

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (05/27):**

BUTTER: Grade AA closed at \$2.1800. The weekly average for Grade AA is \$2.1355 (+.0785).

CHEESE: Barrels closed at \$1.8175 and 40# blocks at \$1.8100. The weekly average for barrels is \$1.7630 (+.0910) and blocks, \$1.7660 (+.0960).

BUTTER HIGHLIGHTS: The CME Group cash butter price continues to gain strength and has increased \$0.1100 during the week to settle at \$2.1800 by week's end. This cash price is the highest since early November 2010 and compares to \$1.5525 last year at this time and \$1.2650 in 2009. Butter producers and handlers have mixed opinions on how to proceed with their inventory strategies. Some remain hesitant to enhance inventories too much while others are speculating that current values are manageable and prices down the road will be even higher. Churning activity is often closely aligned with current demand and inventory strategies. Cream supplies are fully sufficient to maintain desired plant capacities, but Class II operations are increasing their cream needs, especially for ice cream output. Butter producers are anticipating that cream offerings will increase by the end of the week as Class II operations reduce production schedules in observance of the Memorial Day holiday weekend. Most will be very selective in procuring additional offerings with price being a significant factor. Butter demand is holding steady, although some traders and handlers are wondering how much higher the cash butter price will go before retail consumers adjust their purchasing patterns.

CHEESE HIGHLIGHTS: The cheese market continues to firm at the CME Group cash cheese market with the current weekly averages up over 9 cents from last week. Higher cheese prices have also caused orders at cheese packaging/processing operations to slow as buyers wait for prices to decline before reordering. A few processors are seeking extra cheese volumes, likely for the usually stronger summer demand as well as ahead of planned July 4th weekend promotions. While higher Class IV (butter/powder) milk prices may be behind the moving/keeping additional milk volumes from cheese production, most experienced traders are aware that Memorial Day weekend and, typically, the next several weeks, have most plants operating around capacity levels as milk volumes achieve the annual peak and fluid sales decline as schools close for summer. Generally, cooler than normal temperatures and wet conditions have slowed the seasonal growth in milk receipts in northern states, while drought remains a factor in the Southwest. Some handlers expect that Memorial Day weekend may be less stressful at cheese plants than in recent years.

FLUID MILK: Milk production is trending higher and is approaching peak levels across most of the northern tier of states with output steady to trending lower across the southern tier. Weather conditions have been milder than normal and are not causing any major problems for milk cows and

subsequent output. The holiday weekend will provide limited challenges in handling the milk supplies when compared to past years. Processing plants have capacity for additional milk supplies. Additional milk is becoming available as more schools and colleges recess for the summer, as well as the reduced orders ahead of the holiday. Increasing transportation costs and the limited availability of finding tankers for longer hauls over the holiday weekend will reduce the amount of milk moving long distances.

DRY PRODUCTS: Nonfat dry milk markets are firming and reflecting recent increases in pricing trends and indices. Production is higher and reflects increased milk availability. Dryers are projected to be busy over the weekend and into next week to handle the milk supplies. The dry buttermilk market is trending steady to higher and is lightly tested. The dry whey market is firm with limited producer offerings. Buying interest is fair to good and is bidding resale pricing higher. Whey protein concentrate 34% pricing moved higher with fair to good demand continuing. As prices have increased, reformulation with other proteins has developed. Lactose prices are steady to higher. Demand is good for domestic and export accounts and current offerings are tightening.

INTERNATIONAL DAIRY MARKET NEWS: Drought and/or lack of moisture continue to enter into most conversations throughout **Europe**. Milk production trends have been positive for the first quarter of the year, but in the past month or so, output in some areas has been sharply lower. Milk producers and handlers are concerned about milk output for the future. Many are stating that if moisture does not arrive soon, milk production will drop even faster. This event will quickly alter seasonal projections, although most producers and handlers remain optimistic about the season. Demand for manufactured dairy products is basically limited to internal or domestic needs. Domestic animal feed buyers are less active at seeking fresh production and are waiting to possibly purchase some of the intervention skim milk powder that will become available to the Deprived Person Feeding Program in the near future. This powder volume totals 94,000 MT and will be distributed through the program from June - September of this year. The Dairy Management Committee met on May 19. No dairy related issues were acted upon although there were offers to purchase 4,682 MT of intervention skim milk powder at prices ranging 2110 - 2300 Euros (approximately \$2,954 - \$3,220) per MT of which all were rejected. Also, as of May 15, there were 39,215 MT of butter in PSA. The **Oceania** milk production season is coming to a close. The 2010 - 2011 year is finishing strongly in both countries. In **New Zealand**, following a drought on the North Island at mid-season, milk recovery has been quite positive and extended the season further than usual and anticipated. Milk producers and handlers are projecting that the season will conclude with milk

