

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (02/04):**

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

CHEESE: Barrels closed at \$1.7750 and 40# blocks at \$1.8100. The weekly average for barrels is \$1.7410 (+.0965) and blocks, \$1.7785 (+.1050).

BUTTER HIGHLIGHTS: The CME cash butter price of \$2.1000 continues to hold. Churning activity across the country is increasing for both domestic and international needs. Domestic orders are steady for this time of the season even though shelf prices at the retail level are higher. Many retailers state that typically when the cash butter price surpasses the \$2.00 level, consumers respond by reducing their purchases, but retail butter sales remain solid at this time. International buyer interest is increasing. More butter producers are stating that international buyers are back and purchasing. Internationally, butterfat remains very limited and potential buyers are looking at all possible sources to secure butter for their needs. Cream pricing multiples range from the upper 110's to 130 across the country. Although spot cream volumes are available to butter producers, most remain very cautious with additional purchases. For many, inventory management continues to be a concern, although more butter producers are starting to enhance inventories with additional production.

CHEESE HIGHLIGHTS: Cheese prices continued to advance on the CME Group cash cheese market again this week. The severe winter weather was a factor through much of the country, delaying milk and cheese shipments from farm to consumer. From manufacturing plants to cheese packagers and processors, many in the hardest hit areas had to reduce schedules as employees were not able to get to work. For spot buyers, supplies remain tight though regular customers seem to be receiving orders with little issue. Reports indicate good cheese export interest is continuing in 2011. Cheese production was more uneven this week due to the storm as bottlers pulled extra milk volumes ahead of the storm. Cheese yields remain good seasonally. Cumulative 2010 estimated U.S. cheddar production totals 3.254 billion pounds, up 46.5 million pounds (1.4%) over 2009. Mozzarella production in 2010 was put at 3.495 billion pounds, up 227.5 million

pounds (7.0%) from last year. Total U.S. cheese output in 2010 was 10.445 billion pounds, up 336.0 million pounds (3.3%) from 2009.

FLUID MILK: The weather and its effect on dairy product movement from farm to consumer was a factor in most states. Heavy snow and blizzard conditions in northern and central sections of the country made many roads impassable. Consumers stocked up on milk along with other food staples causing increased bottling, especially before the storm. Further south, ice covered roads stymied travel and electrical and energy shortages slowed manufacturing. Truckers needed extra time to maneuver roads and reduced staffing was an issue at various plants. Production was heavier for manufactured products such as dips and sour cream for Super Bowl related activities. Current milk intakes are mostly steady to higher seasonally throughout the country.

DRY PRODUCTS: Recent strength in powder markets and prices continued. Planned production schedules were adjusted at many plants in the storm affected areas from increased fluid use to plant raw milk intakes and staffing issues. Many dry product manufacturers are just trying to meet current contracted commitments, causing many buyers to rely on resellers for product. Plant schedules have been challenged by weather related issues at many locations. For lactose, some increases in producer offerings caused the price range to widen. Lactose production was both higher and reduced depending on the plant.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Europe** during January increased, but often not as positively as in years past. Many milk handlers attribute the lighter milk volumes during the month to a cold/wintery December which slowed milk production development. The major topics of discussion in Europe are firm prices, strong demand, and limited supply. Traders and handlers are stating that demand is very strong as potential buyers are looking everywhere for needed supplies. Demand is outpacing supply at this time. At the February 3 European Dairy Commission meeting in Brussels, 16,016 MT of intervention skim milk powder was sold at a minimum bid of 2,400 Euros per ton (\$3,311). Total bids submitted were for 51,000 MT with a bid range of 2,200 – 2,500 Euros per MT.

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CME GROUP CASH TRADING

PRODUCT	MONDAY JANUARY 31	TUESDAY FEBRUARY 1	WEDNESDAY FEBRUARY 2	THURSDAY FEBRUARY 3	FRIDAY FEBRUARY 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.7250 (+.0200)	\$1.7250 (N.C.)	\$1.7250 (N.C.)	\$1.7550 (+.0300)	\$1.7750 (+.0200)	(+.0700)	\$1.7410 (+.0965)
40# BLOCKS	\$1.7550 (+.0200)	\$1.7575 (+.0025)	\$1.7825 (+.0250)	\$1.7875 (+.0050)	\$1.8100 (+.0225)	(+.0750)	\$1.7785 (+.1050)
NONFAT DRY MILK EXTRA GRADE	\$1.6500 (+.0500)	\$1.6650 (+.0150)	\$1.6650 (N.C.)	\$1.6900 (+.0250)	\$1.6900 (N.C.)	(+.0900)	\$1.6720 (+.1170)
GRADE A	\$1.6675 (+.0100)	\$1.6900 (+.0225)	\$1.7200 (+.0300)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	(+.0625)	\$1.7035 (+.1115)
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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With this sale, there are about 66,000 MT of intervention powder unsold. Also at the meeting, the PSA program for butter was discussed and will open on March 1. Butter offered into this program must be no older than 28 days and must remain in the program for six months and then is available for removal. In **New Zealand**, the La Nina weather pattern continues to dominate weather conditions on both islands. On the North Island, heavy rainfall has been reported in recent days, causing surface flooding which is causing some problems, but overall, the dairy industry is O.K. Combining milk output on both islands, New Zealanders are still looking for a 1 1/2 – 2% annual increase in output this season. In **Australia**, hot temperatures are being reported in areas of Victoria. Reports of 40C degree temps (over 100F) were reported during the past few days. The effects of recent flooding continue to impact about 5% of the farms and 10% of the milk production in Australia. Flooding has caused farmers to relocate their herds to higher ground as the flood waters are slow to recede and pastures are suffering. At the February 1 G/DT event, prices for all products traded were higher to sharply higher. Following are the various products traded with their average price per MT and the percentage difference from the previous event: anhydrous milk fat, \$6,486, +9.2%; buttermilk powder did not trade at this auction; skim milk powder, \$3,913, +8.5%; and whole milk powder, \$3,995, +5.7%.

JANUARY AGRICULTURAL PRICES (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2011 advanced 5 points to 193. Compared with January 2010, the index was up 12 points (6.6%). The index of prices received by farmers for dairy products declined 4 points during the month of January 2011 to 124. Compared with January 2010, the index was up 1 point (0.8%). The All Milk price received by farmers in January was \$16.20, up \$.50 from December.

DECEMBER 2010 DAIRY PRODUCTS (NASS): Butter production was 158.1 million pounds in December, 4.8% above December 2009 and 18.6 above November 2010. American type cheese production totaled 369.6 million pounds, 4.9% above December 2009 and 5.6% above November 2010. Total cheese output (excluding cottage cheese) was 904.4 million pounds, 4.7% above December 2009 and 2.4% above November 2010. Nonfat dry milk production, for human food, totaled 139.5 million pounds, 10.1% above December 2009 and 19.6% above November 2010. Dry whey production, for human food, was 84.4 million pounds, 5.4% above December 2009 and 7.9% above November 2010. Ice cream (hard) production totaled 52.3 million gallons, 6.6% above December 2009 and 1.2% above November 2010.

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2011, totaled 9.1 million head, up 64,100 (1%) from January 1, 2010. Milk cow replacement heifers totaled 4.6 million head, up 31,000 (1%) from January 1, 2010. The number of milk cow replacement heifers per 100 milk cows on January 1, 2011 was 49.8, down slightly from January 1, 2010. Milk cow replacement heifers expected to calve during the year totaled 3.04 million head, up 85,200 (3%) from January 1, 2010.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the January 2011 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$16.79 (+\$1.02), Class III \$13.48 (-\$0.35), and Class IV \$16.42 (+\$1.39). Product price averages used in computing Class prices are: butter \$1.8428, NDM \$1.2530, cheese \$1.4076, and dry whey \$0.3935. The Class II butterfat price is \$2.0309 and the Class III/IV butterfat price is \$2.0239. Further information may be found at: www.ams.usda.gov/AMSv1.0/PriceFormulas2011

CME GROUP

MONDAY, JANUARY 31, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7250; 2 CARS 40# BLOCKS @ \$1.7550; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 3 CARS GRADE A @ \$1.6675; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.6500; 2 CARS GRADE A @ \$1.6675; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, FEBRUARY 1, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7250; 1 CAR 40# BLOCKS @ \$1.7575; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 3 CARS GRADE A: 1 @ \$1.6800, 1 @ \$1.6825, 1 @ \$1.6850; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.6650; 1 CAR GRADE A @ \$1.6900; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 2, 2011

CHEESE — SALES: 2 CARS BARRELS @ \$1.7250; 2 CARS 40# BLOCKS: 1 @ \$1.7625, 1 @ \$1.7800; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7825; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.7200; LAST BID UNFILLED: 4 CARS GRADE A @ \$1.7200; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 5 CARS GRADE AA @ \$2.1000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 3, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7550; 1 CAR 40# BLOCKS @ \$1.7875; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.6900; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 4, 2011

CHEESE — SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7750; 1 CAR 40# BLOCKS @ \$1.8100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST BUTTER

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 supplies have become more available as some cream users are limiting their production to their contracted cream volumes. The increases in cream supplies have increased butter production at most plants. Cream multiples are ranging from 118-130. Both salted and unsalted varieties of butter are being made and targeted mostly for domestic orders. Export interest has increased as the US is viewed as the one country with large enough cream supplies and butter production to address export demand. The weak US dollar, compared to other currencies, supports increased export interest. Domestic butter demand remains fairly good with some plants beginning to receive kosher orders for the upcoming Passover holiday. Inventories are building marginally as plant managers are unwilling to greatly expand stocks at current price levels. According to NASS, cumulative 2010 butter production through December was 0.7% below cumulative year production for 2009. December 2010 monthly U.S. butter production totaled 158.1 million pounds, up 18.6% from November and 4.8% more when compared to December 2009. Atlantic region butter production in December 2010 totaled 17.3 million pounds, up 53.1% from November and 15.0% more than December, 2009. 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 BUTTER

The CME cash butter price has remained unchanged for nearly a month at \$2.1000. Churning activity is picking up as many butter producers are now deciding that they better churn for future needs, even though cream prices and finished product values are much higher than desired. Cream pricing multiples are in the mid 110's to low 120's with some butter producers getting delivered cream supplies in the upper 110's to 120. Butter producers are indicating that international buyer interest is resuming. Domestic suppliers are hearing desperation in the tone of potential buyers. Lack of supply in the international marketplace is causing buyers to look everywhere for potential supplies.

Domestically, buyers are starting to place normal or typical orders for this time of the season. In most instances, orders are for short term needs as buyers remain cautious with their order placement. Food service orders are steady. Bulk butter prices range from 0 - 2 cents over various pricing bases and averages per pound.

WEST BUTTER

Wednesday's butter price at the CME Group was unchanged at \$2.1000. Sales were active on Wednesday as five loads traded hands. No sales had been reported for the previous seven trading days. The market has remained unchanged at \$2.1000 for the last 18 trading sessions. Western butter markets continue to hold at record high prices for January/early February. Churns are operating on busy schedules as sales are meeting production levels in many cases. Sales are running along expected levels. Export interest is adding to demand for product. Inventories are building but at a much slower pace than is typical for this time of year. Prices for bulk butter range from 1 cent over to 3 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 1.2 million pounds more last week to a warehouse adjusted 17.2 million pounds. The total of 17.2 million pounds compares to 52.9 million pounds in 2010 and 60.4 million pounds in the comparable week in 2009. According to the Economic Research Service, the *Commercial Disappearance* of butter for January-November 2010 totals 1.48 billion pounds, up 5% from the same period last year on a daily average basis. According to the NASS *Dairy Products* report, December butter production for the U.S. totals 158.1 million pounds, up 4.8% or 7.2 million pounds from December of last year. Production was up 18.6% or 24.8 million pounds from November 2010. Output in the Western region totals 81.6 million pounds, up 7.1% or 5.4 million pounds more than December 2009. The West produced 51.6% of the butter in the U.S. in December. Cumulative output for the year for the U.S. is 1.56 billion pounds, down 0.7% from the same period in 2009. This works out to a decline of 11.2 million pounds.

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 29	1,4580	1,4662	1,2842	2,0674	0,3996
	10,158,316	9,306,564	24,643,145	2,461,028	10,534,092

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 saw barrels close Tuesday, unchanged at \$1.7250, while blocks advancing \$.0025 to close at \$1.7575. In the last 5 trading sessions barrels have increased \$.0950 and blocks \$.1075. The recent price increases have resulted in higher wholesale prices for all varieties with the exception of Swiss Cuts which remained unchanged. Cheese makers are purchasing increased volumes of condensed skim in lieu of higher priced nonfat dry milk. Cheese production remains steady with good orders and sales, especially for Mozzarella, ahead of the Super Bowl. NASS reports December 2010 total cheese production in New York was 64.8 million pounds, 3.5% less than November, but 8.1% more than December 2009. Pennsylvania produced 34.9 million pounds in December, 2.2% more than one month earlier and 6.7% more than one year ago. Vermont produced 10.5 million pounds, 6.5% more than last month, but 3.0% less than December 2009. Focusing on Italian cheese, in December, New York produced 34.3 million pounds, 0.4% more than November and 3.3% more than December 2009. Pennsylvania produced 22.8 million pounds in December 2010, 3.4% more than November and 11.9% more than December 2009. The total of all cheese production for December in the Atlantic region was 118.9 million pounds, down 0.8% from November, but 7.1% more compared to the same period last year. Atlantic region cheese production accounted for 13.2% of total U.S. production. Total U.S. cheese production in December 2010 totaled 904.4 million pounds, 2.4% more than November and 4.7% more than December 2009. Total U.S. cheese production for 2010 was 3.3% greater than 2009.

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

Cheddar 40# Block	:	1.9900-2.2650
Process 5# Sliced	:	1.7500-2.0600
Muenster	:	2.0100-2.2150
Grade A Swiss Cuts 10 - 14#	:	3.2325-3.5550

MIDWEST

The cheese market has many long time traders surprised by the continued price increases at the CME Group cash market. Most attribute recent increases to advances in butter/powder prices. A large winter storm has impacted transportation. Packagers and processors in the affected areas are operating on abbreviated schedules or with fewer lines as some employees are unable to get to work due to impassable roads. Regular cheese suppliers seem to be having little difficulty in filling most orders. Export demand continues to be reported by some manufacturers. With increased prices, some customers have been trying to load up on inventory in recent weeks in order to beat any additional price increases though manufacturers have limited some orders. Cheese production is about steady where storm related consumer purchases of milk have not caused bottlers to increase orders from plants. Yields remain good seasonally.

