalted varieties of butter are targeted mostly for domestic orders. Export interest has declined significantly since the butter price moved to \$2.1000. Brokers are commenting that the butter price needs to at or below \$2.00 for export interest to be renewed. Butter demand remains fairly good with some plants beginning to receive kosher orders for the upcoming Passover holiday. Inventories are building marginally with plant managers trying to limit stocks due to the high butter price. The latest NASS Cold Storage report, shows butter in storage on December 31, totaling 81.9 million pounds, 12.0 million pounds (17%) more than the prior month stocks, but 51.1 million pounds (38%) less than December 2009 stocks. Prices for bulk butter range from 5-7 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price continues to hold at record high levels of \$2.1000 for 13th consecutive trading sessions through midweek. Butter producers and handlers are still trying to evaluate what to do with inventory management and churning schedules. Most butter producers are churning regular cream volumes and cautiously buying additional volumes. Cream pricing multiples are ranging from the upper 110's to the lower 120's with some Central cream being delivered in the lower to mid 120's. Butter producers are cautious about inventory buildup, but surplus is clearing to inventory. Some butter producers continue to churn for export commitments made in late 2010. Butter demand eased somewhat, but for

the most part, orders are steady. Retail buyers are stating that shelf prices have increased, although butter continues to clear the shelves. Some retail feature activity is occurring this week at \$2.49 per pound in the Central part of the country. Food service buyers are placing typical orders for this time of the year. Often, food service buyers are stating that prices are higher, but continue to place normal orders. 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. The market has remained unchanged since January 7th. Sales activity is nonexistent this week with no sales reported. Unusually high butter prices for this time of year are making for some tough decisions as to production levels for butter churns. Typically, churns use this time of year to build inventory for the rest of the year, but the situation of higher costs to hold that inventory has manufacturers attempting to make butter as they make sales. The market tone is very unsettled as cream is available for churning. Ice cream accounts are holding off on some cream purchases in hopes of lower multiples. 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 2.4 million pounds more than last week to a warehouse adjusted 16 million pounds. The total of 16 million pounds compares to 51.3 million pounds in 2010 and 66.3 million pounds in the comparable week in 2009. According to the NASS Cold Storage report, stocks of butter as of December 31, 2010, total 81.9 million pounds, -38% or 51.1 million pounds less than December 2009. Stocks were 17% higher or 12 million pounds more than November 2010.

U.S. Butter Imports (USDA-FAS)			
	2010 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Jan. - Dec			
High Tier	0.4	-55.0	N.A.
Quota	7.2	-51.4	47.1
Dec Quota	0.7	-59.7	-

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
January 22	1.3949	1.4191	1.2598	1.9954	0.3953
	10,903,022	9,282,443	19,740,519	4,629,057	11,280,503

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

## CHEESE MARKETS

## NORTHEAST

The CME Group cheese prices closed higher Tuesday with barrels advancing \$.0675 to \$1.6300, while blocks advanced \$.0625 to \$1.6500. In the last 3 trading sessions barrels have increased \$.1425 and blocks \$.1500. The recent price increases have resulted in higher wholesale prices for all varieties with the exception of Swiss Cuts which remained unchanged. Cheese production continues at steady levels with good orders and sales ahead of the Super Bowl. Cream cheese production also remains steady with plants beginning to receive kosher orders for the Passover holiday. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of December 31, 2010 totaled 1.03 billion pounds, 2% more than one month ago and 6% higher than one year ago. A majority of the holdings are in the form of American cheese (61.6%) totaling 632.6 million pounds, 1% more than the amount one month ago and 8% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.3%) totaling 362.2 million pounds, 4% more than one month ago and 1% more than one year ago. Swiss cheese accounts for 3.1% of holdings at 31.5 million pounds, 9% more than one month ago and 27% more than one year ago.

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

Cheddar 40# Block	:	1.8300-2.1050
Process 5# Sliced	:	1.5900-1.9000
Muenster	:	1.8500-2.0550
Grade A Swiss Cuts 10 - 14#	:	3.2325-3.5550

## MIDWEST

Cheese prices have been increasing rapidly at the CME Group cash market, in part to keep from losing milk to Class IV due to higher Class IV milk prices. For manufacturers, delaying spot sales in a rising market can reward the bottom line. Some buyers are reacting to increasing prices by making purchases while others have slowed purchases at current prices, especially for aging programs. Reports indicate a large retailer may have placed a substantial order for January delivery, possibly for promotions associated with the Super Bowl. Other users say that current prices will stop new promotional planning. For many packagers, new orders are slow to develop. Mozzarella movement continues solid for most producers as the upcoming Super Bowl is a big mozzarella/pizza consumption day. Cheese yields are very good seasonally with those operations standardizing by removing extra fat receiving good returns on their cream sales. Spot manufacturing milk volumes are limited, between competition with Class IV uses and the possibility of even higher Class III prices in February if prices hold or increase further.

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

Process American 5# Loaf	:	1.8450-2.0375
Brick And/Or Muenster 5#	:	2.0225-2.0600
Cheddar 40# Block	:	1.9000-2.5650
Monterey Jack 10#	:	1.9825-2.5650
Blue 5#	:	2.3400-2.7800
Mozzarella 5 - 6# (LMPS)	:	1.8550-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.6400-3.3300

## WEST

Cheddar Barrels on Wednesday at the CME Group are \$.0125 higher at \$1.6425. 40 Pound Blocks are \$.0425 higher Wednesday at \$1.6925. Barrels have increased for the last five trading days and are \$.1325 higher for this week on light trading of one sale. Blocks are higher for four consecutive sessions and are \$.1675 for the week. Trading on Blocks was slow with one sale reported for the week. Cheese prices have increased steadily on Blocks and Barrels since the most recent low on December 28 of last year. The market has gained \$.3225 on Barrels and \$.3725 on Blocks since then. Cheese production schedules are mostly steady with contract demand driving most of the activity. Demand into retail accounts continues to show little price resistance although increases are just beginning to show up at the stores. Export demand is reported moderate to good with buyers watching the increasing price levels. According to NASS, *Cold Storage* stocks of cheese (total) at the end of December 2010 are 1,026.2 million pounds, up 6% or 59.4 million pounds from last year. American stocks were up 8%, and Other Natural stocks were 1% higher than last year. Swiss stocks at the end of December total 31.5 million pounds, up 27% or 6.7 million pounds more than December 2009. According to FAS, quota imports of cheese for January-December 2010 total 172.5 million pounds, down 15.2% from a year ago. The imports stand at 57.7% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 23.6 million pounds, nearly equal to the volume imported in 2009. Imports of quota Swiss cheese for 2010 total 42.6 million pounds, down 8.9% from last year. The two main countries for the Swiss imports are Norway and Finland, and they account for 28.6 million pounds or 67.2% of the year's total import of Swiss.

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

Process 5# Loaf	:	1.6100-1.8675
Cheddar 40# Block	:	1.6400-1.9925
Cheddar 10# Cuts	:	1.8200-2.0400
Monterey Jack 10#	:	1.8300-1.9900
Grade A Swiss Cuts 6 - 9#	:	2.8100-3.2400

## FOREIGN

The CME Group block cheese price advanced \$.0625 Tuesday and closed at \$1.6500. In the last 3 trading sessions block prices have increased 15 cents. Recent price increases have resulted in higher wholesale prices for all domestic varieties with the exception of Swiss Cuts which remained unchanged. Swiss cheese production in the Northeast is steady at slightly increased levels. Inventories are declining as sales are brisk ahead of the Super Bowl. According to FAS imports of Swiss/Emmentaler varieties from January through December 2010 totaled 42.7 million pounds, 8.8% less than the same period last year. Norway and Finland, the two top sources, account for 67.2% of Swiss/Emmentaler imports January through December 2010.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 1.9700-3.4575*
Gorgonzola	: 3.6900-5.9900	: 2.4725-2.7325*
Parmesan (Italy)	: -0-	: 3.3100-3.5025*
Provolone (Italy)	: 3.4400-5.8900	: 2.0125-2.1700*
Romano (Cows Milk)	: -0-	: 3.1600-5.3025*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 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.

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## CHEESE MARKETS

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WEEKLY COLD STORAGE HOLDINGS  
SELECTED STORAGE CENTERS

IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
01/24/11	3,525	:	126,721
01/01/11	3,528	:	117,082
CHANGE	-3	:	9,639
% CHANGE	N.C.	:	8

## U.S. Cheese Imports (USDA-FAS)

	2010 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly
Dec Quota	20.0	- 1.4	-
Quota Jan. - Dec High Tier	23.6	+ 0.1	N.A.
Quota	172.5	-15.2	57.7

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	109	0	80	0	27
SOUTHEAST STATE	0	0	0	0	54	0

The winter storm weary Northeast is experiencing another storm tracking along the coastal metropolitan areas. Some increases in Class I pulls have been noted, but are not as significant as previous storms. Milk production is increasing along the seasonal trend and has not been greatly affected by the weather, since most of the storms have that tracked along the coast. The Mid Atlantic region has also seen some increase in milk production adding to manufacturing supplies. Storms in the Southeast this week consisted mostly of rain and did not cause any major icing or adverse transportation issues. Class I pulls in the Southeast and Florida are steady. Florida has experienced warmer temperatures and additional rains improving winter forage and pasture conditions. Florida exported 109 spot loads this week. Cream availability has increased as some cream users have reduced production to contracted levels to avoid spot cream purchases at current price levels. Some manufacturers have delayed scheduled contracted deliveries as they reassess their market strategies due to the recent and significant cream price increases. Butter churns are operating at increased levels, handling the increased supplies of cream, but butter makers are very hesitant to build inventories at current butter prices. Cream multiples held steady this week ranging from 115-125. Condensed skim demand is good with more sales to Class III as cheese makers are purchasing additional loads of condensed skim, due to the limited availability and increased pricing of nonfat dry milk.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.4150-2.6250
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.5200-2.6670

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.29 - 1.34
NORTHEAST - CLASS III - SPOT PRICES	- 1.05 - 1.12

MIDWEST

Class I demand was steady to higher where retail feature activity was underway before the higher February Class I prices take effect. Stormy winter weather in areas not used to a lot of snow continues to cause extra milk movement as bottlers try to restock depleted store shelves. Some firms geared up production of products such as dips and sour cream for Super Bowl related party use. Cream markets continue to be somewhat unsettled due to current butter prices. Some cream users have cranked up production while others are reluctant to take positions at current prices. February butter prices are often erratic on the CME Group cash market as the old crop butter supplies (made before December 1, 2010) are no longer eligible for trading on March 1. Churning continues with a good share being printed for Lenten seasonal orders. Some ice cream operations have adjusted to current January cream prices while others are still limiting their pre-season stockpiling. Manufacturing milk demand is good for the limited supplies. Between competition for milk from Class IV, stronger cheese prices, and the expected higher February Class III prices, some spot milk interest is going unsatisfied. Reports indicate good interest in condensed skim for various Classes due to rising NDM prices. The December butterfat test average in all Federal Milk Orders averaged 3.85%, a small increase over November and the highest monthly average going back through at least January 2000. After butterfat tests were lower for about a year, late 2010 tests recovered, likely due to better quality feed/corn and, perhaps reduced concentrate levels in some rations. December true protein tests in the six Federal Orders

reporting protein levels declined slightly from November but remain seasonally strong at 3.16%. The December Southwest Federal Order somatic cell average was a very low 193,000. Current milk intakes are steady to slightly higher. Manufacturing yields remains good seasonally.