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 23	TUESDAY MAY 24	WEDNESDAY MAY 25	THURSDAY MAY 26	FRIDAY MAY 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7125 (+.0025)	\$1.7400 (+.0275)	\$1.7550 (+.0150)	\$1.7900 (+.0350)	\$1.8175 (+.0275)	:: :: (+.1075)	:: :: \$1.7630 :: (+.0910)
40# BLOCKS	\$1.7125 (+.0050)	\$1.7400 (+.0275)	\$1.7800 (+.0400)	\$1.7875 (+.0075)	\$1.8100 (+.0225)	:: :: (+.1025)	:: :: \$1.7660 :: (+.0960)
NONFAT DRY MILK							
EXTRA GRADE	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	:: :: (N.C.)	:: :: \$1.6100 :: (-.0170)
GRADE A	\$1.6200 (N.C.)	\$1.6250 (+.0050)	\$1.6400 (+.0150)	\$1.6400 (N.C.)	\$1.6400 (N.C.)	:: :: (+.0200)	:: :: \$1.6330 :: (+.0090)
BUTTER							
GRADE AA	\$2.0725 (+.0025)	\$2.1225 (+.0500)	\$2.1225 (N.C.)	\$2.1800 (+.0575)	\$2.1800 (N.C.)	:: :: (+.1100)	:: :: \$2.1355 :: (+.0785)

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output running about 3% heavier with some estimates nearing 4%. In **Australia**, production projections for the 2010 - 2011 year are in the positive 1% range, with some projecting slightly higher volumes by the end of June. In both New Zealand and Australia, cow conditioning going into the winter months is positive, along with sufficient, reasonably priced feed stocks. Demand for Oceania sourced dairy products continues, but this being the low point of the milk production season, very minimal volumes are available for that interest. Traders are stating that sales negotiations are resuming for at least the first half of the upcoming milk production season. At the May 17 g/DT auction, prices were mixed. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$5,340 per MT, -5.8%; skim milk powder \$3,824, -1.5%; and whole milk powder, \$3,863, +0.1%. Again no buttermilk powder was offered or sold. Milk protein concentrate and rennet casein were offered for the first time at this trading event and averaged \$6,133 and \$9,778 per MT respectively.

CONSUMER PRICE INDEX (BLS): The April CPI for all food is 226.2, up 3.2% from April 2010. The dairy products index is 209.7, up 6.3% from a year ago. The following are the April to April changes for selected products: fresh whole milk is +11.9%; cheese, +4.6%; and butter, +22.9%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first three months of 2011 totals 47.7 billion pounds, 1.6% above the same period in 2010. Comparing disappearance levels with year earlier levels: butter is +8.4%; American cheese, +5.3%; other cheese, +6.3%; NDM, -6.7%; and fluid milk products, -1.3%.

COLD STORAGE (NASS): On April 30, U.S. cold storage holdings of butter totaled 141.4 million pounds, 2% less than a month ago and 31% lower than last April. Natural American cheese holdings total 623.4 million pounds, 2% more than levels of a month and a year ago. Total cheese holdings are 1.041 billion pounds, 1% more than last month and 2% higher than a year ago.

ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS (DAIRY PROGRAMS): For June 2011, the all-city average announced cooperative Class I price was \$25.54, \$2.58 higher than the Federal milk order (FMO) Class I price average for these cities. The June 2011 cooperative Class I price was \$0.61 higher than the May 2011 price. The June 2011 Federal order Class I price was \$0.57 higher than the May 2011 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.53 in Phoenix, AZ, to \$4.29 in Miami, FL. For June 2010, the all-city average announced cooperative Class I price was \$20.48, \$2.56 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

OVER ORDER CHARGES ON PRODUCER MILK IN FMMO (DAIRY PROGRAMS): For March 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.09 per cwt., down \$0.04 from the February 2011 average. Eighty-nine percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.78 in the Pacific Northwest to \$2.94 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.15 per cwt., up \$0.01 per cwt. from the February 2011 average. Seventy-seven percent of the producer milk used in Class II carried an over-order charge.