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

Process American 5# Loaf	:	1.9200-2.1950
Brick And/Or Muenster 5#	:	2.0600-2.1825
Cheddar 40# Block	:	1.9000-2.5650
Monterey Jack 10#	:	1.9900-2.5650
Blue 5#	:	2.5000-2.7800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9800-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.6400-3.3300

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

BUTTER : CHEESE	

01/31/11	4,438 : 127,232
01/01/11	3,528 : 117,082
CHANGE	910 : 10,150
% CHANGE	26 : 9

WEST

Cheddar Barrels on Wednesday at the CME Group are unchanged at \$1.7250. 40 Pound Blocks are \$.0250 higher Wednesday at \$1.7825. Barrels have held steady for the last two sessions. Blocks continue to advance with increases for nine consecutive trading days. Sales this week are light with two sales each for Barrels and Blocks on Wednesday. Western cheese prices are higher, continuing their climb from the first of the year. Orders for Super Bowl parties are over and buyers are looking to see if the new prices can hold into the next few months. Class IV demand is pushing milk prices higher and influencing milk volumes into cheese plants. Production of cheese in the West has increased, but manufacturers are confident that supplies are not burdensome. USDA's Economic Research Service reports that *Commercial Disappearance* of American Cheese for January-November 2010 stood at 3.90 billion pounds, 1.5% more than the same period last year on a daily average basis. Disappearance of Other Cheese for January-November 2010 was 5.87 billion pounds, 4.9% higher or 272.1 million pounds more than the same period last year on a daily average basis. According to the NASS *Dairy Products* report, total cheese production in the U.S. in December reached 904.4 million pounds, up 4.7% or 40.5 million pounds from last year. December total cheese production in the Western region was 387.6 million pounds, up 7.6% or 27.5 million pounds from December 2009. The West produced 42.9% of all the cheese in the U.S. in December. Cumulative total cheese output for the U.S. for the year is 10.4 billion pounds, up 3.3% or 336 million pounds from the same period in 2009. Swiss output for the U.S. in December is 29.3 million pounds, up 3.4% or 951 thousand pounds from last year.

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

Process 5# Loaf	:	1.7700-2.0275
Cheddar 40# Block	:	1.8000-2.1525
Cheddar 10# Cuts	:	1.9800-2.2000
Monterey Jack 10#	:	1.9900-2.1500
Grade A Swiss Cuts 6 - 9#	:	2.8100-3.2400

FOREIGN

The CME Group block cheese price advanced \$.0025 Tuesday and closed at \$1.7575. In the last 5 trading sessions block prices have increased \$.1075. The recent price increases have resulted in higher wholesale prices for all domestic varieties with the exception of Swiss Cuts, which remained unchanged. NASS reports domestic Parmesan production during December 2010 totaled 17.8 million pounds, 4.3% more than November, but 16.0% less than December 2009. Provolone production during December totaled 28.8 million pounds, 2.1% less than November, but 1.9% more than December 2009. Romano production during December 2010 totaled 3.1 million pounds, 15.5% more than November, but 19.8% less than December 2009. Swiss production during December 2010 totaled 29.3 million pounds, 5.4% more than November and 3.4% more than December 2009.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Blue	:	2.6400-4.6900	2.1300-3.6175*
Gorgonzola	:	3.6900-5.9900	2.6325-2.8925*
Parmesan (Italy)	:	-0-	3.4700-3.6625*
Provolone (Italy)	:	3.4400-5.8900	2.1725-2.3300*
Romano (Cows Milk)	:	-0-	3.3200-5.4625*
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.

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	177	0	109	0	110
SOUTHEAST STATES	0	0	0	0	0	0

Once again this week, winter storms have converged on the Northeast region causing increased Class I pulls and trucking delays. Some of the weather related trucking delays are limiting add on milk shipments to bottlers. Milk production is increasing along the seasonal trend. The Mid Atlantic region was also affected by this week's storms with some transportation delays, but manufacturers overall received adequate volumes of milk. Only the most northern states in the Southeast region were affected by adverse weather. Class I demand has declined in the most southern areas, but has remained steady elsewhere. Some producers are taking advantage of the good cull cow prices, selling off marginal producers and then purchasing springing heifers, effectively adding to their milk production. Florida milk production is also increasing and above year ago levels. Numerous producers have expanded their herds and/or replaced their less productive cows. Class I sales have declined, increasing the number of export spot shipments to 177 this week. Cream availability has increased as some cream users are limiting production schedules to the level of their contracted cream volumes. Cream multiples range mostly from 118-125 with isolated instances of 130. Spot sales of condensed skim have increased as cheese makers have increased their purchases of condensed skim in lieu of higher priced nonfat dry milk. Some Class II manufacturers are operating at increased production levels ahead of the Super Bowl. According to NASS, ice cream production in the Atlantic region in December totaled 11.0 million gallons, 15.9% less than November and 9.4% less than December 2009. Pennsylvania's ice cream production for December totaled 2.8 million gallons, up 4.7% from November and 10.4% more than one year ago. U.S. yogurt production (plain and flavored) for December totaled 339.5 million pounds, up 6.5% from November and 9.5% higher compared to the same month last year. Total yogurt production for 2010 was 4.17 billion pounds, 8.9% higher than 2009.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast	-	\$2.5724-2.7300
F.O.B. producing plants: Upper Midwest	-	\$2.5200-2.

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 interest was steady to improved early in the week where the major winter storm stimulated retail milk movement and bottlers tried to restock depleted retailer shelves. The extra storm related loads temporarily reduced manufacturing supplies before the storm. Interest was also excellent for other dairy products such as dips and sour cream for Super Bowl activities. The major winter weather delayed trucks as well as caused plant staffing issues from snow and blizzard conditions in northern and central states down into Texas and New Mexico where ice slicked roads were the issue. At least one plant lost electricity to add to the fluid backup for some handlers. Cream demand remains spotty, as some users are nervous at current price levels. Some extra cream loads needed to be resold where plants had storm related issues. Churning was steady to heavier with some being made as 82% for export. Condensed skim interest remains good, as some buyers are unable or unwilling to acquire NDM supplies. Spot manufacturing milk interest remains strong with not enough reports to

provide a price range. Some operations are able to secure needed fluid volumes while others are still looking. Milk intakes are generally steady to higher though plant receipts were much delayed in areas hard hit by the storms. Some loads were rerouted to other plants to allow trucks to unload. Keeping parking lots clean has been difficult. In some hilly areas, waiting for snowplows to reopen/widen roads is needed. A number of comments from the industry have been "if milk production is higher, where is all the milk?"

WEST

According to the NASS *Agricultural Prices* report for January, mid-month U.S. prices for baled alfalfa hay were \$121/ton, \$10/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$135, +\$25; California \$151, +\$36; Colorado \$130, unchanged.; Idaho \$135, +\$28; Nevada \$145, +\$45; New Mexico \$165, +\$19; Oregon \$144, +\$14; Utah \$114, +\$24; and Washington \$130, +\$10. According to the NASS *Agricultural Prices* report for January, quarterly milk cow prices for dairy herd replacement only for the U.S. sold at \$1300 per head, \$40 less than a year ago. Slaughter prices for cull beef and dairy cows for the U.S. were significantly higher and more than offset higher replacement costs. The cull cattle price was \$63.00/cwt compared to \$47.90/cwt a year ago. The January 2011 Cattle report released by NASS showed the milk cow replacement numbers made up of heifers 500 pounds and over to be at 4.56 million head as of January 1. This is up 1% or 31,000 more from the same time last year. The current replacement number is the highest number over the last twenty five years. The January 4a price (butter/powder) in CALIFORNIA is \$16.49, up \$1.82 from December and \$2.74 higher than last year. The January 4b price (cheese) is \$12.49, \$0.27 higher than December but \$0.23 less than last year. CALIFORNIA milk production levels are mostly steady to slightly higher with recent weeks with no real pattern developing. Weather conditions are mostly seasonal and there are no current impacts on milk output. Some gains in milk are being noted where more heifers are moving into replacement channels. Processing plants are running at or near planned schedules. Fluid milk needs are about steady. Milk output is generally steady across ARIZONA. Little in the way of weather patterns or other events is happening to create any issues. Colder conditions are forecast, but not likely to impact the milk flow. Plant intakes are steady to lower with some milk and components being shipped out of state. Class I interest is flat. NEW MEXICO milk production is steady. Adverse weather conditions in and around the state were affecting transportation and delivery issues. Class I interest was higher in markets serviced. CREAM pricing and the market undertone are mostly steady. While a cautious undertone is common across the region about the pricing levels, more decisions are being made to make products for nearby needs. There are more cream offerings but not yet at levels to affect prices. Transportation issues and finding available tankers are limiting some sales out of the region. The CME Grade AA butter price closed at \$2.10 on Wednesday, February 2, unchanged from a week ago. Cream multiples are unchanged and range 100-121 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST followed expected patterns this week. Moderate temperatures along seasonal lines allowed for easy handling of milk supplies. Milk prices are anticipated to increase, and dairy farmers are looking to expand herds where possible. Replacement dairy heifer prices are beginning to show increases as demand picks up. Feed costs are above year ago in almost all commodities and are restricting expansion plans. UTAH and IDAHO milk production is increasing. Manufacturing capacity in the region is above available supplies and increasing demand for fresh milk. Processors are offering additional premiums in some cases to entice increased supplies. Hay supplies are beginning to tighten up in many areas and prices are reflecting the increased demand. High cull cow prices have helped to feed interest in purchasing replacement heifers.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region are higher, with interest running ahead of spot load availability. Producers are cautious regarding offering spot loads of nonfat dry milk. Opportunities to build NDM inventories are slow to emerge and sometimes sidelined by week-to-week fluctuations in demand from higher Classes. Resale offers of NDM are intermittently clearing, with pricing reflect the current firm market. At processing plants, steady to higher demand from Class I and II over the last few weeks has crimped the flow of condensed skim into the dryers. Some operations reported that contract buyers rescheduled pickups in the beginning of the week due to weather related issues. Production of high heat NDM is intermittent and reportedly just ahead of contract needs. According to NASS, NDM production in the Central region totaled 13.0 million pounds during December 2010, 66.1% more than one month ago but 5.0% less than one year ago. Cumulative human food NDM production during 2010 in the Central region totals 136.3 million pounds, 15.8% lower than the 2009 total.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of human food NONFAT DRY MILK during December 2010 totaled 139.5 million pounds, 19.6% higher than November 2010 production and 10.1% higher than December 2009. Month ending stocks, at 144.3 million pounds, are 12.9% higher than a month ago and 9.0% higher than one year ago. Cumulative 2010 nonfat dry milk powder production totals 1,558.6 million pounds, compared to 1,509.1 million pounds in 2009, a 3.3% increase in production. December 2010 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 27.2 million pounds, 41.5% higher than one month ago and 20.3% higher than production one year ago. Cumulative 2010 skim milk powder production totals 253.8 million pounds, compared to 221.9 million pounds during the same time span in 2009, a 14.4% increase in production.

EAST: Prices for nonfat dry milk moved significantly higher on the upper end of the ranges for both high and low heat nonfat dry milk. Supplies are very tight and users are having difficulty sourcing product. Production of nonfat dry milk has declined as manufacturing milk supplies have decreased due to increased Class I demand and increased sales of condensed skim. Some manufacturers are behind on contract commitments. Current production schedules are making both low and high heat varieties of nonfat dry milk. Some plant managers are hesitant to sell current inventories with concerns of having adequate supplies to fill future commitments, while others are holding on to product for possible higher prices. Demand for nonfat dry milk remains very strong with those looking for additional loads having to look outside the region and paying above the range to secure product. The latest NASS Dairy Products report indicates nonfat dry milk production in the Atlantic region totaled 19.7 million pounds, 14.2% of the nation's total. The Atlantic region production was 13.5% more than one year ago and 102.0% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3300 - 1.7000 MOSTLY: 1.3900 - 1.6500
 HIGH HEAT: 1.3700 - 1.7000

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are trending higher to sharply higher. The market tone is firm. Demand is fair to good for the generally light offerings. There is also a good call for condensed skim. NDM producers are often trending behind on production schedules. Market activity has also increased at the CME Group with 8 cars of NDM sold last week and 7 cars sold through Wednesday of this week. Western spot offerings are generally light and falling short of buyer interest. Some buyers are looking for coverage in the face of rising domestic and international prices and forecasts for NDM and SMP. Export interest remains active as buyers seek to source NDM or SMP. Resale market offerings are around and priced near the top of the range. Plant inventory levels are light to moderate and held with confidence for current and future needs. High heat NDM prices are trending higher in the West. High heat demand is light to moderate. There are limited spot offerings. Product is

often just being made to fill orders. Stocks are light. U.S. NDM production in December 2010 totaled 139.5 million pounds, 10% more than last year. Cumulative 2010 NDM output totals 1.56 billion pounds, up 3.3% from 2009. NDM production in the Western region in December totaled 106.7 million pounds, up 12% from last year. The West produced 76% of the U.S. total in December. U.S. manufacturers' stocks of NDM at the end of December were reported at 144.3 million pounds, 9% higher than a year earlier and 13% higher than November. U.S. skim milk powder (SMP) production in December totaled 27.2 million pounds, 20% more than last year and 42% more than November. Cumulative 2010 SMP output totals 254 million pounds, up 14% from 2009.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2400 - 1.6700 MOSTLY: 1.3000 - 1.6000
 HIGH HEAT: 1.3200 - 1.4550

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The dry buttermilk market is firm. Prices are higher, with limited presence of F.O.B. spot loads in the marketplace. Production of butter destined for the export market provided condensed buttermilk and some increased dry buttermilk production during the week. Contract shipments of Western dry buttermilk are filling some Central region demand.

DAIRY PRODUCTS: NASS's Dairy Products reports production of dry buttermilk during December 2010 totaled 9.8 million pounds, 46.6% more than November 2010 production, and 12.1% more than production one year ago. The December 2010 production is the highest monthly production of dry buttermilk on record for all the months recorded by NASS. Cumulative 2010 dry buttermilk production totals 82.2 million pounds, 10.3% more than during 2009. Month ending stocks of dry buttermilk, at 10.9 million pounds, are 4.8% lower than one month ago but 6.1% higher than the stock levels of one year ago.

EAST: Eastern dry buttermilk prices held steady this week with a firm undertone as the market continues to be supported by higher nonfat dry milk prices. Manufacturers are continuing to adjust product formulations in order to take advantage of pricing and supply availability opportunities that may be available by using substitute ingredients. Cream availability in the East is increasing as some cream users are limiting their production schedules to the level of their contracted cream volumes. Increased cream supplies prompted increased churning, resulting in increased production of dry buttermilk. Current production is moving through contracts with only marginal increases to inventories. Supplies are tight in the East with those seeking additional supplies having to look outside the region and paying premiums above the range to secure product.