WEST

Hay stocks are surveyed twice a year at the end of May and at the end of December by NASS. The most recent survey indicates that U.S. stocks total 102,134,000 tons, down 5,088,000 tons or -4.7% from December 1 last year. Stocks and the change from last year for selected Western states are as follows: Arizona 365,000, -135,000 tons; California 1,850,000, -550,000; Colorado 2,000,000, -500,000; Idaho 2,300,000, -450,000; Nevada 819,000, -193,000; New Mexico 520,000, -50,000; Oregon 2,100,000, -100,000; Utah 1,050,000, -280,000; and Washington 1,607,000, +189,000. Net stocks for these nine states are down 2,069,000 tons from December 2009. December 2010 POOL RECEIPTS of milk in CALIFORNIA total 3.09 billion pounds, 1.9% higher than last year, according to CDFA. Cumulative January-December 2010 receipts are 1.7% higher than in 2009. The December blend price, at a fat test of 3.82%, is \$16.15, 18 cents lower than November and 65 cents less than December 2009. The percentage of receipts used in Class I products 16.2%. The December quota price is \$15.42 and the over quota price is \$13.72. These prices are \$1.03 lower than November and 75 cents lower than a year ago. CALIFORNIA milk production is trending mostly steady with some areas seeing slight declines in plant intakes. Milk solids and fat are steady to slightly higher. Cool temperatures and foggy conditions are common over much of the Central Valley, but not impacting milk cows. Processing plants are running on slightly reduced schedules for some commodities. Cheese producers often would like more milk as cheese prices move higher and demand improves. Hay prices are trending higher with higher milk prices creating more demand from the dairy sector. First cutting haying is in progress in the South. Milk production is steady in ARIZONA. Weather conditions are seasonal and generally neutral to milk cows. Plant intakes are running on schedule and keeping pace with product needs. The Class I market is steady with recent weeks and balancing out now that orders are more predictable. NEW MEXICO milk output is steady to higher. Milk is moving to cheese production and keeping up with demand. Class I demand is steady to lower. The CREAM market is somewhat unsettled with perceptions based on record high January butter pricing levels affecting basing points for the cream market prices. Cream buyers are cautious and concerned about the higher prices and how that will impact their finished cream based products. Often, buyers are taking contracted volumes to cover needs; but remain reluctant to make additional spot buys and build inventories for fear of future potential market devaluations. Some plant issues pushed additional cream on the market this week. The CME Grade AA butter price on Wednesday, January 26 was unchanged from a week earlier at \$2.10. Cream multiples are lower on the bottom end of the 100-121 range and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST continues to show above year ago volumes. Weather conditions in the region were a non issue related to milk production and handling of milk supplies. Milk supplies are being handled within the region, although plant maintenance issues caused some disruptions to normal activities. Milk futures prices are realizing gains and dairy farmers are hoping to cash in on better prices. The flip side of the coin continues to be feed prices for 2011. Grain prices are near historic highs and hay supplies are tightening. UTAH and IDAHO milk production is above year ago, although not as much as further west. Manufacturing capacity is above current supplies and milk is being processed within the region. Dairy farmers are being courted by milk handlers to consider switching milk processors in some cases as demand for milk increases. Price premiums and transportation costs are being discussed. Higher feed costs are limiting expansion desires as farmers weigh profitability.

**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:** The Central nonfat dry milk market is firm and prices moved higher based on contracts tied to various indices as well as spot market transactions. With condensed skim spot sales moving well into Class II and Class III end uses, NDM drying activity is steady to lower. Additional Eastern condensed skim loads cleared into the Central region Class III operations to help fill current manufacturing demand. Production of other types of dry milk products and sales into Class I accounts also are siphoning away opportunities to boost weekly NDM drying activity. Another snowstorm in the East strengthened sales of fluid milk loads into that region. Nonfat dry milk inventories are steady, with weekly shipments of contracted loads balancing the current NDM production.

**EAST:** Nonfat dry milk availability continues to be tight in the Northeast. The continued tight supplies have moved prices higher with reports of low heat resale activity above \$1.55. Nonfat dry milk production has declined as condensed skim sales have increased. Some plants have fallen behind on orders due to limited manufacturing milk supplies, brought about by strong Class I pulls and winter storms. High heat production has declined as a number of plants are focusing on low heat production. Demand for nonfat dry milk remains very strong with limited spot market activity. Supplies are viewed as very tight with some plant managers unwilling to significantly lower inventories, even at increased price levels, due to concerns of having adequate supplies to fill future contract commitments.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.3250 - 1.5500 MOSTLY: 1.3400 - 1.4800  
 HIGH HEAT: 1.3650 - 1.6000

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** The bottom of the Central dry buttermilk price range increased in response to higher prices on contract loads, especially those linked to various price indices. With inventories of dry buttermilk described as light by many producers, spot price offers are firming. Dry buttermilk production is mostly lower as toll churning at some plants diminished this week. In addition, current Grade AA cash butter prices, which are the highest ever for this week of any year for which records are available, are disincentivizing speculative butter production. With these circumstances prevailing, several plants pushed cream loads into the active spot market, delaying dry buttermilk production in the near term.

**EAST:** Eastern dry buttermilk prices continued to firm this week with the low end of the range increasing in price. Dry buttermilk price increases are shadowing increases of nonfat dry milk. Manufacturers are adjusting product formulations in order to take advantage of pricing and supply availability opportunities that may be available by using substitute ingredients. Increased cream supplies in the East, due to decreases in Class II demand, prompted increased churning and increased dry buttermilk production. Current production is moving through contracts with limited spot market activity. Supplies are viewed as tight with current production adding limited volumes to inventories. Those seeking additional supplies are looking outside the region and paying premiums above the range to secure product. The tight supplies and increases in prices of other dry dairy products are providing the dry buttermilk market with a firm undertone.

F.O.B. CENTRAL/EAST: 1.2300 - 1.4500

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices moved higher and the market undertone remains firm. The spot market is lightly traded with limited offerings from producers. Pricing strength is being added due to the NDM market trends and buyers seeking dairy proteins. Drying levels are steady to lower and reflect variable churning schedules and sales of condensed buttermilk. Overall, stocks are light.

F.O.B. WEST: 1.1500 - 1.3200 MOSTLY: 1.2250 - 1.2650

**NONFAT DRY MILK - WEST**

Pricing levels continue to move higher for Western low/medium heat nonfat dry milk. Buyer interest is fair to good for the current light producer offerings. Demand is going unfilled and buyers are looking into resale channels and to alternative proteins for current needs with limited success. Some additional demand is developing as nervous buyers search to cover future volume needs with contracts. With market prices trending higher, holders of products are less likely to want to clear holdings if the value could potentially increase. Drying schedules are lower to steady and often remain below expectations. Stocks are often light and held with confidence. Western high heat nonfat dry milk prices are increasing in a firm market. Buyer demand is fair to good with seasonal accounts taking product. Additional speculative interest is evident. Stocks are generally light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.2400 - 1.5100 MOSTLY: 1.2700 - 1.4200  
 HIGH HEAT: 1.3000 - 1.4250

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are unchanged. Limited dry whole milk availability continues to hamper manufacturers' abilities to respond to inquiries from spot market buyers. Spot market interest from both domestic and international buyers is strong. A few LTL transactions cleared at premiums to the current market.

F.O.B. PRODUCING PLANT: 1.6100 - 1.7500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 21	\$1.2309	13,369,086	0
January 14	\$1.2372	13,792,804	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**

Central dry whey prices are unchanged on a firm market. Some end users indicate that contract dry whey shipments are behind schedule. A few producers also report facility-related issues generated minor delays in fresh dry whey production, which translated into shipping delays. With these delays taking place, a few producers dipped into dry whey holdings that were earmarked for spot sales, thereby limiting spot market offerings this week. Also, as the financial returns to operations vary with the cheese and NDM markets, some integrated operations are opting to send greater volumes of milk into butter/NDM production versus cheese production. Dry whey is clearing actively into various seasonal end uses, such as confectionary. Due to the limited offerings to the spot market of dry whey and changes in the dry whey production landscape that have taken place over the last year or two, various brokers indicate they are encouraging their customers to consider dairy-based alternatives to edible dry whey. Some end users indicate that while functionality of dairy-based alternatives is adequate, labeling concerns have stymied reformulation efforts. ANIMAL FEED DRY WHEY production is steady to lower, with constraints on production emerging from changes in liquid or condensed whey availability. Interest in animal feed dry whey from animal feed blending operations is active. The current tight supply of both edible and feed grade dry whey is prompting use of lactose and other dairy products as a blending agent.