CME GROUP

MONDAY, MAY 23, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7125; 1 CAR 40# BLOCKS @ \$1.7125; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0725; LAST OFFER UNCOVERED: NONE

TUESDAY, MAY 24, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7400; 2 CARS 40# BLOCKS @ \$1.7400; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.6250; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6250; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.6100
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.1225; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MAY 25, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.7800; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7550; 1 CAR 40# BLOCKS @ \$1.7400; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.6350; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6400; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, MAY 26, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7900; 2 CARS 40# BLOCKS @ \$1.7875; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6350; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.1800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, MAY 27, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8175; 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: 1 CAR GRADE AA @ \$2.1800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.1800

BUTTER MARKETS

NORTHEAST

The CME Group butter price increased \$.0500 on Tuesday to close at \$2.1225. In the last 7 trading sessions CME Group butter prices have increased \$.1725. Butter production is increasing as cream availability increases ahead of the Memorial Day holiday. Butter makers with limited inventories are not adverse to the expected increased churning activity over the weekend as domestic butter demand is improving with some brokers expressing increased interest in building inventories ahead of the summer season. A stronger U.S. dollar, compared to other currencies, has weakened export interest. Cream multiples are ranging from 122-134. According to the latest NASS Cold Storage report, butter in storage on April 30, totaled 141.4 million pounds, 2.9 million pounds (2%) less than the prior month stocks and 64.9 million pounds (31%) less than April 2010 stocks. Prices for bulk butter have moved higher and range from 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

Since last Wednesday, the CME cash butter price increased 5 1/4 cents to settle at \$2.1225 at midweek. This cash price is the highest thus far this year and the highest since early November 2010. The current cash price compares to \$1.5375 last year at this time and \$1.2650 in 2009. Butter producers and handlers have mixed opinions on how to proceed with their inventory strategies. Some remain hesitant to enhance inventories too much while others are speculating that current values are manageable and prices down the road will be even higher. Churning activity is often closely aligned with current demand and inventory strategies. Cream supplies are fully sufficient to maintain desired plant capacities, but Class II operations are increasing their cream needs, especially for ice cream output. Butter producers are anticipating that cream offerings will

increase by the end of the week as Class II operations reduce production schedules in observance of the Memorial Day holiday weekend. Most will be very selective in procuring additional offerings with price being a significant factor. Butter orders, especially food service, during the past few weeks have been heavier as summer resort and vacation areas of the Midwest prepare for the unofficial opening of the summer vacation season this upcoming weekend. Retail orders are steady with no significant feature activity slated for the holiday weekend. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

The CME Group butter price for Wednesday is unchanged at \$2.1225. The cash price has gained \$.0525 this week. Prices this week are higher on bids with no sales activity reported at the CME Group for the week. The Western butter markets remained strong. Buyers are cautious at the current prices, while paying close attention to cold storage supplies. Most buyers are content to fill contracted needs. Production is active at butter churns as the Memorial Day holiday has Class II plants dark or operating at reduced schedules. The school year ending has added to manufacturing milk supplies. Butter inventories are reduced from year ago levels and the added production will help to shore up supplies. 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 NASS Cold Storage report, stocks of butter as of April 30, 2011, total 141.4 million pounds, -31% or 64.9 million pounds less than April last year. Stocks were 2% less or 2.9 million pounds less than March 2011. According to the Economic Research Service, the Commercial Disappearance of butter for January-March 2011 totals 412.5 million pounds, up 8.4% from the same period in 2010 on a daily average basis.

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
May 21	1.6393 11,180,779	1.6680 9,754,757	1.6171 19,298,445	1.9951 5,439,653	0.5046 8,607,769

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group advanced \$.0275 for both barrels and blocks Tuesday and both closed at \$1.7400. In the last 7 trading sessions barrels and blocks have seen daily price increases with barrels increasing \$.0975 and blocks increasing \$.1175 during those 7 sessions. Weekly average prices reflected the recent trading, resulting in a \$.0200 increase in wholesale prices for Process 5# Sliced cheese, while Cheddar 40# Block and Muenster increased \$.0375. Wholesale prices for Swiss Cuts were unchanged. Cheese production continues to increase following the seasonal increase in milk production with the exception of cream cheese which has slowed production ahead of holiday plant closures. Inventories for mozzarella and provolone are building as demand has declined as most colleges have concluded their spring terms. Demand for aged cheddars remains good. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of April 30, 2011 totaled 1.04 billion pounds, 1% more than one month ago and 2% higher than one year ago. A majority of the holdings are in the form of American cheese (59.8%) totaling 623.4 million pounds, 2% more than the amount one month ago and 2% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (37.1%) totaling 386.5 million pounds, slightly more (0.2%) more than one month ago and 1% more than one year ago. Swiss cheese accounts for 3.1% of holdings at 31.2 million pounds, 4% less than one month ago, but 16% more than one year ago.