F.O.B. CENTRAL/EAST: 1.2400 - 1.4500

DRY BUTTERMILK - WEST

Western dry buttermilk pricing and markets are firming. The biggest boost to the buttermilk market is that NDM prices are trending higher. Buyers are looking for dairy protein and sourcing from other choices when needs are unmet. Another factor is that buyers are trying to secure loads at lower prices in a rising market. Resale offerings are also limited in the region and priced at levels above the top of the range. Dry buttermilk production is uneven and dependent on churning schedules. Stocks remain light. Buttermilk powder production in December 2010 for the U.S. totals 9.8 million pounds, up 12.1% from last year. Buttermilk stocks at the end of December are 10.9 million pounds, 6.1% higher than a year ago but 4.8% lower than last month.

F.O.B. WEST: 1.2000 - 1.4000 MOSTLY: 1.2500 - 1.2800

CONTINUED ON PAGE 5A

NONFAT DRY MILK, 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.

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady to higher, support by limited availability of spot loads via any supply channels as well as higher nonfat solids and butterfat cash market prices. Contract loads are shipping with few delays. The third global DairyTrade auction of 2011 shows dry whole milk prices trending higher. New Zealand regular dry whole milk winning prices per pound for the various contract periods and percent change in price from the previous auction are: Contract 1, \$1.7940, +7.6%; Contract 2, \$1.8189, +5.5%; Contract 3, \$1.7962, +0.5%. New Zealand offered quantities for the three contract periods were 7,000 MT, 4,000 MT and 2,500 MT, respectively. The total New Zealand offer for the three contract periods, 13,500 MT, is about 21% lower than offered quantities of the previous auction.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during December 2010 totaled 5.4 million pounds, down 43.0% from November 2010 and 24.4% lower than December 2009. Cumulative 2010 production totals 71.5 million pounds, a 20.1% increase from 2009 production. Month ending stocks, at 7.7 million pounds, are 9.2% higher than a month ago and 13.4% higher than one year ago.

F.O.B. PRODUCING PLANT: 1.6100 - 1.9200

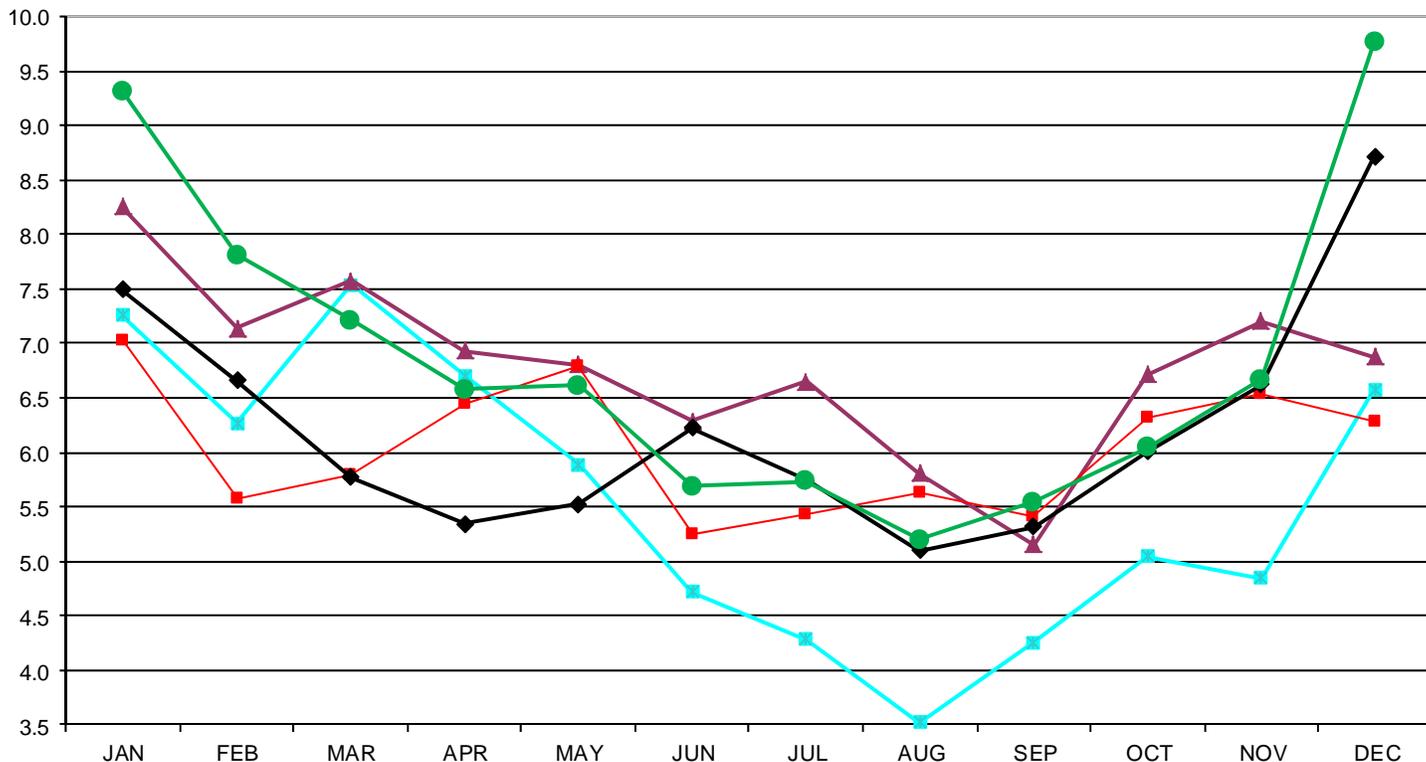
CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 28	\$1.2495	19,137,866	0
January 21	\$1.2309	13,369,086	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.

Million Pounds

U.S. DRY BUTTERMILK PRODUCTION



Graph USDA, DMN; Source USDA, NASS

Legend: 2006 (Cyan square), 2007 (Purple triangle), 2008 (Red square), 2009 (Black diamond), 2010 (Green circle)

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 firm, with the mostly price series adjusting to reflect intermittent ordering of contract loads. Various participants in the edible dry whey market indicate resale prices are above the \$.50/lb, and those higher resale prices are supporting the current firm dry whey market. In addition, international prices for dry whey are also trending higher. Limited availability of edible dry whey is the impetus for some reformulating, although end users indicate current labeling requirements tend to bracket ingredient substitution percentages within a specific range. Current dry whey prices and the near term market outlook are prompting some shifting of end products at a few plants that are able to diversify whey stream products, although products such as WPC 34% may offer income from other by-products. ANIMAL FEED DRY WHEY prices are steady. Various end users indicate availability of dry whey above contract volumes hinges mostly on connections with resellers versus manufacturers, and prices on spot offers are firming. Human food dry whey production during December 2010 in the Central region totaled 40.5 million pounds. This dry whey production is 6.5% more than November 2010 production but 1.1% lower than December 2009. Cumulative 2010 human food dry whey production in the Central region totals 475.9 million pounds, 1.2% higher than 2009 production.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN AND ANIMAL dry whey during December 2010 totaled 89.6 million pounds, 11.8% more than November 2010, and 5.3% higher than production 1 year ago. Cumulative 2010 HUMAN AND ANIMAL dry whey production is 1.8% higher than 2009 production, totaling 1,019.0 million pounds. Cumulative production of HUMAN FOOD dry whey during 2010 totals 966.7 million pounds, a 1.7% increase from 2009 cumulative production. Cumulative production of ANIMAL FEED dry whey during 2010 totals 52.3 million pounds, a 4.4% increase from 2009 cumulative production. December ending stocks of HUMAN FOOD dry whey totaled 42.1 million pounds, 3.0% higher than 1 month ago and 0.1% higher than December 2009. ANIMAL FEED dry whey month ending stocks totaled 4.3 million pounds, almost 4 times the stocks of one month ago and more than double the stocks of one year ago.

F.O.B. CENTRAL: .3550 - .4300 MOSTLY: .3600 - .4100
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2600 - .3800

DRY WHEY - NORTHEAST

The Northeast dry whey market continues to be very tight. Prices held steady in limited spot sales activity. 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 is registering sales over 50 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 significantly above the range. Domestic and export demand remains very good supporting the market's firm undertone.

The latest NASS Dairy Products report shows production of dry whey for human consumption for December 2010, in the Atlantic area totaled 18.0 million pounds, or 21.3% of the nation's total for December of 84.4 million pounds. The Atlantic area's production is 9.9% below November and 5.0% below production one year ago.

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

DRY WHEY - WEST

Western whey prices are steady to firm for the full range of pricing and slightly higher on the mostly series. The market tone is bullish as dry product prices are firming. Production schedules are busy filling contracted orders with spot offerings light. Export demand is good. Domestic demand for product above contracted needs is pushing prices higher on the resale market. According to the NASS *Dairy Products* report, total dry whey production in December totals 89.6 million pounds, up 5.3% or 4.5 million pounds compared to December 2009. The Western region produced 25.8 million pounds of whey in December, up 28.2% or 5.7 million pounds from last year. The West produced 30.6% of the whey in the U.S. in December. Cumulative total dry whey production for the year in the U.S. is 1,019 million pounds, up 1.8% or 17.9 million pounds from 2009. Manufacturers' stocks at the end of December for total dry whey are 46.4 million pounds, up 7% or 3 million pounds from last year.

NONHYGROSCOPIC: .3900 - .4425 MOSTLY: .4050 - .4350

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate range price series widened to reflect spot sales from manufacturers. Interest is active and pushback on contract loads is minimal. While WPC 34% prices are trending higher and there are some delays in shipping contract loads, end users have few options available to substitute into their formulations as a way of either controlling costs or keeping production lines operational. Other dairy commodities with similar protein content, such as nonfat dry milk or dry buttermilk, are also in short supply and prices on those commodities are also trending higher. Interest in WPC 34% resale offerings is reportedly active, short of fulfilling current industry needs, and trading at prices above \$1.20.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during December 2010 totaled 20.1 million pounds, 2.3% higher than one month ago, but 1.3% lower than production of one year ago. Cumulative 2010 HUMAN WPC (25.0%-49.9% PROTEIN) production totals 242.3 million pounds, 7.0% lower than 2009 production. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 16.0 million pounds, 7.1% more than November 2010 but 29.1% less than December 2009.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.0000 - 1.2000 MOSTLY: 1.0200 - 1.0700

CONTINUED ON PAGE 6A

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.

CONTINUED FROM PAGE 6

LACTOSE - CENTRAL AND WEST

Lactose prices are higher on the top of the mostly price series and the range price series widened. Availability of F.O.B. lactose loads to the spot market, varying mesh sizes, improved this week as some manufacturers reevaluated near term production and contract fulfillment needs. Lactose production is both higher and lower, depending on location and milk supply agreements with nearby fluid markets. A few manufacturers are supplementing their own production with purchased lactose to round out contract load shipments; shortfalls in milk intakes due to recent shipments into fluid markets prompted shortfalls in cheese and lactose production.

DAIRY PRODUCTS: NASS's Dairy Products report shows HUMAN and ANIMAL lactose production during December 2010 increased 7.7% compared to November 2010 to 80.0 million pounds and was 23.1% higher than December 2009 production. Cumulative 2010 lactose production totals 888.5 million pounds, 23.0% more than during 2009. Month ending stocks, at 80.5 million pounds, are 1.0% less than one month ago, but 44.8% higher than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .3000 - .4550 MOSTLY: .3300 - .3900

CASEIN - NATIONAL

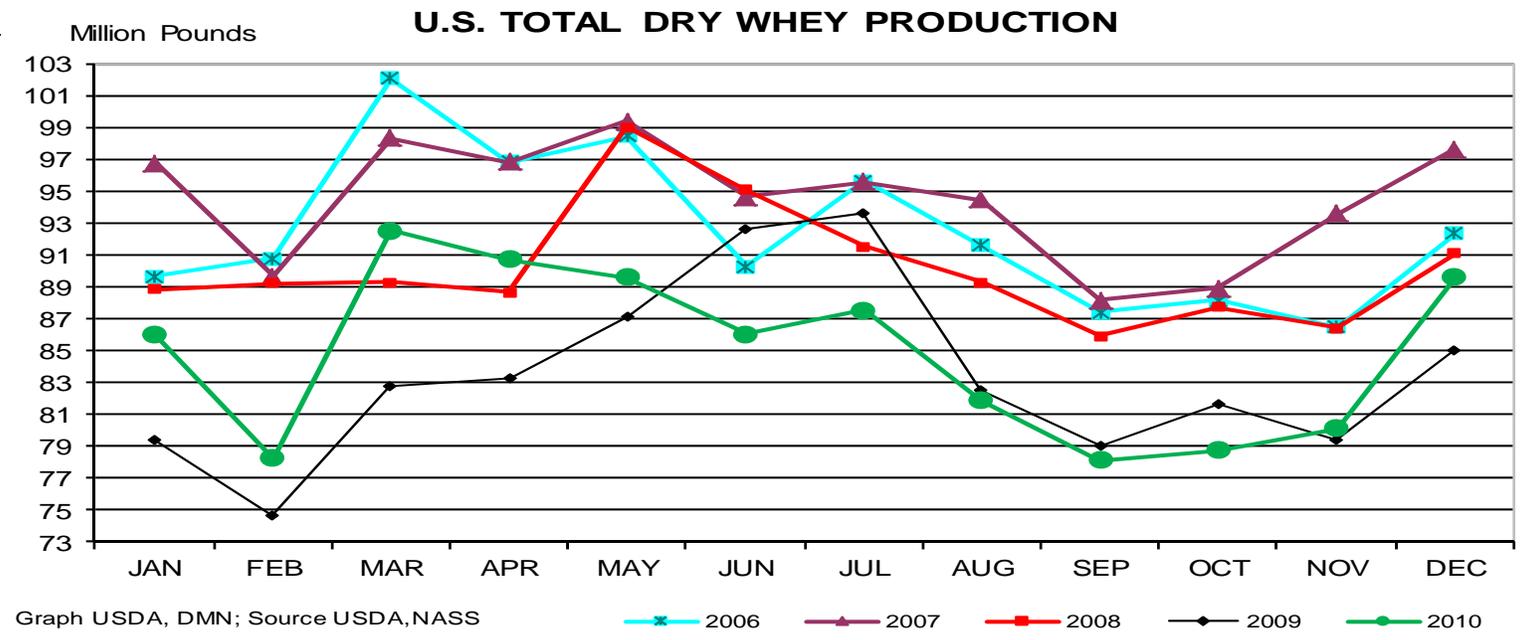
Casein markets and prices remain firm. Supply availability continues to be questioned by domestic buyers to their suppliers. Most suppliers continue to assure buyers that they will fulfill their commitments, but commitments are not as far reaching as they have been in the past. For most suppliers, they are only extending themselves about 90 days, versus quarterly and often in the past, considerably beyond a near term quarter. The production season in Oceania continues to wind down with some localized casein output continuing in remote areas where milk movement to other facilities is not logistically sound. In Europe, the milk production season is slow to develop this year, thus casein output is minimal, if at all at this time.