F.O.B. CENTRAL: .3550 - .4300 MOSTLY: .3600 - .4000  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .3800

**DRY WHEY - NORTHEAST**

The Northeast dry whey market continues to be firm with very tight supplies. Contract and limited spot sales widened the price range, which advanced the average price. Current production is following cheese production and remains steady at increased levels. Most current production supplies are moving through contracts with some users having limited success pulling additional supplies through contracts. Spot sales activity remains very light due to tight supplies. Resale activity registered sales as high as 45 cents. Availability in the Northeast is limited with those looking for additional product having to look outside the region and often having to pay prices above the range. Domestic and export demand remains very good supporting the market's firm undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3950 - .4250

**DRY WHEY - WEST**

Western whey prices are firm to \$.0050 higher over both price series. The market continues to edge higher as available supplies remain tight. Buyers are in the market looking to obtain additional supplies, while manufacturers are busy filling current contracted demand. Whey demand is good as buyers look to acquire inventory as the price moves higher. Dry product prices for most products are following the increases in the nonfat dry market and helping to feed interest in whey products. Production levels are steady with manufacturers hoping to meet demand and take advantage of increased prices. Stocks of whey are currently short of full demand.

NONHYGROSCOPIC: .3900 - .4425 MOSTLY: .4000 - .4325

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The whey protein concentrate 34% market is firm. Sales are mostly contract based this week. Inventories of WPC 34% at manufacturers' locations are steady and various producers indicate that opportunities to build inventories ahead of contract needs are limited. With stocks at their current levels, producers feel there is less opportunity to insulate contract customers from variations in WPC 34% production and attendant variations in shipping dates. Several market participants indicate offers from resellers are less frequent and success in finding WPC 34% on the spot market requires buyers to initiate calls. Some off-specification product cleared into the blended animal feed market, quelling some demand from that sector for edible WPC 34%. With the current firm market and somewhat chronic supply tightness, a few companies are reportedly looking ahead to 2012 WPC 34% needs and reaching out to producers sooner rather than later.

F.O.B. EXTRA GRADE 34% PROTEIN: .9900 - 1.1100 MOSTLY: 1.0000 - 1.0600

**LACTOSE - CENTRAL AND WEST**

Prices on the lactose mostly price range are steady. The bottom of range increased in response to current spot sale activity. Interest in lactose remains active, both from domestic and off shore buyers. Several manufacturers report that off shore interest, in particular, is increasing and new buyers seem to be entering the marketplace with hopes of securing lactose on a contract basis. However, with most manufacturers having completed quarterly and/or annual contracting activities, sales to new participants are generally being thrust into the spot market.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL: .3200 - .4475 MOSTLY: .3300 - .3800

**CASEIN - NATIONAL**

Casein markets and prices are firm. Domestic buyers continue to question suppliers on product availability. In many instances, suppliers are not as willing to extend themselves beyond a 90 day commitment as they have been in the past. A production season in the Oceania region that did not develop as positively as projected and a new season which will soon begin in Europe are causing producers to proceed cautiously. At this point, European producers are anticipating that the upcoming season will be positive and stocks will be in line with projected needs. Suppliers from both regions continue to state that additional or uncommitted stocks will be very limited, if any at all.

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: 4.1000 - 4.4500  
ACID: 4.2200 - 4.5000

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

	FOR THE WEEK OF JANUARY 24 - 28, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 01/21/11	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfat	-0-	-0-	-0-	-0-	132,276	-0-	-0-
<b>TOTAL</b>	-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 24 - 28, 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 - 28, 2011 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2010 =	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 24 - 28, 2011 (POUNDS)**

REGION	BUTTER	CHEESE		NONFAT DRY MILK
	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**

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-
<b>TOTAL</b>	-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 01/08/11 & Comparable Week 2010**

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
2011-Dairy	N.A.	0.6	8.9	4.2	23.0	4.7	N.A.	N.A.	20.0	3.9	67.4	119.9	48.9	48.1
2010-Dairy	N.A.	0.6	7.6	3.5	17.5	4.9	0.4	N.A.	17.3	3.4	56.6	100.2	43.5	42.6
2011-All cows	1.0	0.8	11.2	14.3	37.4	23.0	N.A.	N.A.	22.5	7.6	137.7	249.1		
2010-All cows	N.A.	0.7	9.5	14.4	34.8	23.1	16.1	N.A.	20.1	8.0	130.2	235.1		

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

**CANADIAN DAIRY BREEDING FEMALE IMPORTS**

WEEKS ENDING	WEEKLY TOTALS	2010 CUMULATIVE TOTAL
JANUARY 1 - DECEMBER 31, 2010	REVISED	7,420

NOTICE: In 2011, the dairy cattle imports are being included with other livestock so this report will be discontinued.

**CLASS III MILK PRICES, (3.5% BF)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83

**FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89										
II												
III												
IV												

1/ Specific order differentials to be added to this base price can be found by going to: [www.ams.usda.gov/DairyMarketingStatistics](http://www.ams.usda.gov/DairyMarketingStatistics); then select "Prices"; and then select "Principal Pricing Points." \$ Revised

ORGANIC DAIRY MARKET NEWS

Information gathered January 17 - 28, 2011

ORGANIC DAIRY FLUID OVERVIEW

Organic dairy product manufacturers continue to offer new types of organic dairy products to keep driving increased organic milk sales volumes. For example, a new category of organic flavored coffee creamers began marketing nationally this month. While the trend of increasing sales of organic milk through supermarkets continues, and increasing numbers of chains are offering store or private labels of organic milk which also drives higher sales volume, expansion into new types of organic products is increasingly another strategy helping to increase overall organic dairy sales.

The new national campaign begun this month is an example of focusing on synergies between varied types of organic food products. Data released by the Organic Trade Association revealed that organic coffee sales have increased an average of 21% annually over the last five years, in contrast with 1 percent for non-organic coffee. Organic processors believe that coffee drinkers preferring organic coffee, also prefer organic half and half. The recent survey data reveals that 31% of coffee consumers prefer flavorings in their coffee. Hence, the effort to market organic flavored half and half to organic coffee drinkers.

Organic dairy manufacturers and processors will be increasingly focusing on new organic dairy product efforts targeted at organic product synergies.

ORGANIC DAIRY RETAIL OVERVIEW

RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

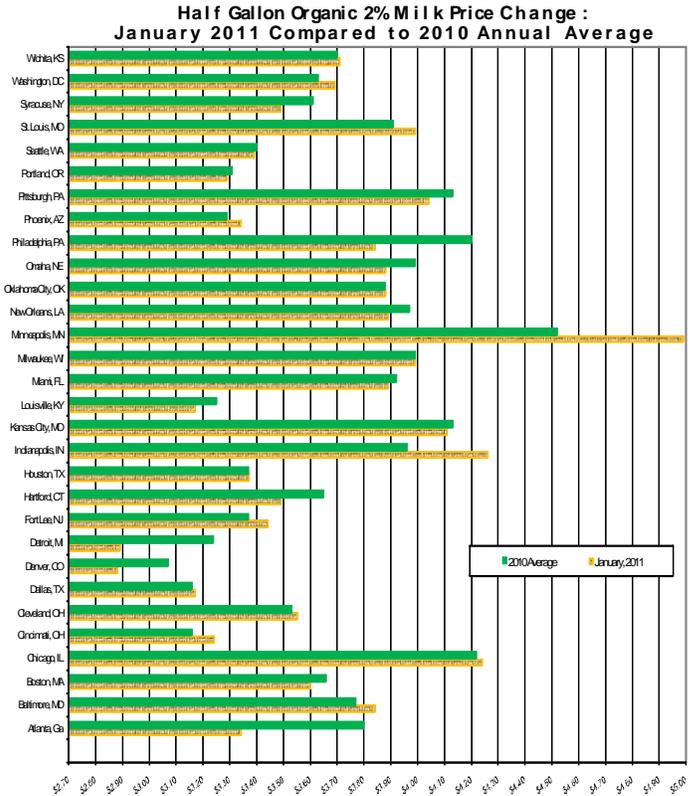
Comparing the January 2011 average organic reduced fat (2%) half gallon milk price in each of 30 cities with the 2010 annual average, the January price in fifteen cities is higher, lower in twelve, and even in three.

Atlanta's January price, \$3.34, is more below the city's 2010 annual average, 46 cents, than any other among the 30 cities surveyed. The lower January price is attributed to a greater presence of store brand organic milk in retail coolers, with store brands tending to be lower priced in Atlanta than national brands.

Minneapolis hosted the greatest increase in price when comparing the 2010 annual average with January 2011's \$4.99, 47 cents above the annual average. Minneapolis also posted the overall highest price for January, a distinction that has occurred every month since March, 2010. Minneapolis has also been the only surveyed city to register above \$4.00 in each of the months since March, 2010.

Denver retained the distinction of having the lowest average retail price in January 2011, \$2.88, 19 cents below Denver's 2010 average. Denver organic reduced fat (2%) half gallon milk prices have been consistently below any surveyed city since April, 2010, always \$2.99 or below and the only surveyed city ever \$2.99 or below during any of the ten month run. Opinions as to the reasons for Denver's persistent lows and Minneapolis's persistent high prices, generally gravitate toward retail factors of each market area as the most salient factor.

The following graph displays the average retail price of half gallons of organic milk in each of the 30 cities for January 2011 and the 2010 annual average.



NATIONALLY ADVERTISED PRICE COMPARISON:

Total organic dairy ads this period increased slightly to 2,426 of 9,210 ads surveyed nationally, up from 2,253 two weeks ago and 1,871 four weeks ago. Less than 10% of ads featured more than one organic dairy product.

Of those which did, in the Northwest, 80 stores ran ads for organic milk in both gallons and 8 ounce containers while 79 stores in the Southeast ran ads for half gallons of organic milk and 1 pound organic butter. These stores were the same stores which advertised more than one organic dairy product two weeks ago. This report, they were joined by 58 stores in the Northeast which ran ads for both organic milk in 8 ounce containers and organic yogurt.