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: 4.1400 - 4.4500
ACID: 4.2800 - 4.5000

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during December 2011 totaled 41.5 million pounds, a decrease of 3.8% from November 2010 but 1.2% higher than December 2009. Manufacturers' end-of-month stocks totaled 52.2 million pounds, 18.9% lower than one month ago but 16.5% higher than one year ago.



Graph USDA, DMN; Source USDA, NASS

—x— 2006 —▲— 2007 —■— 2008 —◆— 2009 —●— 2010

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JANUARY 31 - FEBRUARY 4			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 01/28/11	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 JAN. 31 - FEB. 4, 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 JAN. 1 - FEB. 4, 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 31 - FEBRUARY 4, 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-
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 01/15/11 & 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	8.1	3.8	20.9	4.9	N.A.	N.A.	17.2	4.0	61.8	181.7	47.8	48.0
2010-Dairy	N.A.	0.6	7.6	3.3	19.2	4.4	0.5	N.A.	17.3	3.5	58.1	158.3	43.8	43.1
2011-All cows	0.1	0.7	10.2	13.1	34.8	24.1	N.A.	N.A.	20.1	7.5	129.2	378.3		
2010-All cows	N.A.	0.8	9.6	14.5	36.2	21.5	16.6	N.A.	21.1	7.8	132.5	367.6		

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

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEKS ENDING	WEEKLY TOTALS	2010 CUMULATIVE TOTAL
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	16.79											
III	13.48											
IV	16.42											

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

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 24—February 4, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in Europe during January increased, but often not as positively as in years past. Many milk handlers attribute the lighter milk volumes during the month to a cold/wintery December which slowed milk production development. The major topics of discussion in Europe are firm prices, strong demand, and limited supply. Traders and handlers are stating that demand is very strong as potential buyers are looking everywhere for needed supplies. Demand is outpacing supply at this time, but potential buyers are willing to wait for April/May deliveries if a supply source can be located. Immediate shipment demand is often going unfilled. Traders and handlers are commenting that potential buyers have a tone of desperation in their inquiries. A recent milk powder tender was finalized within the past two week, but already, another tender has been issued. Some traders and handlers are speculating that the unknown supply situation and very firm prices might be limiting supplier participation to the extent of previous participation. At the February 3 European Dairy Commission meeting in Brussels, 16,016 MT of intervention skim milk powder was sold at a minimum bid of 2,400 Euros per ton (\$3,311). Total bids submitted were for 51,000 MT with a bid range of 2,200 – 2,500 Euros per MT. With this sale, there are about 66,000 MT of intervention powder unsold. Also at the meeting, the PSA program for butter was discussed and will open on March 1. Butter offered into this program must be no older than 28 days and must remain in the program for six months and then is available for removal. European butter producers feel that butter volumes will clear to the program early on in the open period as manufacturers like to warehouse various seasonal volumes of butter production, at this time “winter butter”, to be brought out later in the year.

BUTTER/BUTTEROIL: European butter markets and prices are firm. Stocks of butter are very limited and suppliers are not able to fulfill strong demand. Up to this point, butter producers have been limiting sales activity to domestic needs with international inquiries going unfilled. The new milk production season is just starting to show signs of increases with churning activity remaining light. At the February 3 European Dairy Commission meeting in Brussels, the PSA program for butter was discussed and will open on March 1. Butter offered into this program must be no older than 28 days at that time and must remain in the program for six months and then is available for removal. European butter producers feel that butter volumes will clear to the program early on in the open period as manufacturers like to warehouse various seasonal volumes of butter production, at this time “winter butter”, to be brought out later in the year.

82% BUTTERFAT:	5,250 - 5,500
99% BUTTERFAT:	5,950 - 6,300

SKIM MILK POWDER (SMP): European skim milk powder markets are firm. Prices have firmed significantly during the past two weeks. Stocks are limited for strong domestic and international buyer interest. At this time, much of current buyer interest is going unfilled as carryover stocks from last season and new production are limited. The new milk production season is just getting underway, thus near term shipments are very limited with April/May shipments more available. At the February 3 European Dairy Commission meeting, 16,016 MT of intervention skim milk powder was sold at a minimum bid of 2,400 Euros per ton (\$3,311). Total bids submitted were for 51,000 MT with a bid range of 2,200 – 2,500 Euros per MT. With this sale, there are about 66,000 MT of intervention powder unsold.

1.25% BUTTERFAT:	3,500 - 4,000
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WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. Supplies are limited, especially for near term shipments, for strong buyer interest. Traders and handlers are stating that a tone of desperation on the part of potential buyers is being felt. More international buyers are entering the marketplace on a daily basis. Limited supplies throughout the world are causing potential buyers to look at all possible sources for potential near term and future supplies. There are a number of open milk powder tenders at this time.

26% BUTTERFAT:	4,500 - 4,750
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SWEET WHEY POWDER: Edible whey powder markets and prices are very firm. Cheese production remains active, although seasonally low, but is generating heavier volumes of whey than is usual for this time of the season. European animal feed buyers continue to dominate the market, absorbing increasing volumes of animal feed and edible volumes.

NONHYGROSCOPIC:	1,200 - 1,400
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EASTERN OVERVIEW: Winter weather patterns continue in Eastern Europe with milk production increases still seasonally low. Typically, Eastern European production trends trail Western trends by about six weeks, thus noticeable increases will probably not develop until late February or early March. Traders and handlers are stating that international buyer interest is strong, although Eastern suppliers have minimal, if any, stock available for immediate shipment. Some of the interest will be filled with new production, thus April/May shipments, although suppliers are proceeding cautiously with commitments.

Exchange rates for selected foreign currencies: January 31, 2011

.9985 Canadian Dollar	.0218 Indian Rupee
.2495 Argentina Peso	.7716 New Zealand Dollar
.0824 Mexican Peso	.9965 Australian Dollar
.3483 Polish Zloty	.0122 Japanese Yen
	1.3692 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0824) = 12.1359$ Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

Information gathered January 24—February 4, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same

OCEANIA

OCEANIA OVERVIEW: In New Zealand, the La Nina weather pattern continues to dominate weather conditions on both islands. On the North Island, heavy rainfall has been reported in recent days, causing surface flooding which is causing some problems, but overall, the dairy industry is O.K. Milk production is trailing last season slightly, but overall, milk volumes are in much better shape than many anticipated during the drought period. Milk receipts at processing facilities are indicating that fat and protein level on the incoming milk are lower. Many attribute this trend to the adverse weather patterns for much of the downside of the milk production season. On the South Island, although this is not the major milk producing area of New Zealand, milk volumes are running 1 – 2% ahead of last season. Sufficient water volumes were generated during the past winter/spring months and water is readily available for irrigation needs. Combining milk output on both islands, New Zealanders are still looking for a 1 1/2 – 2% annual increase in output this season. In Australia, hot temperatures are being reported in areas of Victoria. Reports of 40C degree temps (over 100F) were reported during the past few days. The effects of recent flooding continue to impact about 5% of the farms and 10% of the milk production in Australia. Flooding has caused farmers to relocate their herds to higher ground as the flood waters are slow to recede and pastures are suffering. Farmers are concerned about pasture conditions underneath the water. Typically, pastures will recover quickly if water recedes within a few days, but for many, water has been present for a number of weeks. Early Thursday morning, one of the most powerful cyclones to ever strike Australia hit Northern Coastal regions of Queensland. Winds, recorded as high as 185 miles per hour, uprooted trees and shredded millions of dollars worth of sugar and banana crops. At this point, no reports of damage to Australia dairy industry in Queensland have occurred. International demand for manufactured dairy products is strong. Much of this interest is for second quarter of 2011. For many Oceania suppliers, stocks are limited for this buyer interest. Most stocks have been fully committed to ongoing customers and their needs. At the February 1 G/DT event, prices for all products traded were higher to sharply higher. Following are the various products traded with their average price per MT and the percentage difference from the previous event: anhydrous milk fat, \$6,486, +9.2%; buttermilk powder did not trade at this auction; skim milk powder, \$3,913, +8.5%; and whole milk powder, \$3,995, +5.7%. Traders and handlers were very interested to see who would be at the auction this week. Many were speculating if Chinese buyers would be there or would the upcoming Chinese New Year holiday this week limit their participation. With prices as firm as they were, Oceania manufacturers and handlers are speculating that the Chinese were actively involved with the most recent auction. Outside of the auction, Oceania suppliers are stating that the tone in many buyers comments is one of desperation. Most are very concerned about supply availability and are often willing to pay the prices if supply is available. Traders and handlers are questioning themselves as to how much firmer will prices go before buyers retreat.

BUTTER: Oceania butter markets and prices are firm. Butterfat continues to be limited, thus current declining butter production is basically fully committed. Oceania traders and handlers are stating that new buyer interest is occurring. For most of this inquiry, stocks are unavailable as most of Oceania's production has previously been committed to ongoing customer needs. At the February 1 g/DT event, anhydrous milk fat averaged \$6,486 per MT, 9.2% higher than the previous event for all three contracting periods. The three contracting period averages and percentage changes from the previous event are: contract period 1 (April) averaged \$6,369, +7.4%; contract 2 (May – July) \$6,581, +11.5%; and contract 3 (August – October), \$6,622, +8.1% .

82% BUTTERFAT: 4,500 - 5,200

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are firm. At the recent g/DT event, skim powder averaged \$3,913, +8.5% from the previous event average for all contracting periods. The average price and percentage change from the previous event are: contract 1 (April), \$3,782, +5.0%; contract 2, (May – July) \$3,967, +11.8%; and contract 3, (August – October) \$4,095, +11.7%. Oceania traders and handlers were surprised at the strength that the skim powder market has. Traders are stating that new buyer interest is occurring, but Oceania supplies are very limited for this buyer interest.

1.25% BUTTERFAT: 3,500 - 4,100

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. New international buyer interest is occurring, although whole powder stocks are limited for this buyer interest. Some traders are stating that the comment tone of some potential buyers is desperation. International supply is limited and buyers are reaching to any potential supply source for needed volumes. At the February 1 g/DT event, whole milk powder prices averaged \$3,995 per MT, +5.7% from the previous event average. Near term contract period 1 (April) averaged \$3,974, +7.6%; contract period 2, (May – July), \$4,035, 5.5%; and contract 3, (August – October), \$3,987, +0.5%.

26% BUTTERFAT: 3,975 - 4,200

CHEDDAR CHEESE: Oceania cheese markets and prices are generally holding steady. Traders and handlers are stating that cheese demand is basically centered around ongoing customer needs, although new buyer interest is occurring. Traders indicate that buyers are reaching to any potential supply source for much needed volumes. Cheese volumes are not overly excessive, thus much of this buyer interest is going unfilled from this region.