This period, all ads are overwhelmingly for organic milk, with some for organic yogurt and a relative few for organic butter.

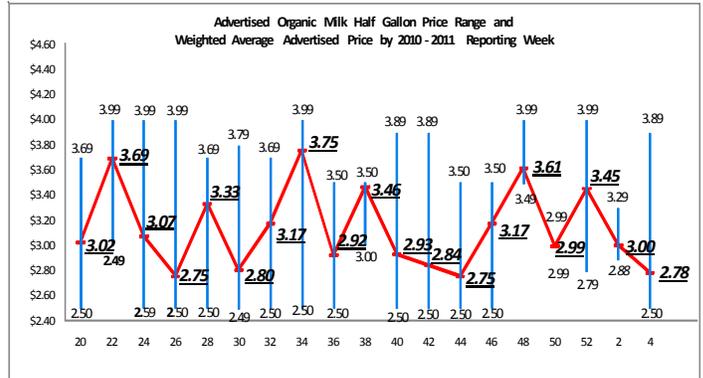
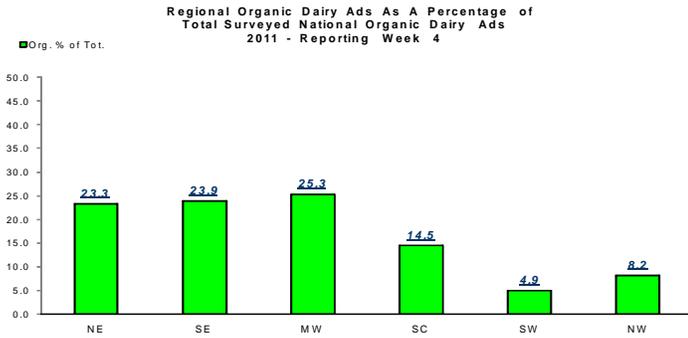
Information presented is compiled from newspaper supermarket ads for the period January 15, 2011 to January 28, 2011 identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

**Regional Organic Dairy Ad Trends – Current Period.** The greatest changes in retail supermarket organic dairy advertising as a percentage of total ads nationwide, is a decline this report in the Southwest and South Central Regions, compared with two weeks ago. The Southwest had 4.9% of ads nationwide this report, compared with nearly 14% last report. The South Central Region was down to 14.5% from 23.4% two weeks ago, which two weeks ago was the highest percentage of all six regions. This report, the South Central Region has fallen to fourth among six. The remaining regions this week are: Midwest, 25.3%; Southeast, 23.9%; Northeast, 23.3% and Northwest, 8.2%.

ORGANIC DAIRY MARKET NEWS

Information gathered January 17 - 28, 2011

CONTINUED FROM PAGE 8



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	18.1
MW	06.4
SC	48.5
SW	00.0
NW	27.0
US	2.78

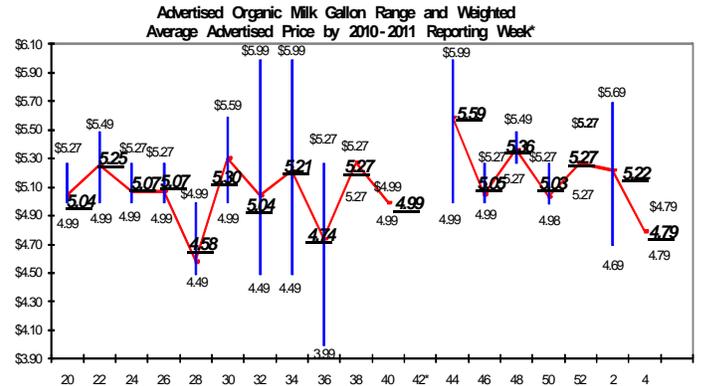
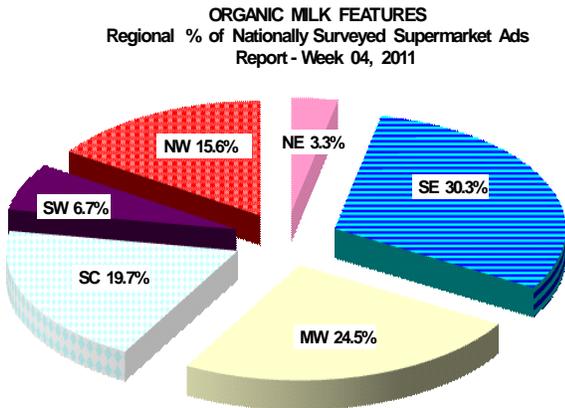
**Product Emphasis.** Overall, milk vastly dominates ad placements but less so than last report. There are more yogurt ad placements this report than last. Organic milk ad placement volume has varied cyclically. This report's 1,784 ad placements was below 2,099 two weeks ago, greater than 649 four weeks ago, and slightly below 1,994 six weeks ago. Yogurt ad placements were 713, nearly three times more than last report.

Of this report's organic milk ad placements, the clear lead goes to 8 ounce containers, with 1,267 ad placements. Report to report, the magnitude of ads for 8 ounce organic milk tends to swing widely. This week's level is twice as many as two weeks ago and sixteen times the level of four weeks ago.

Aside from slightly lagging the ad level just before Christmas, this week's level of ads for 8 ounce container organic milk exceeds the level any report going back to late September. Half gallons are advertised at about half the level as two weeks ago, with 437 ad placements this report. Gallons retreated the most, to 80 ad placements this report, well down from 491 last report.

**Milk.** Organic milk ads appeared in every region, with over one-half of ad placements appearing in two regions: the Southeast, 30.3%; and the Midwest, 24.5%. The remaining region's percentages are: South Central, 19.7%; Northwest, 15.6%; Southwest, 6.7%; and Northeast, 3.3%.

**Gallons.** Organic milk gallon ads yielded a weighted average advertised price of \$4.79, down from \$5.22 two weeks ago. All prices were \$4.79 so there is no range to report. This is the lowest weighted average advertised price since the first week of September last year.



\*THERE WERE NO ADS FOR WEEK 42

**Half Gallons.** The national weighted average advertised price for half gallons of organic milk fell 22 cents to \$2.78 following a 45 cent decrease two weeks ago. Yet, the price range increased to \$1.39 from 41 cents, with advertised prices ranging from \$2.50 to \$3.89.

Although there is no range per-se, considering the price as the "high" for this report, this report's \$4.79 represents the lowest "high" of any week since this series began in the Fall of 2009. Another way to say this is that for every report since the Fall of 2009, there have been gallon organic milk ads priced higher than this report.

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

ORGANIC DAIRY MARKET NEWS

Information gathered January 17 - 28, 2011

CONTINUED FROM PAGE 8-A

GALLON ORGANIC MILK ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$
NE	—
SE	—
MW	—
SC	—
SW	—
NW	100.0%
US	4.79

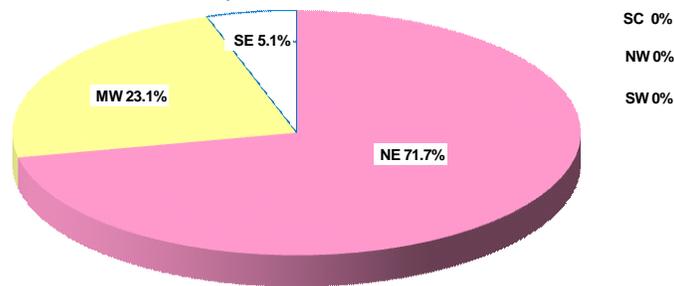
**8 Ounce Milk.** The national weighted average advertised price for 8 ounce organic milk is 85 cents. Regionally, the weighted average varied from 70 cents to \$1.15, as is presented in the table which follows, as well as regional percentage of ad placements.

8 OUNCE ORGANIC MILK ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$
NE	04.6
SE	36.5
MW	32.3
SC	11.0
SW	09.4
NW	06.3
US	0.85

**Yogurt.** Three regions had organic yogurt ads, breaking the previous run of four consecutive report with ads in only two regions. This report, joining the Northeast with 71.7% of ads nationwide, and the Midwest with 23.1% of ads, is the Southeast with 5.1% of ads.

ORGANIC YOGURT FEATURES  
Regional % of Surveyed National Newspaper Ads  
Report Week 4, 2011



The weighted average advertised price fell 2 cents to 58 cents. The lowest advertised price, 49 cents, is the second lowest since this series began during the Fall of 2009.

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

REGION %	WTD. AV. ADV. PRICE \$
NE	69.8
SE	05.5
MW	24.7
SC	00.0
SW	00.0
NW	00.0
US	0.58

**Butter.** Organic 1 lb. butter newspaper retail ad placements totaled 79, all in the same 79 Southeastern stores as two weeks ago. However, the advertised price this report, \$4.79, is 20 cents lower than two weeks ago. Throughout this reporting series, the Southeast is the clear leader among regions in numbers of organic butter ads and magnitude of ads.

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 4

	MADISON, WI		
	LOW	HIGH	RANGE
	(In Dollars)		
<b>GALLONS:</b>			
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
<b>HALF GALLONS:</b>			
Whole	3.00*	4.19	1.19*
Reduced Fat (2%)	2.87*	4.19	1.32*
Low Fat (1%)	2.87*	4.19	1.32*
Nonfat (Skim)	2.87*	4.19	1.32*
<b>CHOCOLATE HALF GALLON:</b>	3.39	5.69	2.30
<b>YOGURT</b>	.79	1.59	0.80
<b>CHEESE – 8 OUNCE BLOCKS:</b>			
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
<b>CHEESE – 6 OUNCE STRING</b>			
Mozzarella	3.39*	5.59	2.20*
Colby Jack	3.39*	5.09	1.70*
<b>BUTTER – 1 POUND</b>	4.79	6.19	1.40

\*=Price change from prior reporting period

This report, all except one price change resulted in lower “low” prices. That exception was half gallons of whole milk, where the low price increased 1 cent to \$3.00. The remaining types of half gallons experienced low prices 12 cents lower than last report. The low price for 6 ounce string cheese also fell 50 cents for both Mozzarella and Colby Jack.