39% MAXIMUM MOISTURE: 4,300 - 4,500

FEBRUARY 1, 2011
Global/Dairy Trading (g/DT) event recap
US \$ per metric ton

Average prices and Changes in price Indices from Previous event	Contract #1	Contract #2	Contract #3	All Contracts
	April 2011	May - July 2011	August - September 2011	
Anhydrous Milk Fat	\$6,369	\$6,581	\$6,622	\$6,486
	7.4%	11.5%	8.1%	9.2%
Buttermilk Powder	N.A.	N.A.	N.A.	N.A.
	N.A.	N.A.	N.A.	14.5%
Skim Milk Powder	\$3,782	\$3,967	\$4,095	\$3,913
	5.0%	11.8%	11.7%	8.5%
Whole Milk Powder	\$3,974	\$4,035	\$3,987	\$3,995
	7.6%	5.5%	0.5%	5.7%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	01/20	01/21	01/24	01/25	01/26	01/27	01/28	01/31	02/01	02/02
CME - CLASS III MILK FUTURES (Pit-Traded)										
JAN 11	13.50 (5395) 0	13.50 (5203) 0	13.53 (5177) 0	13.53 (5173) 0	13.53 (5174) 0	13.52 (5135) 0	13.50 (5138) 0	13.49 (5127) 0	13.50 (5128) 0	13.49 (5128) 0
FEB 11	15.34 (5411) 8	15.93 (5511) 2	16.49 (5701) 5	16.30 (5757) 12	16.49 (5667) 6	16.48 (5703) 25	16.43 (5663) 2	16.70 (5660) 9	16.65 (5565) 5	16.47 (5479) 0
MAR 11	15.50 (4328) 8	16.25 (4357) 11	17.00 (4559) 9	17.01 (4751) 13	17.50 (5254) 43	17.49 (5397) 7	17.44 (5560) 112	18.19 (5558) 18	18.44 (5576) 35	18.04 (5487) 1
APR 11	15.67 (3093) 9	16.42 (3168) 6	17.09 (3401) 7	17.01 (3597) 16	17.30 (3803) 43	17.19 (4027) 8	17.10 (4283) 114	17.69 (4484) 19	18.12 (4627) 35	17.74 (4789) 1
MAY 11	15.90 (2795) 13	16.50 (2868) 6	17.05 (3026) 18	16.89 (3159) 17	17.00 (3354) 46	16.82 (3431) 6	16.75 (3569) 12	17.25 (3781) 13	17.64 (3972) 35	17.45 (4016) 1
JUN 11	16.00 (2481) 8	16.38 (2574) 6	16.92 (2681) 18	16.68 (2727) 15	16.69 (2817) 9	16.45 (2853) 6	16.33 (2900) 12	16.74 (2969) 8	16.99 (3049) 21	16.80 (3061) 1
JUL 11	16.25 (1787) 2	16.44 (1867) 19	16.79 (1977) 17	16.72 (2013) 11	16.75 (2057) 3	16.53 (2070) 0	16.38 (2089) 16	16.70 (2130) 8	16.87 (2179) 27	16.73 (2182) 1
AUG 11	16.28 (1758) 2	16.51 (1838) 19	16.85 (1935) 13	16.79 (1954) 11	16.80 (1983) 3	16.60 (1999) 0	16.40 (2006) 16	16.70 (2049) 8	16.78 (2108) 26	16.65 (2118) 0
SEP 11	16.27 (1645) 2	16.52 (1718) 19	16.90 (1843) 13	16.88 (1874) 11	16.85 (1902) 3	16.65 (1921) 0	16.40 (1934) 16	16.74 (1972) 8	16.87 (2027) 26	16.70 (2053) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JAN 11	16.20 (32) 0	16.20 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0	16.50 (32) 0
FEB 11	17.20 (21) 0	17.20 (21) 0	17.40 (23) 2	18.00 (29) 0	18.20 (29) 0	18.20 (39) 10	18.19 (39) 0	18.15 (40) 1	18.15 (41) 0	18.15 (42) 2
MAR 11	18.26 (73) 0	18.50 (78) 0	18.60 (85) 2	19.00 (103) 0	19.51 (112) 0	19.61 (138) 21	19.60 (141) 0	19.60 (142) 1	19.60 (156) 4	19.60 (157) 2
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JAN 11	182.03 (433) 0	182.03 (433) 0	182.03 (433) 0	182.50 (434) 1	182.50 (434) 0	182.50 (434) 0	182.53 (434) 0	182.53 (434) 0	182.53 (434) 0	182.75 (431) 6
FEB 11	200.03 (374) 24	204.00 (379) 20	203.00 (377) 2	203.90 (384) 14	204.00 (396) 17	204.00 (393) 27	202.00 (389) 43	202.00 (387) 3	203.00 (387) 0	203.00 (387) 0
MAR 11	194.00 (334) 17	198.00 (336) 13	201.00 (341) 30	201.50 (350) 39	202.00 (354) 4	200.00 (358) 22	197.35 (364) 20	197.35 (367) 11	201.00 (398) 46	196.00 (409) 16
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
JAN 11	127.50 (283) 0	127.50 (283) 0	127.50 (283) 0	127.00 (283) 0	126.98 (283) 0	126.98 (283) 0	126.00 (283) 0	126.00 (283) 0	126.00 (283) 0	126.00 (283) 0
FEB 11	131.00 (292) 0	131.50 (292) 0	133.60 (292) 0	135.75 (292) 0	138.50 (293) 0	138.50 (293) 0	138.48 (293) 0	137.00 (289) 0	137.00 (289) 0	137.00 (289) 0
MAR 11	142.53 (230) 0	145.00 (230) 0	147.50 (230) 0	150.00 (230) 0	155.00 (232) 0	159.00 (229) 0	157.98 (227) 0	156.50 (227) 0	155.00 (227) 0	155.00 (227) 0
CME – WHEY (Electronic-Traded)										
JAN 11	39.75 (494) 0	39.75 (494) 0	39.75 (494) 0	39.75 (494) 0	39.75 (494) 0	39.75 (494) 0	39.55 (494) 0	39.55 (494) 0	39.48 (494) 0	39.48 (494) 0
FEB 11	42.00 (473) 21	42.75 (472) 5	42.75 (473) 1	42.75 (473) 0	45.00 (483) 16	43.00 (484) 24	42.50 (484) 0	43.50 (490) 11	43.50 (490) 0	43.50 (490) 1
MAR 11	46.50 (280) 18	49.00 (280) 8	53.00 (280) 9	52.00 (281) 13	53.00 (280) 14	52.98 (281) 1	50.00 (292) 33	51.25 (301) 30	52.00 (300) 5	51.50 (300) 0
CME – CHEESE CSC (Electronic-Traded)										
JAN 11	1.40 (471) 0	1.41 (469) 2	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0	1.41 (469) 0
FEB 11	1.57 (365) 6	1.63 (361) 6	1.67 (379) 22	1.67 (379) 0	1.67 (379) 0	1.67 (379) 4	1.68 (379) 0	1.70 (379) 0	1.70 (379) 0	1.69 (375) 5
MAR 11	1.55 (312) 2	1.61 (309) 3	1.66 (304) 6	1.68 (304) 0	1.73 (304) 1	1.73 (304) 0	1.68 (379) 0	1.80 (281) 0	1.84 (285) 5	1.81 (284) 3
APR 11	1.57 (214) 6	1.64 (214) 2	1.67 (210) 6	1.67 (211) 1	1.68 (211) 0	1.66 (218) 9	1.74 (281) 25	1.73 (207) 13	1.77 (207) 0	1.73 (209) 2
MAY 11	1.60 (140) 0	1.65 (140) 3	1.66 (137) 4	1.66 (137) 0	1.66 (137) 0	1.63 (137) 2	1.69 (215) 57	1.69 (138) 0	1.72 (138) 0	1.72 (138) 0
JUN 11	1.61 (125) 0	1.63 (126) 1	1.63 (126) 0	1.63 (126) 0	1.63 (126) 0	1.63 (126) 0	1.65 (138) 3	1.64 (126) 0	1.67 (126) 0	1.67 (138) 12

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

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 1	:REPORT NUMBER 2	:REPORT NUMBER 3	:REPORT NUMBER 4	:REPORT NUMBER 5	: 2011	: 2010
	:-----	:-----	:-----	:-----	:-----	: Average	: Average
	: JAN 03 - 07	: JAN 10 - 14	: JAN 17 - 21	: JAN 24 - 28	: JAN 31	: or Total	: or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.6950 - 2.0000	:: 1.7000 - 1.9200	:: 1.7925 - 1.9850	:: 1.8450 - 2.0375	:: 1.9200 - 2.1950	:: 1.8803	: 1.9009
-- Brick And/Or Muenster 5#	:: 1.8375 - 2.2100	:: 1.8600 - 2.0600	:: 1.9800 - 2.0600	:: 2.0225 - 2.0600	:: 2.0600 - 2.1825	:: 2.0163	: 2.0811
-- Cheddar 40# Block	:: 1.8550 - 2.5650	:: 1.8775 - 2.5650	:: 1.9000 - 2.5650	:: 1.9000 - 2.5650	:: 1.9000 - 2.5650	:: 2.2241	: 2.2695
-- Monterey Jack 10#	:: 1.7975 - 2.5650	:: 1.8200 - 2.5650	:: 1.9400 - 2.5650	:: 1.9825 - 2.5650	:: 1.9900 - 2.5650	:: 2.2263	: 2.2437
-- Blue 5#	:: 2.1550 - 2.9300	:: 2.1775 - 2.7800	:: 2.2975 - 2.7800	:: 2.3400 - 2.7800	:: 2.5000 - 2.7800	:: 2.5351	: 2.5850
-- Mozzarella 5 - 6#	:: 1.6700 - 2.6650	:: 1.6925 - 2.6650	:: 1.8125 - 2.6650	:: 1.8550 - 2.6650	:: 1.9800 - 2.6650	:: 2.2154	: 2.2282
-- Grade A Swiss Cuts 6 - 9#	:: 2.6400 - 3.3300	:: 2.6400 - 3.3300	:: 2.6400 - 3.3300	:: 2.6400 - 3.3300	:: 2.6400 - 3.3300	:: 2.9850	: 2.9718

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 1.6475 - 1.9225	:: 1.6675 - 1.9425	:: 1.7875 - 2.0625	:: 1.8300 - 2.1050	:: 1.9900 - 2.2650	:: 1.8808	: 1.9005
-- Process 5# Sliced	:: 1.4400 - 1.7500	:: 1.4450 - 1.7550	:: 1.5375 - 1.8475	:: 1.5900 - 1.9000	:: 1.7500 - 2.0600	:: 1.6688	: 1.6984
-- Muenster	:: 1.6675 - 1.8725	:: 1.6875 - 1.8925	:: 1.8075 - 2.0125	:: 1.8500 - 2.0550	:: 2.0100 - 2.2150	:: 1.8658	: 1.8818
-- Grade A Swiss Cuts 10 - 14#	:: 3.2325 - 3.5550	:: 3.2325 - 3.5550	:: 3.2325 - 3.5550	:: 3.2325 - 3.5550	:: 3.2325 - 3.5550	:: 3.3938	: 3.4338

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.4600 - 1.7175	:: 1.4650 - 1.7225	:: 1.5575 - 1.8150	:: 1.6100 - 1.8675	:: 1.7700 - 2.0275	:: 1.6625	: 1.7065
-- Cheddar 40# Block	:: 1.4575 - 1.8100	:: 1.4775 - 1.8300	:: 1.5975 - 1.9500	:: 1.6400 - 1.9925	:: 1.8000 - 2.1525	:: 1.7295	: 1.7561
-- Cheddar 10# Cuts	:: 1.6375 - 1.8575	:: 1.6575 - 1.8775	:: 1.7775 - 1.9975	:: 1.8200 - 2.0400	:: 1.9800 - 2.2000	:: 1.8433	: 1.8699
-- Monterey Jack 10#	:: 1.6475 - 1.8075	:: 1.6675 - 1.8275	:: 1.7875 - 1.9475	:: 1.8300 - 1.9900	:: 1.9900 - 2.1500	:: 1.8233	: 1.8499
-- Grade A Swiss Cuts 6 - 9#	:: 2.8100 - 3.2400	:: 2.8100 - 3.2400	:: 2.8100 - 3.2400	:: 2.8100 - 3.2400	:: 2.8100 - 3.2400	:: 3.0250	: 3.0350

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 1.8233 - 2.0387	:: 2.0218 - 2.3343	:: 2.4150 - 2.6250	:: 2.4150 - 2.6250	:: 2.5724 - 2.7300	:: 2.2938	: 1.6992
-- Upper Midwest - f.o.b	:: 1.6575 - 2.0553	:: 2.1505 - 2.2607	:: 2.5200 - 2.6670	:: 2.5200 - 2.6670	:: 2.5200 - 2.6250	:: 2.3112	: 1.6394

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

-- Class II	:: 1.26 - 1.30	:: 1.26 - 1.30	:: 1.26 - 1.30	:: 1.29 - 1.34	:: 1.29 - 1.34	:: 1.2905	: 1.3324
-- Class III	:: 1.01 - 1.05	:: 1.01 - 1.08	:: 1.01 - 1.08	:: 1.05 - 1.12	:: 1.05 - 1.12	:: 1.0533	: 1.2800

MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 1	:::REPORT NUMBER 2	:::REPORT NUMBER 3	:::REPORT NUMBER 4	:::REPORT NUMBER 5	::: 2011	: 2010
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: JAN 03 - 07	::: JAN 10 - 14	::: JAN 17 - 21	::: JAN 24 - 28	::: JAN 31	::: or Total	: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.2125 - 1.3200	:: 1.2600 - 1.3600	:: 1.2600 - 1.5000	:: 1.3250 - 1.5500	:: 1.3300 - 1.7000	:: 1.3552	: 1.3713
-- Mostly	:: 1.2500 - 1.2950	:: 1.2800 - 1.3300	:: 1.3300 - 1.4300	:: 1.3400 - 1.4800	:: 1.3900 - 1.6500	:: 1.3489	: 1.3664
-- High Heat	:: 1.3300 - 1.3950	:: 1.3300 - 1.4600	:: 1.3300 - 1.6000	:: 1.3650 - 1.6000	:: 1.3700 - 1.7000	:: 1.4298	: 1.4500
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.1825 - 1.2800	:: 1.2000 - 1.3700	:: 1.2200 - 1.5000	:: 1.2400 - 1.5100	:: 1.2400 - 1.6700	:: 1.3176	: 1.2922
-- Mostly	:: 1.2025 - 1.2400	:: 1.2300 - 1.3000	:: 1.2500 - 1.4000	:: 1.2700 - 1.4200	:: 1.3000 - 1.6000	:: 1.2953	: 1.3008
-- High Heat	:: 1.2400 - 1.3950	:: 1.2600 - 1.3950	:: 1.2800 - 1.4050	:: 1.3000 - 1.4250	:: 1.3200 - 1.4550	:: 1.3398	: 1.3774
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3400 - 0.4050	:: 0.3500 - 0.4300	:: 0.3550 - 0.4300	:: 0.3550 - 0.4300	:: 0.3550 - 0.4300	:: 0.3869	: 0.3845
-- Mostly	:: 0.3550 - 0.3850	:: 0.3600 - 0.3900	:: 0.3600 - 0.4000	:: 0.3600 - 0.4000	:: 0.3600 - 0.4100	:: 0.3765	: 0.3761
-- West (f.o.b.)	:: 0.3675 - 0.4300	:: 0.3800 - 0.4425	:: 0.3850 - 0.4425	:: 0.3900 - 0.4425	:: 0.3900 - 0.4425	:: 0.4101	: 0.4037
-- Mostly	:: 0.3850 - 0.4225	:: 0.3900 - 0.4275	:: 0.3950 - 0.4300	:: 0.4000 - 0.4325	:: 0.4050 - 0.4350	:: 0.4107	: 0.4068
-- Northeast (f.o.b.)	:: 0.3725 - 0.4100	:: 0.3850 - 0.4100	:: 0.4025 - 0.4125	:: 0.3950 - 0.4250	:: 0.3950 - 0.4250	:: 0.4017	: 0.3755
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.9800 - 1.0750	:: 0.9800 - 1.0900	:: 0.9900 - 1.1400	:: 0.9900 - 1.1100	:: 1.0000 - 1.2000	:: 1.0461	: 0.9391
-- Mostly	:: 0.9900 - 1.0300	:: 0.9900 - 1.0500	:: 1.0000 - 1.0600	:: 1.0000 - 1.0600	:: 1.0200 - 1.0700	:: 1.0233	: 0.9271
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2500 - 0.3800	:: 0.2600 - 0.4200	:: 0.2600 - 0.3800	:: 0.2600 - 0.3800	:: 0.2600 - 0.3800	:: 0.3238	: 0.2950
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.1000 - 1.2700	:: 1.1500 - 1.3100	:: 1.1800 - 1.4500	:: 1.2300 - 1.4500	:: 1.2400 - 1.4500	:: 1.2690	: 1.2933
-- West (f.o.b.)	:: 1.0800 - 1.2000	:: 1.1000 - 1.2400	:: 1.1500 - 1.3000	:: 1.1500 - 1.3200	:: 1.2000 - 1.4000	:: 1.1963	: 1.2132
-- Mostly	:: 1.1400 - 1.1900	:: 1.1600 - 1.2000	:: 1.2000 - 1.2500	:: 1.2250 - 1.2650	:: 1.2500 - 1.2800	:: 1.2058	: 1.2295
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.6500 - 1.7500	:: 1.6500 - 1.7500	:: 1.6100 - 1.7500	:: 1.6100 - 1.7500	:: 1.6100 - 1.9200	:: 1.6943	: 1.4895
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2800 - 0.4350	:: 0.3200 - 0.4475	:: 0.2600 - 0.4475	:: 0.3200 - 0.4475	:: 0.3000 - 0.4550	:: 0.3709	: 0.3684
-- Mostly	:: 0.3300 - 0.3650	:: 0.3300 - 0.3700	:: 0.3300 - 0.3800	:: 0.3300 - 0.3800	:: 0.3300 - 0.3900	:: 0.3521	: 0.3568
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.9500 - 4.3000	:: 3.9500 - 4.3000	:: 4.1000 - 4.3000	:: 4.1000 - 4.4500	:: 4.1400 - 4.4500	:: 4.1860	: 3.8750
-- Nonrestricted - Acid	:: 4.0000 - 4.2500	:: 4.0000 - 4.2500	:: 4.2200 - 4.4000	:: 4.2200 - 4.5000	:: 4.2800 - 4.5000	:: 4.2340	: 3.8500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR JANUARY 2011