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**ORGANIC DAIRY MARKET NEWS**Information gathered January 17 - 28, 2011

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**CONTINUED FROM PAGE 8-B****ORGANIC GRAIN AND FEEDSTUFF MARKETS:**

National organic grain and feedstuff prices were steady to slightly higher with good demand reported for feed grade grains, along with moderate supplies. Some producers are reportedly holding onto corn with hopes of higher prices in the future due in part to the conventional market. Food grade organic hard red spring and durum wheat trades were noted throughout the Upper Midwest and Western regions this period, however, an accurate test of the market was not established. Alfalfa/oat mixed hay was \$120.00/ton in the Klamath Basin of Oregon this period.

Eastern organic grain and feedstuff prices were steady to firm. Demand was moderate to good for moderate offerings. Organic prices continue to be driven by higher conventional corn and soybean values at the Board of Trade. Merchandisers are having trouble finding corn because many producers are holding out for higher prices. Monthly and 4th quarter averages of organic prices are located below.

Midwest organic grain and feedstuff prices were higher. Moderate to good demand was reported, along with moderate offerings of grain reported this period. Food grade grain trade reportedly remained limited in the Upper Midwest area due to lack of demand. The conventional market continues to play a role in the increase of organic grain prices at this time.

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

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	NOV 30, 2008	NOV 30, 2009	REVISED NOV 30, 2010	DEC 31, 2008	DEC 31, 2009	DEC 31, 2010
Butter	119,946	142,661	69,932	118,962	133,022	81,923
Cheese, Natural American	526,941	583,056	625,293	538,105	584,981	632,551
Cheese, Swiss	22,723	24,254	28,877	22,589	24,791	31,506
Cheese, Other Natural	268,969	354,435	349,604	291,266	356,986	362,150
Total Cheese	818,633	961,745	1,003,774	851,960	966,758	1,026,207

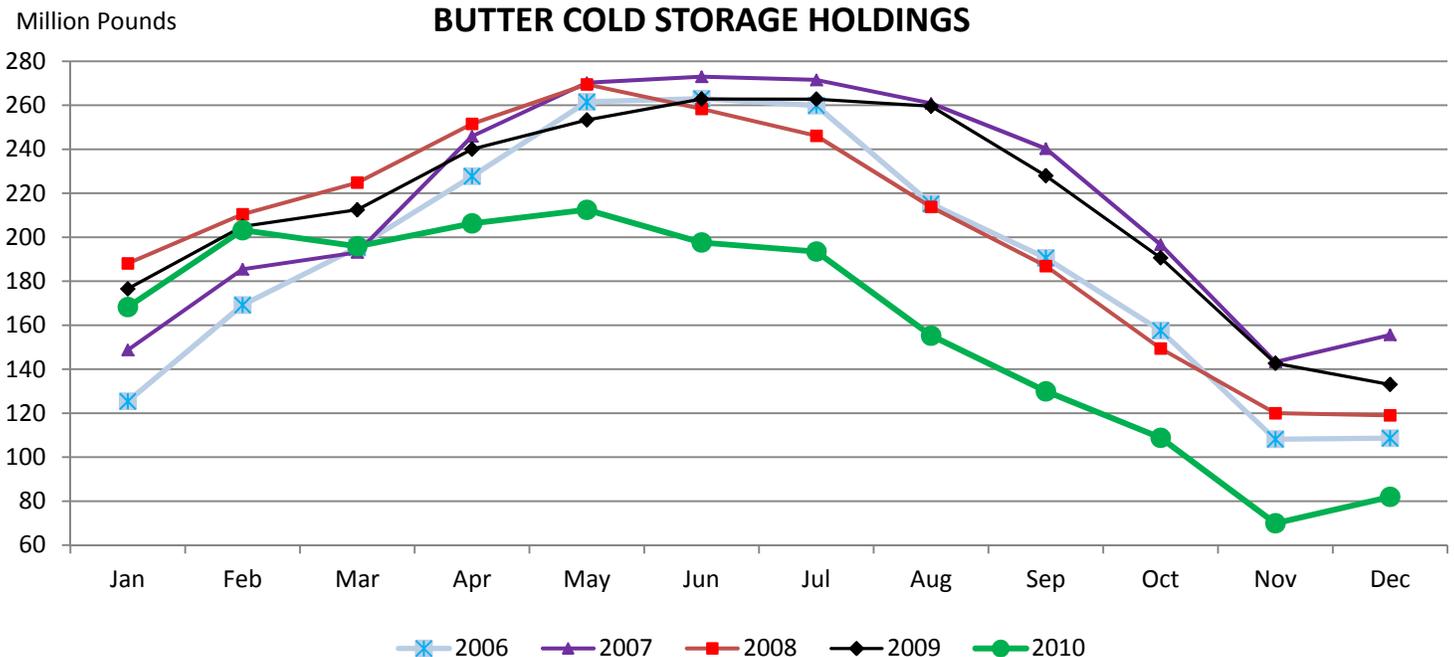
  

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
COMMODITY	NOV 30, 2008	NOV 30, 2009	REVISED NOV 30, 2010	DEC 31, 2008	DEC 31, 2009	DEC 31, 2010
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

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

DECEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
New England	34,719	38,282	39,124	---	---	---	606	685	602
Middle Atlantic	42,163	34,001	50,564	---	---	---	11,243	20,494	15,625
East North Central	204,326	240,883	254,167	---	---	---	200,658	232,567	241,346
West North Central	102,381	91,129	101,196	---	---	---	35,108	69,815	65,626
South Atlantic	4,414	7,618	2,124	---	---	---	227	181	6,402
East South Central	1,834	2,401	3,815	---	---	---	3,038	2,639	213
West South Central	2,504	1,597	2,637	---	---	---	1,035	1,244	1,443
Mountain	48,640	59,912	79,277	---	---	---	6,640	6,718	5,765
Pacific	97,124	109,158	99,647	---	---	---	32,711	22,643	25,128
TOTAL	538,105	584,981	632,551	118,962	133,022	81,923	291,266	356,986	362,150

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



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2009 TO DATE

Month	Butter <u>1/</u>		Natural American Cheese <u>1/</u>		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>2/</u>		Commercial		Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Million Pounds		Million Pounds		Million Pounds					
January	168	177	588	533	272	300	138	203	134	97
February	203	205	598	542	195	316	152	192	47	124
March	196	212	602	549	174	361	148	190	26	171
April	206	240	610	577	160	375	152	180	8	195
May	212	253	615	586	154	403	148	198	6	205
June	198	263	627	602	176	201	174	201	2	NA
July	194	263	639	605	198	398	194	173	4	225
August	155	260	634	599	166	360	164	138	2	222
September	130	228	637	596	141	325	139	122	2	203
October	109	191	639	580	124	272	124	91	0	181
November	70	143	625	583	128	287	128	116	0	171
December	82	133	633	585		289		132		157

NA - Not available.

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

**SOURCE:** "Cold Storage," (January 2011) and "Dairy Products," (January 2011), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
OCT 2010	220.6	1.4	201.3	3.0	193.8	8.1	208.7	4.0	206.1	25.4	212.2	5.8
NOV 2010	220.6	1.5	201.3	3.8	194.5	7.5	208.1	5.4	202.8	32.1	213.0	5.8
DEC 2010	220.9	1.5	202.1	3.7	194.5	5.6	207.4	4.3	196.0	21.9	212.0	5.5
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Dollars												
OCT	3.321	3.046	3.634	2.780	4.004	3.881	4.651	4.545	4.602	4.623		
NOV	3.327	3.034	3.361	2.612	3.836	3.838	5.005	4.425	4.490	4.431		
DEC	3.318	3.105	3.416	2.668	3.797	3.858	4.933	4.552	4.584	4.234		

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—SEPTEMBER-NOVEMBER AND YEAR-TO-DATE 2009-2010 <sup>1/</sup>

Item	Sep.-Nov. 2009	Percent change <sup>2/</sup>	Sep.-Nov. 2010	Percent change <sup>2/</sup>	Jan.-Nov. 2009	Percent change <sup>2/</sup>	Jan.-Nov. 2010	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	45,551	0.3	46,914	3.0	173,552	0.0	176,568	1.7
Marketings	45,299	0.3	46,675	3.0	172,626	0.0	175,693	1.8
Beginning Commercial Stocks <sup>3/</sup>	14,421	15.6	12,635	-12.4	10,045	-3.0	11,334	12.8
Imports <sup>3/</sup>	975	-13.4	806	-17.3	3,678	11.6	2,828	-23.1
Total Supply <sup>4/</sup>	60,695	3.9	60,116	-1.0	186,349	0.3	189,855	1.9
Ending Commercial Stocks <sup>3/</sup>	11,485	17.2	10,348	-9.9	11,485	17.2	10,248	-9.9
Net Removals <sup>3/</sup>	500	3,025.0	0	-100.0	549	3,331.3	112	-79.6
Commercial Disappearance <sup>4/</sup>	48,710	-0.6	49,768	2.2	174,315	-1.2	179,395	2.9
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	433.4	-11.4	457.0	5.4	1,410.5	-8.3	1,481.1	5.0
American Cheese	1,040.0	0.3	1,080.7	3.9	3,841.3	3.9	3,898.4	1.5
Other Cheese	1,623.5	4.3	1,700.7	4.8	5,599.1	0.9	5,871.2	4.9
Nonfat Dry Milk	257.4	3.9	376.6	46.3	1,238.9	-2.1	1,423.2	14.9
Fluid Milk Products <sup>6/</sup>	14,104.5	0.5	13,915.1	-1.3	50,584.1	1.1	49,875.6	-1.4

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

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,  
FEBRUARY 2011, WITH COMPARISONS 1/**

For February 2011, the all-city average announced cooperative Class I price was \$21.04 per cwt., \$2.51 higher than the Federal milk order (FMO) Class I price average for these cities. The February cooperative Class I price was \$0.73 higher than the January price while the Federal order Class I price was \$0.69 higher than the January price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.51 in Phoenix, AZ, to \$4.05 in Miami, FL. For February 2010, the all-city average announced cooperative Class I price was \$20.03, \$2.55 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