COMMODITY	:::REPORT NUMBER 1	:::REPORT NUMBER 2	:::REPORT NUMBER 3	:::REPORT NUMBER 4	:::REPORT NUMBER 5	::: 2011 *	::: 2010 *
	:-----:-----:-----:-----:-----					: Monthly	: Monthly
	::: JAN 3 - 7	::: JAN 10 - 14	::: JAN 18 - 21	::: JAN 24 - 28	::: JAN 31	::: Average	: Average

BUTTER*							
-- GRADE AA							
--Monday	::: 1.6900	::: 2.1000	::: 1/	::: 2.1000	::: 2.1000	::: :	:
--Tuesday	::: 1.7000	::: 2.1000	::: 2.1000	::: 2.1000	::: :	::: :	:
--Wednesday	::: 1.7500	::: 2.1000	::: 2.1000	::: 2.1000	::: :	::: :	:
--Thursday	::: 1.9500	::: 2.1000	::: 2.1000	::: 2.1000	::: :	::: :	:
--Friday	::: 2.1000	::: 2.1000	::: 2.1000	::: 2.1000	::: :	::: 2.0345	: 1.3950
--Weekly Average**	::: 1.8380	::: 2.1000	::: 2.1000	::: 2.1000	::: :	::: :	:

CHEESE*							
-- BARRELS							
--Monday	::: 1.3400	::: 1.3500	::: 1/	::: 1.5625	::: 1.7250	::: :	:
--Tuesday	::: 1.3400	::: 1.4250	::: 1.4750	::: 1.6300	::: :	::: :	:
--Wednesday	::: 1.3400	::: 1.4475	::: 1.4700	::: 1.6425	::: :	::: :	:
--Thursday	::: 1.3400	::: 1.4625	::: 1.4875	::: 1.6825	::: :	::: :	:
--Friday	::: 1.3425	::: 1.4750	::: 1.5100	::: 1.7050	::: :	::: 1.4876	: 1.4684
--Weekly Average**	::: 1.3405	::: 1.4320	::: 1.4856	::: 1.6445	::: :	::: :	:

-- 40# BLOCKS							
--Monday	::: 1.3425	::: 1.3700	::: 1/	::: 1.5875	::: 1.7550	::: :	:
--Tuesday	::: 1.3425	::: 1.4450	::: 1.5250	::: 1.6500	::: :	::: :	:
--Wednesday	::: 1.3450	::: 1.5025	::: 1.5000	::: 1.6925	::: :	::: :	:
--Thursday	::: 1.3600	::: 1.5100	::: 1.5000	::: 1.7025	::: :	::: :	:
--Friday	::: 1.3650	::: 1.5250	::: 1.5250	::: 1.7350	::: :	::: 1.5140	: 1.4536
--Weekly Average**	::: 1.3510	::: 1.4705	::: 1.5125	::: 1.6735	::: :	::: :	:

NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::: 1.2250	::: 1.3400	::: 1/	::: 1.4900	::: 1.6500	::: :	:
--Tuesday	::: 1.2350	::: 1.3500	::: 1.4400	::: 1.5275	::: :	::: :	:
--Wednesday	::: 1.2900	::: 1.3600	::: 1.4800	::: 1.5575	::: :	::: :	:
--Thursday	::: 1.2900	::: 1.3700	::: 1.4900	::: 1.6000	::: :	::: :	:
--Friday	::: 1.3400	::: 1.4000	::: 1.4900	::: 1.6000	::: :	::: 1.4263	: 1.3247
--Weekly Average**	::: 1.2760	::: 1.3640	::: 1.4750	::: 1.5550	::: :	::: :	:

-- GRADE A							
--Monday	::: 1.2700	::: 1.3500	::: 1/	::: 1.5275	::: 1.6675	::: :	:
--Tuesday	::: 1.2700	::: 1.3600	::: 1.4675	::: 1.5500	::: :	::: :	:
--Wednesday	::: 1.3000	::: 1.3725	::: 1.5100	::: 1.5925	::: :	::: :	:
--Thursday	::: 1.3000	::: 1.3950	::: 1.5200	::: 1.6325	::: :	::: :	:
--Friday	::: 1.3300	::: 1.4325	::: 1.5225	::: 1.6575	::: :	::: 1.4514	: 1.3058
--Weekly Average**	::: 1.2940	::: 1.3820	::: 1.5050	::: 1.5920	::: :	::: :	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

1/ HOLIDAY - CME GROUP CLOSED

CRITERIA USED BY STATE AND NATIONAL WEEKLY NONFAT DRY MILK SALES SURVEYS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS) SURVEY

NDM Varieties Included	Manufacturer Exemptions	Minimum Transaction Size	Sales Time Frame	Include	Grade	Packaging	Exclude
<ul style="list-style-type: none"> • Non-Fortified 	Processes and markets less than 1 million pounds of NDM per calendar year	None	Sunday – Saturday (Published electronically on Fridays, 8:30 am ET, with data for previous week)	<ul style="list-style-type: none"> • NDM prepared using low or medium heat process • NDM processed from milk sourced from rBST-free cows • Low spore NDM • Complete transactions (product shipped out and title transfers) • Brokerage fees paid by the manufacturer • Clearing charges paid by the manufacturer • Prices as F.O.B. plant or F.O.B. storage facility • CCC purchases • Export sales • Energy surcharges • Commissions • Transaction fees 	<ul style="list-style-type: none"> • USDA Extra Grade • USPH Grade A 	<ul style="list-style-type: none"> • 25 kg bag • 50 lb bag • Tote • Tanker 	<ul style="list-style-type: none"> • NDM more than 180 days old • NDM prepared using high heat process • Instant NDM • Skim milk powder • Dry Buttermilk Products • Intra-company sales • Resales • Forward pricing sales in which the selling price was established (and not adjusted) 30 or more days before the transaction is completed • DEIP, CWT, or other premium assisted sales • Faith-based production marketed at a higher price than the manufacturer's wholesale market price for the basic commodity • Organic • Pallet charges • Packaging • Transportation charges

CALIFORNIA WEIGHTED AVERAGE PRICE (CWAP) SURVEY

NDM Varieties Included	Manufacturer Exemptions	Minimum Transaction Size	Sales Time Frame	Include	Grade	Packaging	Exclude
<ul style="list-style-type: none"> • Vitamin-Fortified • rBST-free • Low heat • Medium heat • High heat 	None	None	Saturday – Friday (Published electronically on Tuesdays, with data for previous week)	<ul style="list-style-type: none"> • Complete transactions (product shipped out and title transfers) • Fixed price contract sales within 150 days of first shipment date • Prices as F.O.B. processing plant/storage center • All indexed contract sales • Energy surcharges • Container costs • Sales to CCC • DEIP sales 	<ul style="list-style-type: none"> • USDA Extra Grade • Grade A 	All container sizes	<ul style="list-style-type: none"> • Organic • Skim milk • Whole milk • Dry buttermilk • Instant NDM • Dry whey products • Intra-company sales • Resales • Transportation charges • Clearing charges • Broker fees

(1/2011) Table by AMS, Dairy Market News, summarized from information found at various official state and federal web locations, including: <http://www.cdfa.ca.gov/>, http://www.nass.usda.gov/Data_and_Statistics/Dairy_Products_Mandatory_Program/index.asp and http://www.nass.usda.gov/Data_and_Statistics/Dairy_Products_Mandatory_Program/DPPQ&A.pdf
 Access National Agricultural Statistics Service Dairy Product Prices survey information at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>
 Access California Weighted Average Prices survey information at http://www.cdfa.ca.gov/dairy/pdf/Prices_Grid.pdf

JANUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in January 2011 advanced 5 points to 193. Compared with January 2010, the index was up 12 points (6.6 percent). The index of prices received by farmers for dairy products declined 4 points during the month of January 2011 to 124. Compared with January 2010, the index was up 1 point (0.8 percent).

Prices received by farmers in January with changes from December were: for All Milk, \$16.20 per hundredweight (cwt.), up \$.50.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JANUARY 2011 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>2/</u>				Milk cows <u>3/</u>		Cows <u>4/</u>		Alfalfa hay, baled	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	DECEMBER		JANUARY		JANUARY		JANUARY		JANUARY	
	2010	2009	2011 <u>5/</u>	2010	2011 <u>5/</u>	2010	2011	2010	2011 <u>5/</u>	2010
CA	14.88	15.64	15.40	14.75	1,200	1,300	NA	49.40	151.00	115.00
ID	15.00	15.40	14.60	14.60	1,200	1,350	NA	47.70	135.00	107.00
MI	17.70	16.60	16.70	16.90	1,450	1,400	NA	49.00	110.00	140.00
MN	16.30	16.90	15.80	16.10	1,310	1,290	NA	49.70	100.00	125.00
NM	16.40	15.60	15.40	15.70	1,320	1,360	NA	52.00	165.00	146.00
NY	18.30	17.10	17.20	16.80	1,300	1,300	---	---	130.00	135.00
PA	18.90	17.90	17.80	18.00	1,400	1,400	NA	45.60	153.00	156.00
TX	17.70	16.90	16.80	17.10	1,200	1,300	NA	45.30	190.00	183.00
WA	16.90	15.90	16.80	15.70	1,300	1,300	---	---	130.00	120.00
WI	16.50	17.00	16.00	16.30	1,430	1,460	NA	46.00	95.00	115.00
U.S.	16.70	16.50	16.20	16.10	1,300	1,340	NA	47.90	121.00	111.00

NA = Not Available.

1/ Prices are shown at reported butterfat test. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 3/ Animals sold for dairy herd replacement only. 4/ NASS discontinued prices beginning January 2011. 5/ Preliminary.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JANUARY 2011 WITH COMPARISONS

ITEM	JANUARY 2010	DECEMBER 2010	JANUARY 2011 <u>1/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>2/</u>			
All milk	16.10	16.70	16.20
Fluid grade milk <u>3/</u>	16.10	16.70	NA
Manufacturing grade milk <u>3/</u>	15.50	14.60	NA
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	140	158	169
Prices received by farmers for dairy products	123	128	124
Prices paid by farmers for commodities and services, interest taxes, and wage rates	181	188	193
Prices paid by farmers for production items	185	195	201
Prices paid by farmers for feed	186	210	218
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.33	1.98	1.79

NA = Not available.

1/ Preliminary. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

3/ NASS discontinued prices beginning January 2011. 4/ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa.

SOURCE: "Agricultural Prices," January 2011, Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2011, totaled 9.1 million head, up 1 percent from January 1, 2010.

Milk cow replacement heifers totaled 4.6 million head, up 1 percent from January 1, 2010.

The number of milk cow replacement heifers per 100 milk cows on January 1, 2011 was 49.8, down slightly from January 1, 2010.

Milk cow replacement heifers expected to calve during the year totaled 3.04 million head, up 3 percent from January 1, 2010.

MILK COW INVENTORY: Number by Class, January 1, 2010-2011

State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement		State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement	
	2010	2011	2010	2011		2010	2011	2010	2011
	1,000 Head					1,000 Head			
AL	11	11	5	6	NE	59	58	20	20
AK	0.6	0.5	0.2	0.2	NV	28	28	10	10
AZ	167	185	55	60	NH	15	15	8	7.5
AR	13	12	6	4	NJ	8.5	7.5	4.8	4.0
CA	1,760	1,750	750	750	NM	318	322	145	140
CO	116	123	70	75	NY	610	610	325	330
CT	18.5	19	9	9.5	NC	43	44	19	20
DE	6	5	2.7	3.0	ND	21	20	10	10
FL	112	114	30	30	OH	272	270	120	125
GA	78	78	25	23	OK	57	54	25	20
HI	1.8	2	1	1	OR	114	121	55	65
ID	550	574	295	320	PA	540	543	300	310
IL	101	98	52	46	RI	1.1	1.1	0.5	0.5
IN	169	172	70	62	SC	17	16	8	7
IA	215	210	130	130	SD	92	90	35	25
KS	116	122	80	85	TN	53	50	35	35
KY	80	77	50	50	TX	410	425	250	230
LA	21	19	7	5	UT	84	87	48	42
ME	33	32	16	17	VT	134	135	56	61
MD	54	53	28	28	VA	95	95	50	49
MA	14	13.5	6	7.5	WA	243	252	123	122
MI	354	361	158	148	WV	10	10	4	5
MN	470	470	295	290	WI	1,260	1,265	670	700
MS	17	15	7	7	WY	6	6	5	5
MO	102	95	45	50					
MT	15	14	7	7	U.S.	9,086	9,150	4,526	4,557

SOURCE: "Cattle", USDA, January 2011, Agricultural Statistics Board, National Agricultural Statistics Service.