City	February 2011		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	22.83	19.69	3.14
Baltimore, MD	20.56	18.89	1.67
Boston, MA	20.64	19.14	1.50
Charlotte, NC	22.50	19.29	3.21
Chicago, IL	21.26	17.69	3.57
Cincinnati, OH	21.20	18.09	3.11
Cleveland, OH	21.00	17.89	3.11
Dallas, TX	20.88	18.89	1.99
Denver, CO	19.83	18.44	1.39
Des Moines, IA	20.40	17.69	2.71
Detroit, MI	20.77	17.69	3.08
Hartford, CT	20.54	19.04	1.50
Houston, TX	21.68	19.49	2.19
Indianapolis, IN	21.00	17.89	3.11
Kansas City, MO	20.09	17.89	2.20
Louisville, KY	21.20	18.19	3.01
Memphis, TN	21.85	18.79	3.06
Miami, FL	25.94	21.89	4.05
Milwaukee, WI	21.21	17.64	3.57
Minneapolis, MN	19.92	17.59	2.33
New Orleans, LA	22.70	19.69	3.01
Oklahoma City, OK	20.51	18.49	2.02
Omaha, NE	20.15	17.74	2.41
Philadelphia, PA	21.88	18.94	2.94
Phoenix, AZ	18.75	18.24	0.51
Pittsburgh, PA	21.33	17.99	3.34
St. Louis, MO	20.49	17.89	2.60
Seattle, WA	18.58	17.79	0.79
Springfield, MO	20.81	18.29	2.52
Washington, DC	20.56	18.89	1.67
Wichita, KS	19.95	18.09	1.86
Simple Average	21.04	18.53	2.51

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

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

For November 2010, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.11 per cwt., down \$0.02 from the October 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.81 in the Pacific Northwest to \$2.76 in the Southeast. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.11 per cwt., down \$0.06 per cwt. from the October 2010 average. Seventy-seven percent of the producer milk used in Class II carried an over-order charge.

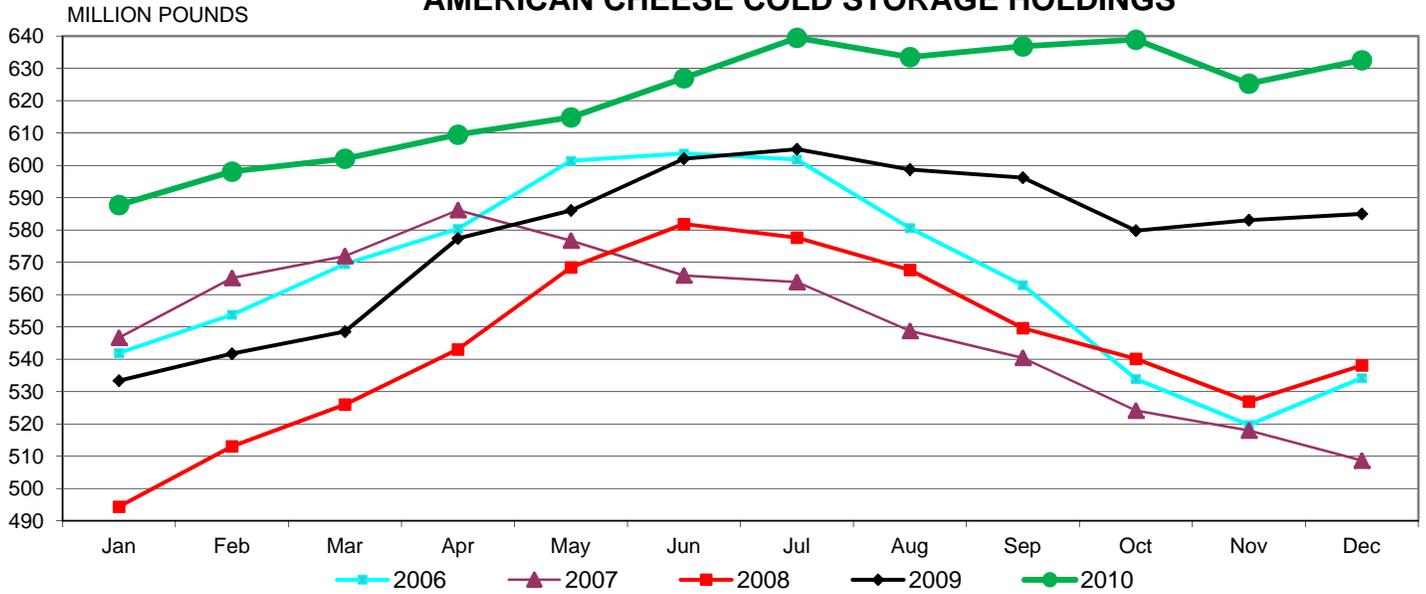
Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.68	1.95
Southeast	007	2.76	2.30
Florida	006	2.75	0.43
Mideast	033	2.39	1.67
Upper Midwest	030	2.36	1.20
Central	032	2.20	1.12
Pacific Northwest	124	0.81	0.62
All Reporting Areas Combined 3/		2.11	1.11

1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

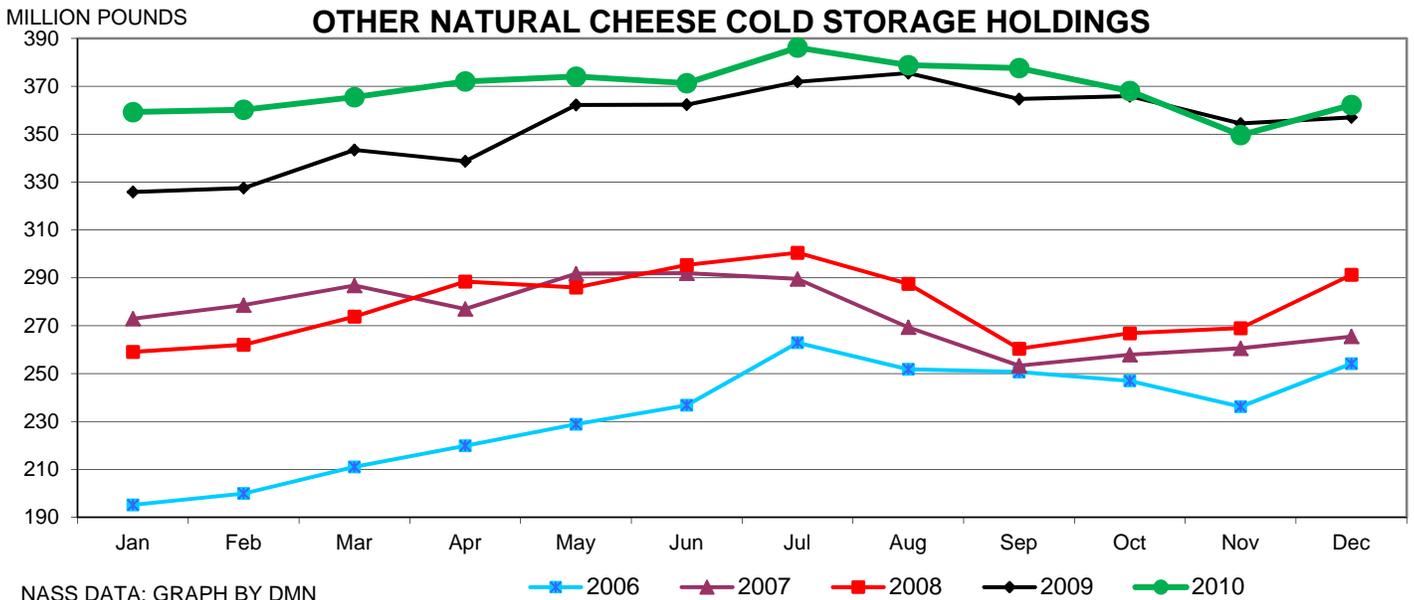
2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