DECEMBER 2010 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 158.1 million pounds in December, 4.8 percent above December 2009 and 18.6 above November 2010. **AMERICAN TYPE CHEESE** production totaled 369.6 million pounds, 4.9 percent above December 2009 and 5.6 percent above November 2010. **TOTAL CHEESE** output (excluding cottage cheese) was 904.4 million pounds, 4.7 percent above December 2009 and 2.4 percent above November 2010. **NONFAT DRY MILK** production, for human food, totaled 139.5 million pounds, 10.1 percent above December 2009 and 19.6 percent above November 2010. **DRY WHEY** production, for human food, was 84.4 million pounds, 5.4 percent above December 2009 and 7.9 percent above November 2010. **ICE CREAM** (hard) production totaled 52.3 million gallons, 6.6 percent above December 2009 and 1.2 percent above November 2010.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	DEC 2010	PERCENT CHANGE FROM:			PRODUCT	DEC 2010	PERCENT CHANGE FROM:		
	1,000 LBS.	DEC 2009	NOV 2010	YEAR TO DATE 1/		1,000 LBS.	DEC 2009	NOV 2010	YEAR TO DATE 1/
BUTTER	158,082	4.8	18.6	-0.7	SOUR CREAM	114,094	6.5	-2.1	2.8
CHEESE					YOGURT (PLAIN AND FLAVORED)	339,471	9.5	6.5	8.9
AMERICAN TYPES 2/	369,565	4.9	5.6	2.0	DRY WHEY, HUMAN FOOD	84,367	5.4	7.9	---
CHEDDAR	280,742	6.7	6.5	1.4	DRY WHEY, ANIMAL FEED	5,212	4.4	171.0	---
OTHER AMERICAN	88,823	-0.4	2.8	---	DRY WHEY, TOTAL 8/	89,579	5.3	11.8	1.8
BRICK & MUENSTER	11,104	14.1	4.2	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	58,576	-4.0	-11.8	---	HUMAN FOOD	2,869	27.7	-4.5	---
HISPANIC	19,075	6.2	8.0	---	ANIMAL FEED	4,106	-14.1	-3.8	---
TOTAL ITALIAN TYPES	390,307	5.5	2.5	5.5	LACTOSE, HUMAN FOOD & ANIMAL FEED	79,960	23.1	7.7	23.0
MOZZARELLA	308,841	6.9	3.2	7.0	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	81,466	0.5	0.2	---	HUMAN FOOD 9/	33,456	6.3	5.3	---
SWISS	29,287	3.4	5.4	---	ANIMAL FEED 9/	2,722	-18.1	-3.9	---
ALL OTHER TYPES	26,468	6.6	-10.9	---	TOTAL 9/	36,178	4.0	4.6	1.6
TOTAL	904,382	4.7	2.4	3.3	25.0-49.9 PERCENT 10/	20,138	-1.3	2.3	---
COTTAGE CHEESE, CURD 3/	31,697	-2.1	-5.0	---	50.0-89.9 PERCENT 10/	16,040	11.5	7.5	---
COTTAGE CHEESE, CREAM 4/	23,761	-5.2	-8.8	-6.5	PROTEIN ISOLATES 11/	6,453	47.0	11.8	---
COTTAGE CHEESE, LOWFAT 5/	28,696	-1.0	-3.0	-3.2	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	41,548	1.2	-3.8	---	ICE CREAM (HARD)	52,317	6.6	1.2	-2.3
DRY BUTTERMILK	9,775	12.1	46.6	---	ICE CREAM, LOWFAT (HARD)	8,709	-7.6	-6.8	---
DRY WHOLE MILK	5,354	-24.4	-43.0	---	ICE CREAM, LOWFAT (SOFT)	13,409	-1.5	-17.6	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	7,404	-23.3	61.2	---	ICE CREAM, LOWFAT (TOTAL)	22,118	-4.0	-13.7	4.6
NONFAT DRY MILK (NDM), HUMAN	139,500	10.1	19.6	3.3	SHERBET, HARD	2,951	10.5	8.3	-6.5
SKIM MILK POWDERS (SMP) 7/	27,184	20.3	41.5	14.4	YOGURT (TOTAL)	3,851	-12.2	-4.0	-8.4

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	DEC 2010	PERCENT OF:		PRODUCT	DEC 2010	PERCENT OF:	
	1,000 LBS.	DEC 2009	NOV 2010		1,000 LBS.	DEC 2009	NOV 2010
DRY WHEY, HUMAN FOOD	42,105	0.1	3.0	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	4,333	224.1	365.4	HUMAN FOOD 9/	33,719	-7.9	11.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	8,630	-11.2	6.0	ANIMAL FEED 9/	1,822	-24.1	-11.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	80,484	44.8	-1.0	TOTAL 9/	35,541	-8.9	10.2
CANNED EVAP & CONDSO WHOLE MILK	52,237	16.5	-18.9	25.0-49.9 PERCENT 10/	16,008	-29.5	7.1
DRY BUTTERMILK	10,927	6.1	-4.8	50.0-89.9 PERCENT 10/	19,533	19.9	12.8
NONFAT DRY MILK (NDM), HUMAN FOOD	144,342	9.0	12.9	PROTEIN ISOLATES 11/	4,225	-59.4	-30.2

1/ 2010 cumulative as percent change of 2009 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Dry milk protein concentrate, 40-89.9 percent. 7/ Includes protein standardized and blends. 8/ Excludes all modified dry whey products. 9/ Whey protein concentrate, 25.0 to 89.9 percent. 10/ Whey protein concentrate, human and animal. 11/ Whey protein isolates, 90.0 percent or greater. 12/ Stocks held by manufacturers at all points and in transit. 13/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. SOURCE: "Dairy Products," February 2011, National Agricultural Statistics Service, Agricultural Statistics Board, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JANUARY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for January 2011 is \$2.0239 per pound. Thus, the Class II butterfat price is \$2.0309. The protein and other solids prices for January are \$1.7590 and \$0.2002 per pound, respectively. These component prices set the Class III skim milk price at \$6.63 per cwt. The January Class IV skim milk price is \$9.67 which is derived from the nonfat solids price of \$1.0743 per pound. **Product Price Averages:** The product price averages for January are: butter \$1.8428, nonfat dry milk \$1.2530, cheese \$1.4076, and dry whey \$0.3935.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	JANUARY 2011				FEBRUARY 2011
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	18.45	16.79	13.48	16.42	19.14
Appalachian (Charlotte) 5/ 6/	005	18.60	16.79	13.48	16.42	19.29
Southeast (Atlanta) 6/ 7/	007	19.00	16.79	13.48	16.42	19.69
Florida (Tampa) 6/ 8/	006	20.60	16.79	13.48	16.42	21.29
Midwest (Cleveland) 9/	033	17.20	16.79	13.48	16.42	17.89
Upper Midwest (Chicago) 10/	030	17.00	16.79	13.48	16.42	17.69
Central (Kansas City) 11/	032	17.20	16.79	13.48	16.42	17.89
Southwest (Dallas) 12/	126	18.20	16.79	13.48	16.42	18.89
Arizona (Phoenix)	131	17.55	16.79	13.48	16.42	18.24
Pacific Northwest (Seattle) 13/	124	17.10	16.79	13.48	16.42	17.79
All-Market Average	---	18.09	16.79	13.48	16.42	18.78

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

6/ Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

7/ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

8/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

9/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

10/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

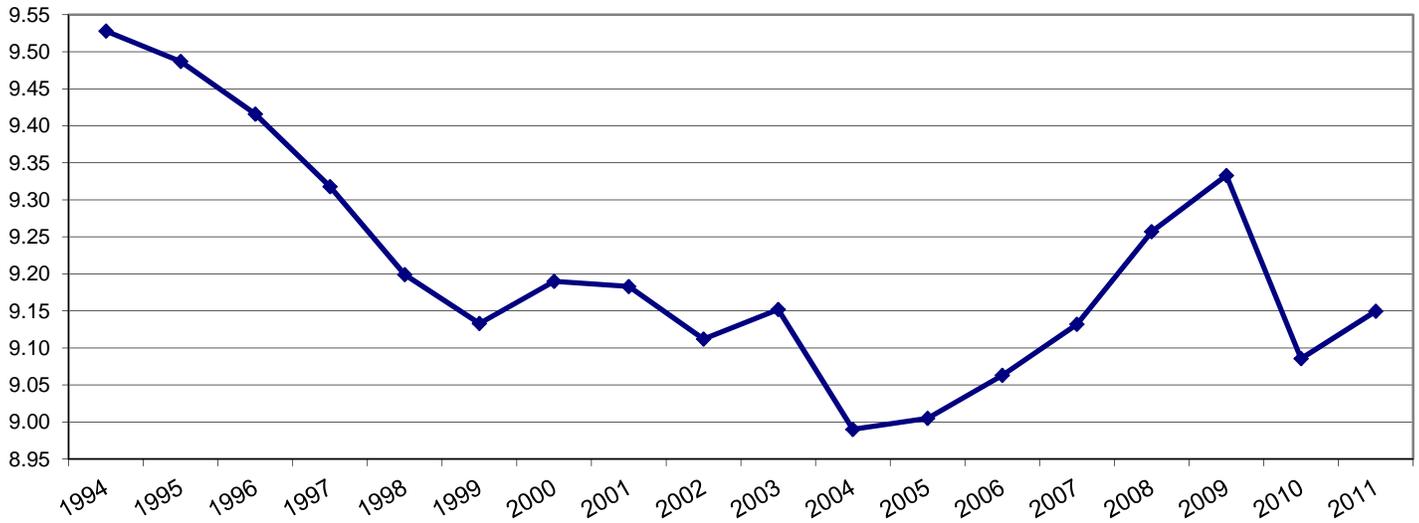
11/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