### AMERICAN CHEESE COLD STORAGE HOLDINGS

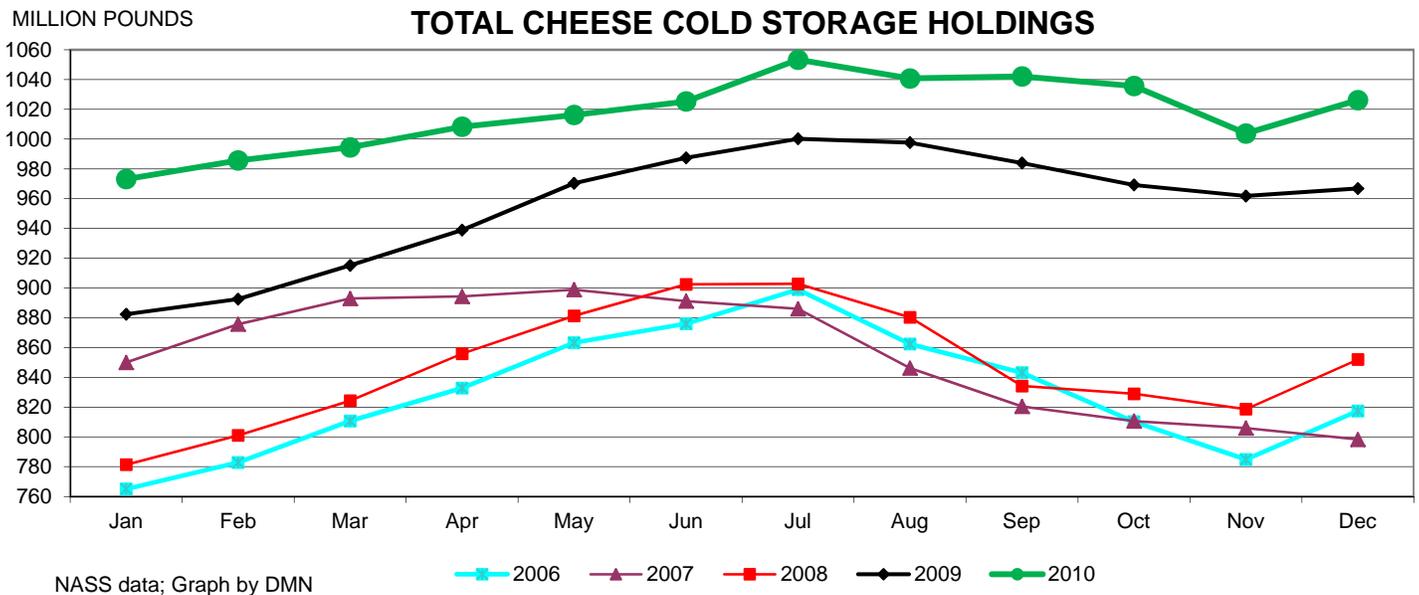


### OTHER NATURAL CHEESE COLD STORAGE HOLDINGS

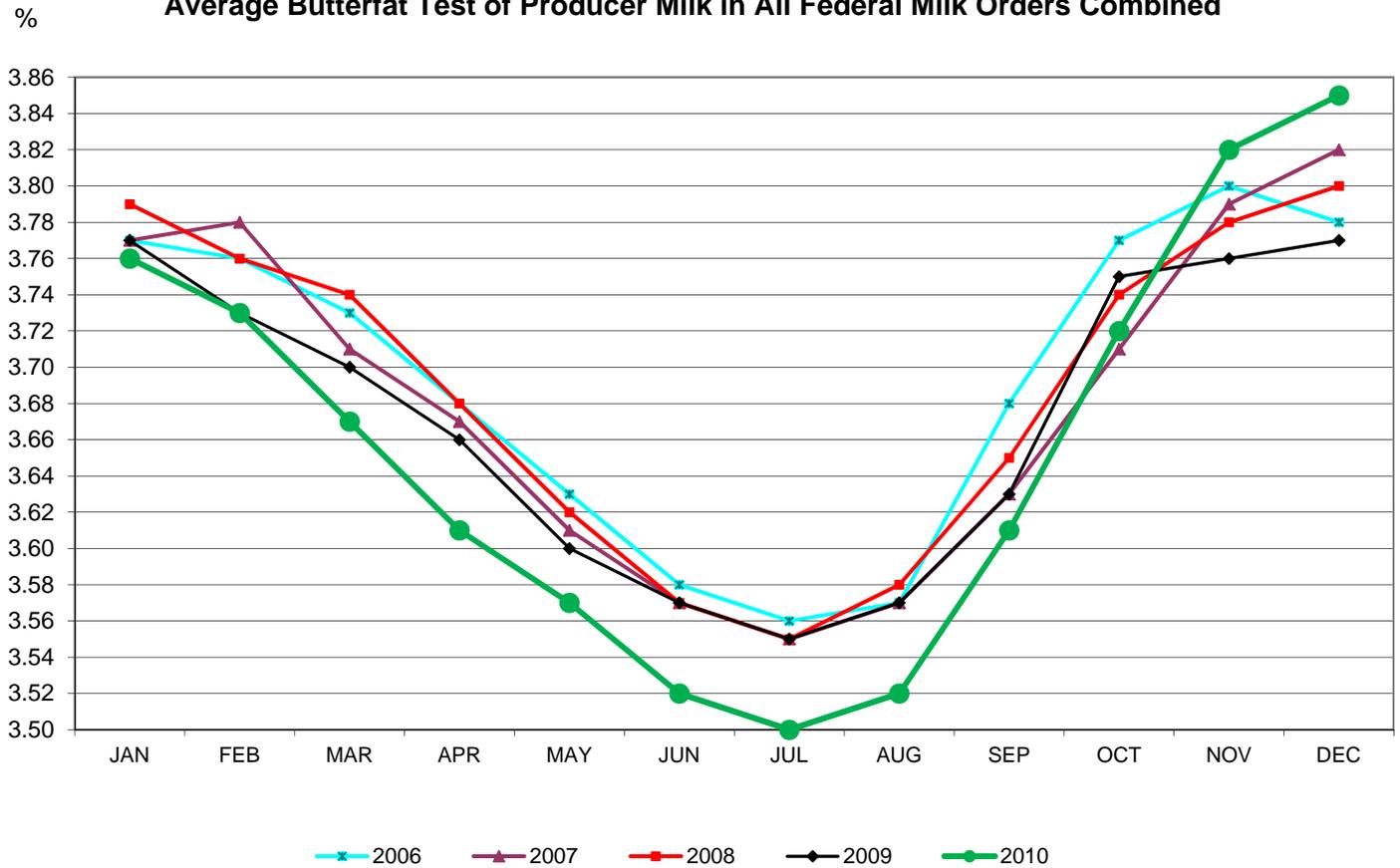


NASS DATA: GRAPH BY DMN

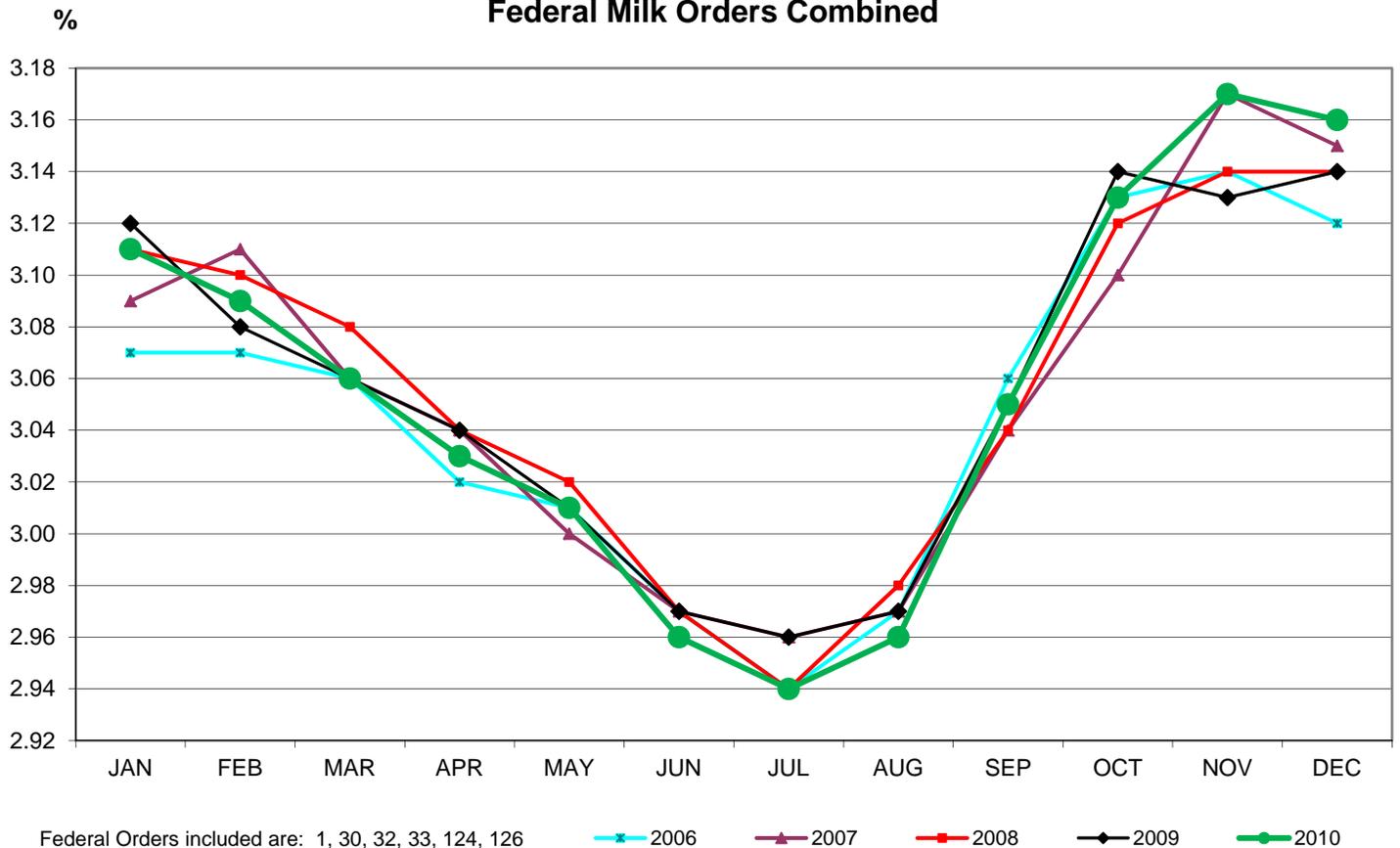
### TOTAL CHEESE COLD STORAGE HOLDINGS



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

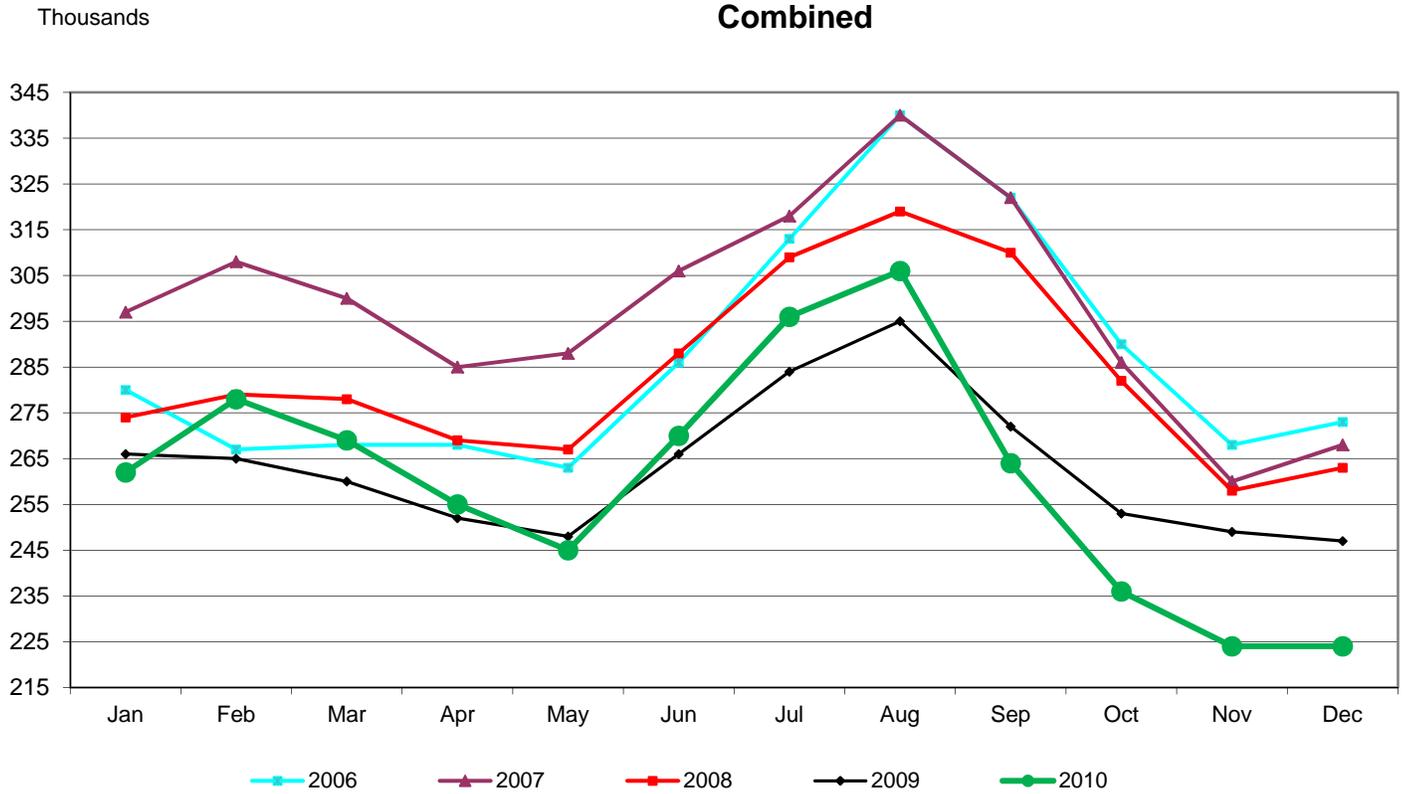


**Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined**



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