12/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

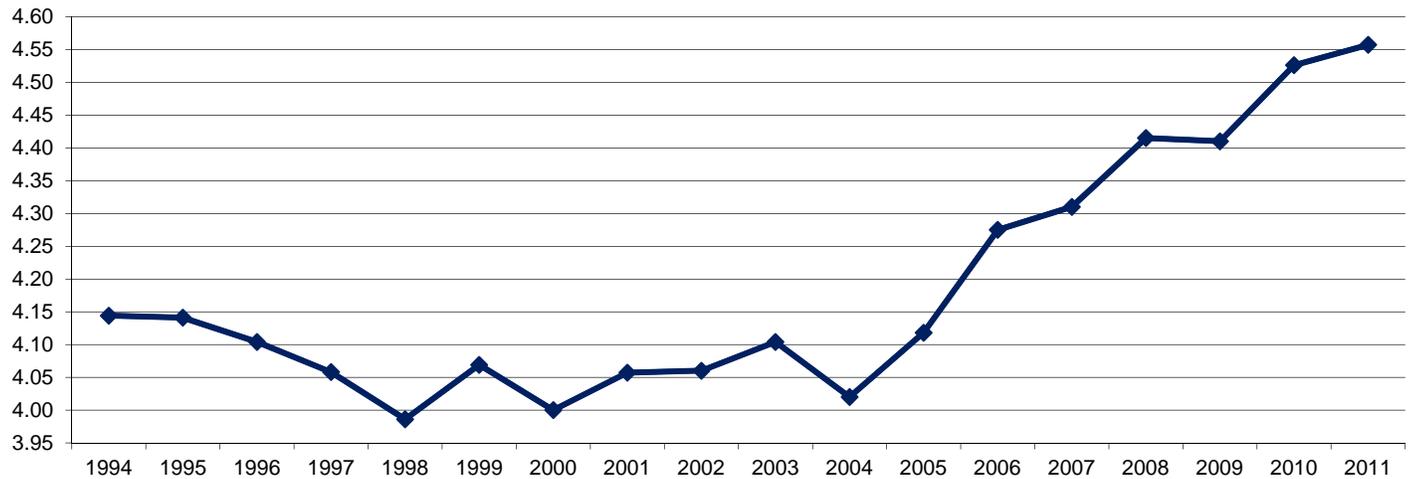
MILLION HEAD

JANUARY 1 U.S. DAIRY COW INVENTORY



**JANUARY 1 U.S. DAIRY HEIFER INVENTORY
(OVER 500 LBS.)**

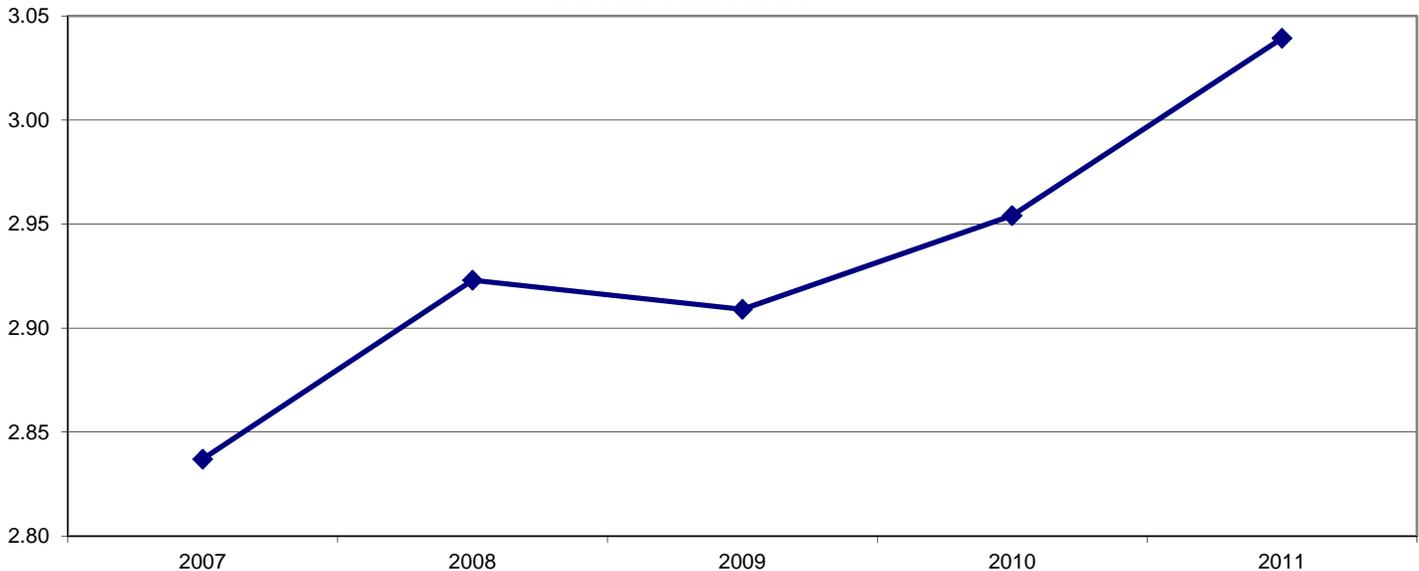
MILLION HEAD

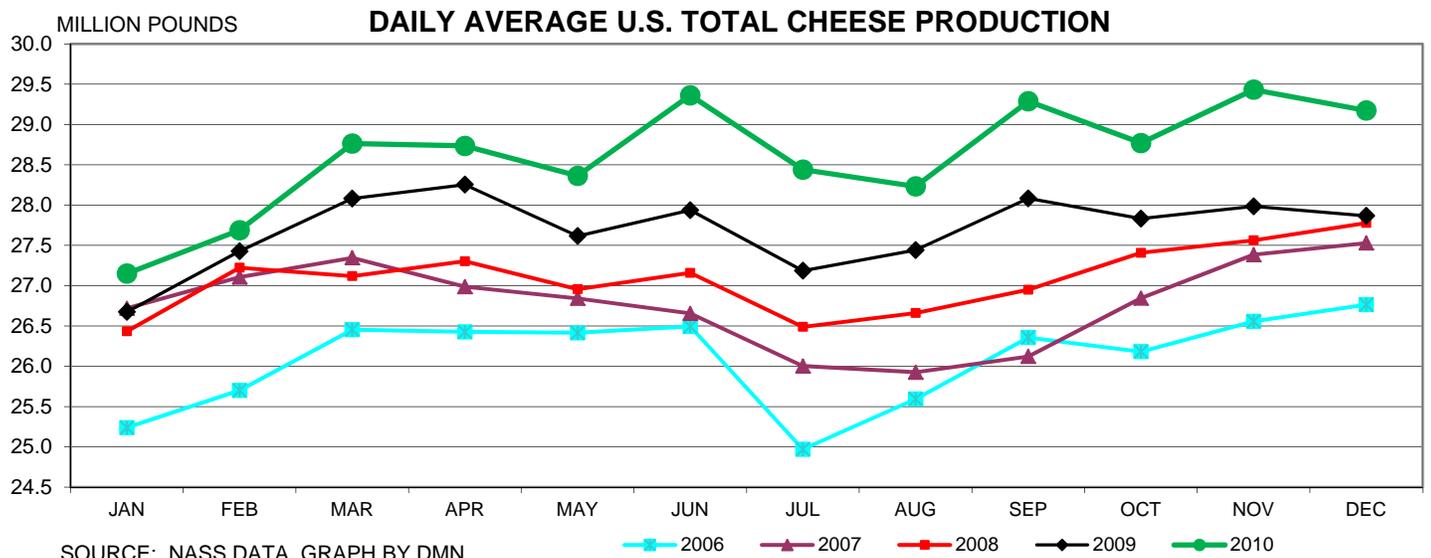
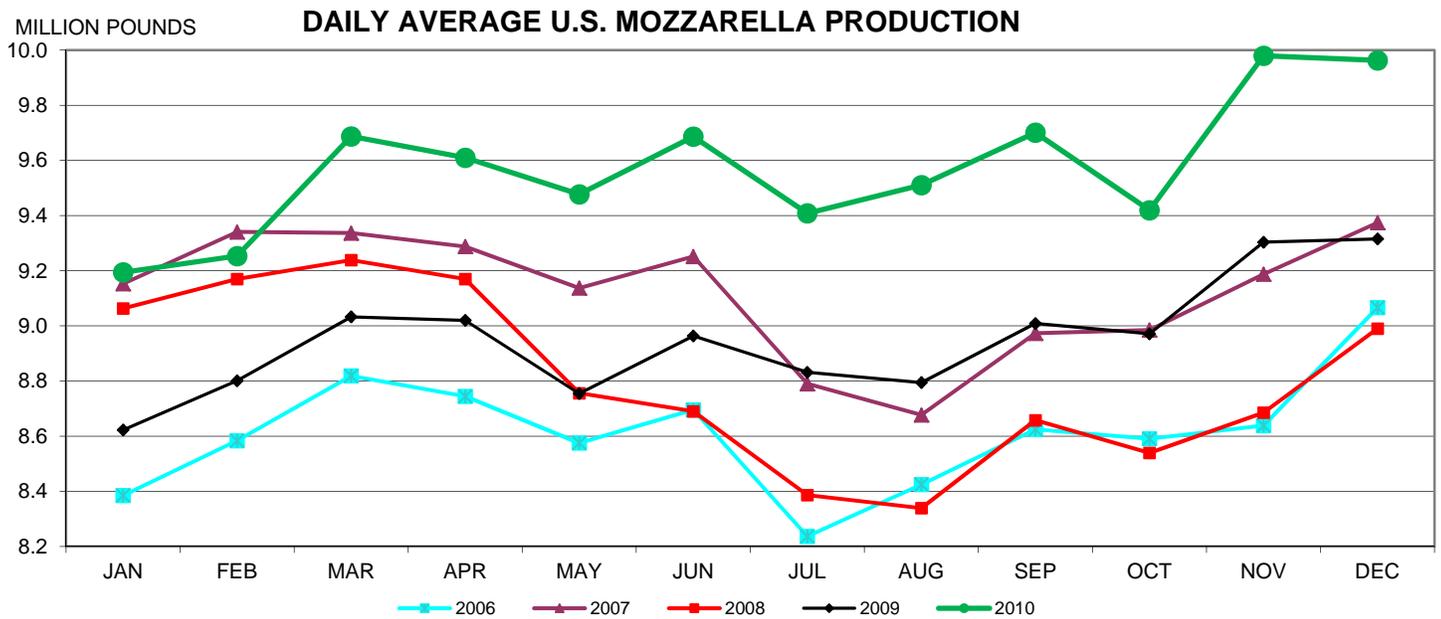
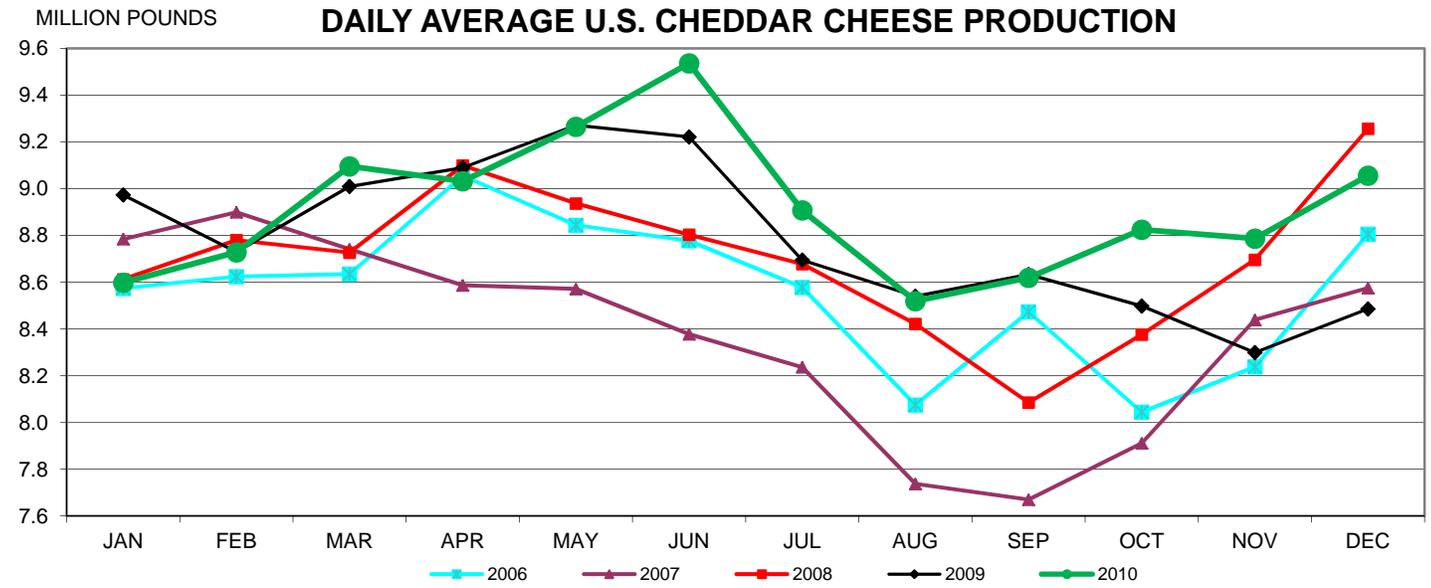


NASS DATA: GRAPH BY DMN

**DAIRY REPLACEMENT HEIFERS EXPECTED TO CALVE
WITHIN THE YEAR**

THOUSAND HEAD

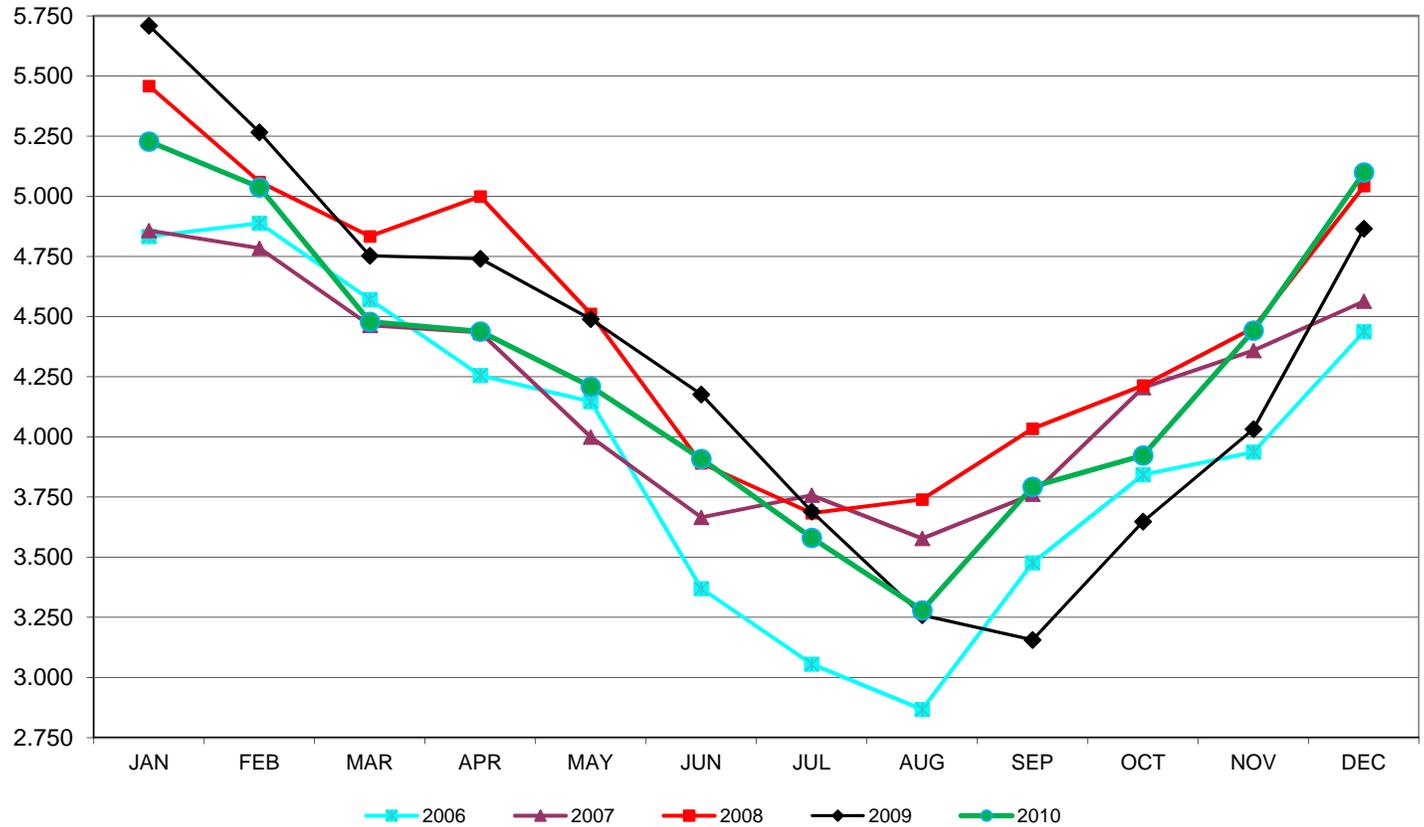




SOURCE: NASS DATA, GRAPH BY DMN

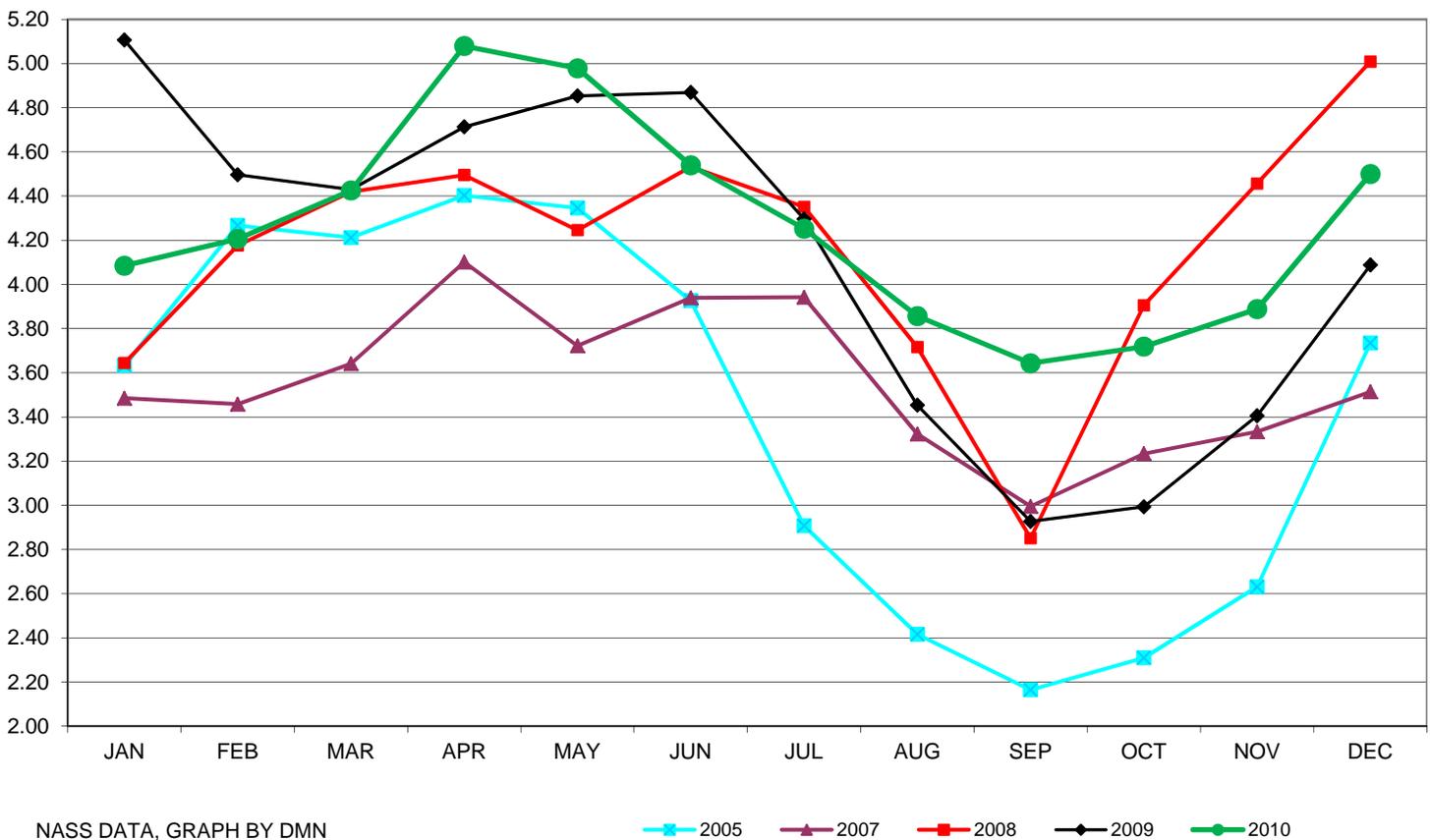
MILLION POUNDS

DAILY AVERAGE U.S. BUTTER PRODUCTION



MILLION POUNDS

DAILY AVERAGE U.S. NDM PRODUCTION



NASS DATA, GRAPH BY DMN

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