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



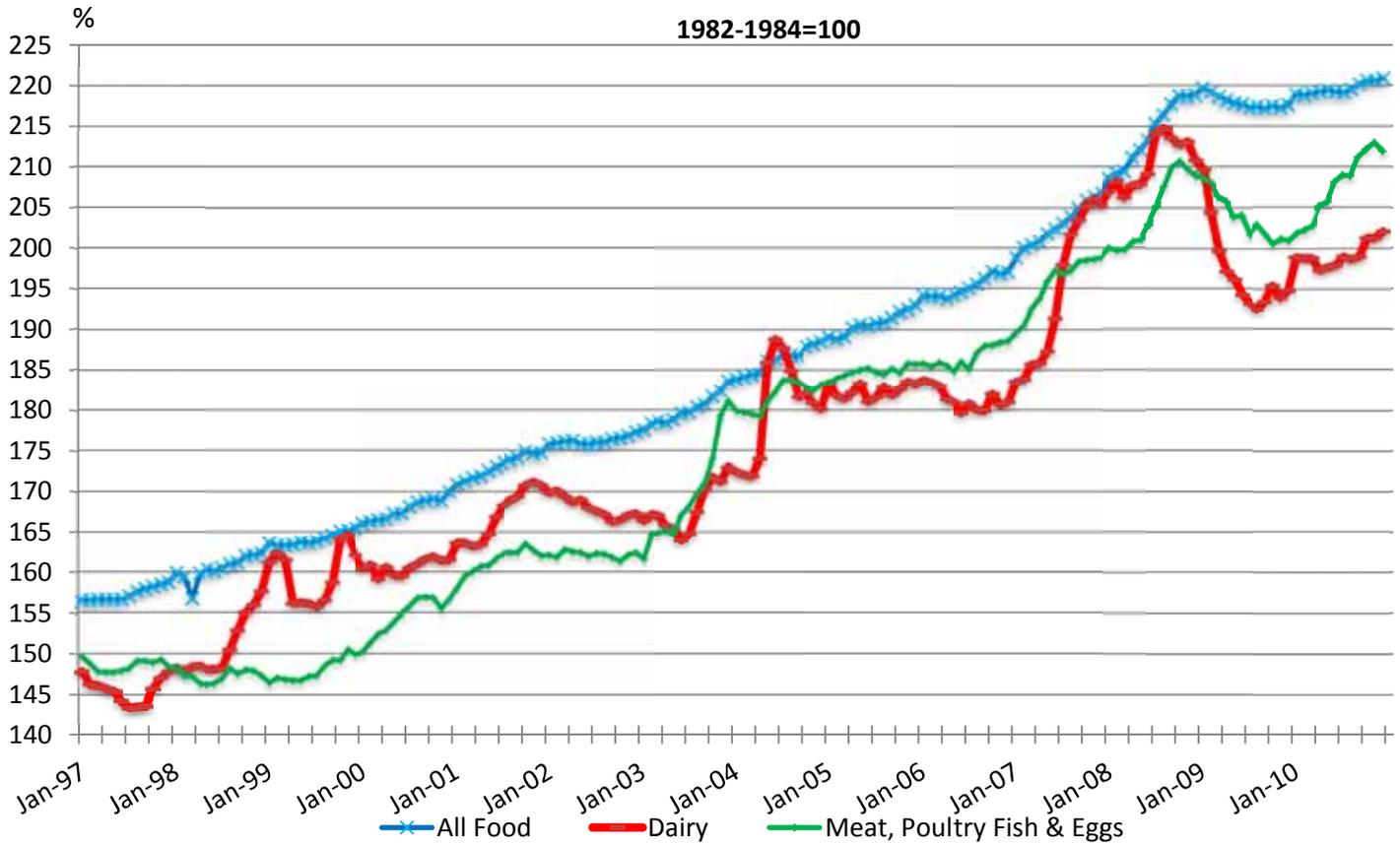
Federal Orders included are: 30, 32, 33, 126

### ANNUAL SIMPLE AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FEDERAL ORDERS



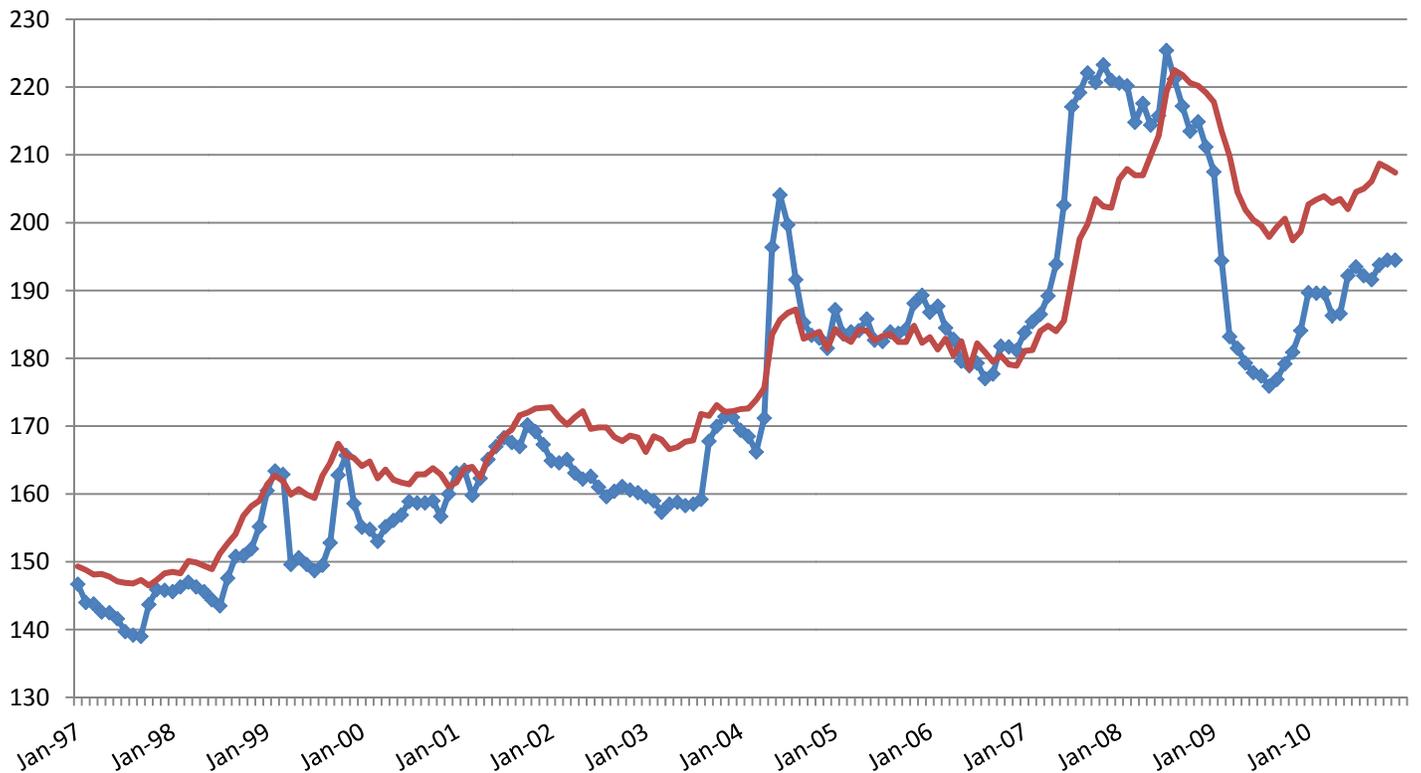
### CONSUMER PRICE INDEX

1982-1984=100



### CONSUMER PRICE INDEX DAIRY PRODUCTS

1982-1984=100  
%



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

◆ FRESH WHOLE MILK — CHEESE

# DAIRY MARKET NEWS

---

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