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

Cheddar 40# Block	:	1.9875-2.2625
Process 5# Sliced	:	1.7800-2.0900
Muenster	:	2.0075-2.2125
Grade A Swiss Cuts 10 - 14#	:	3.6675-3.9900

MIDWEST

The cheese market has been showing signs of strength on the CME Group cash cheese market though a few traders are skeptical that supplies are really that tight and interest may be more of a speculative nature than real need. Overall, orders may be slowing for some packagers and processors as prices rise. Some solid interest was noted for barrels and good processing solids. Most packagers and processors will be down for an extra day or so for the holiday weekend, reducing bulk cheese needs. Some concern is noted from buyers that normally age cheese may have less in storage than planned. Many hard Italian cheese agers are continuing to order fresh product to have it available for sale next winter. Cheese production is about steady though some spot milk buyers are surprised by the tightness (and higher than expected holiday weekend spot milk prices) for spot milk in some areas. For many grazers or summer pasture based milk producers, conditions have generally been too wet/cold for grazing until recently. Also, sharply higher Class IV (butter/powder) prices versus Class III (cheese) prices have kept milk away from cheese in some locations. Components are showing more of a seasonal decline, particularly from grazers.

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

Process American 5# Loaf	:	2.0325-2.2400
Brick And/Or Muenster 5#	:	2.1800-2.3300
Cheddar 40# Block	:	2.1700-2.8650
Monterey Jack 10#	:	2.1425-2.8650
Blue 5#	:	2.4975-3.0500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0125-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.9500-3.3550

WEST

Cheddar barrels on Wednesday at the CME Group are up \$.0150 at \$1.7550. 40 pound blocks are \$.0400 higher at \$1.7800. Barrel prices have gained \$.1125 from May 13th in daily gains. Blocks are \$.1600 higher since May 12th. Sales activity has been nonexistent this week for barrels as bids have raised the price. Blocks are trading very lightly with one sale reported on Wednesday. Western cheese prices are higher as contract buyers continue to clear supplies. Processors are reported to be looking to acquire additional supplies where available. Cheese plants are running heavy schedules over the holiday week to clear increased milk supplies. Stocks of cheese are above year ago, with producers comfortable as to inventory levels. The higher prices are causing some export buyers to look at only immediate needs. According to NASS, Cold Storage stocks of cheese (total) at the end of April 2011 are 1,041 million pounds, up 2% or 22.4 million pounds from last year. American stocks were up 2%, and Other Natural stocks were 1% higher than last year. Swiss stocks at the end of April total 31.2 million pounds, up 16% or 4.4 million pounds more than April 2010. USDA's Economic Research Service reports that Commercial Disappearance of American Cheese for January-March 2011 stood at 1.08 billion pounds, 5.3% more than the same period last year on a daily average basis. Disappearance of Other Cheese for January-March 2011 was 1.62 billion pounds, 6.3% higher or 95.2 million pounds more than the same period last year on a daily average basis.

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

Process 5# Loaf	:	1.7975-2.0550
Cheddar 40# Block	:	1.7975-2.1500
Cheddar 10# Cuts	:	1.9775-2.1975
Monterey Jack 10#	:	1.9875-2.1475
Grade A Swiss Cuts 6 - 9#	:	3.2450-3.6750

FOREIGN

The CME Group weekly average block price increased, resulting in a \$.0375 increase in wholesale prices for all domestic varieties. Prices for Swiss cuts and imported varieties remained unchanged. Swiss cheese production continues to increase in the Northeast along the seasonal milk production trend with a majority of current production adding to inventories.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.1275-3.6150*
Gorgonzola	: 3.6900-6.3900	: 2.6300-2.8900*
Parmesan (Italy)	: -0-	: 3.2450-3.6600*
Provolone (Italy)	: 3.4400-6.2900	: 2.1700-2.3275*
Romano (Cows Milk)	: -0-	: 3.3175-5.4600*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 3.2900-3.8300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.8900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.7600-4.0825
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

	BUTTER		CHEESE
05/23/11	8,419	:	123,061
05/01/11	7,983	:	127,764
CHANGE	436	:	-4,703
% CHANGE	5	:	-4

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	290	0	280	0	287
SOUTHEAST STATES	0	0	0	0	0	0

Class I demand has declined in the East ahead of the Memorial Day holiday and also due to the conclusion of spring terms at most college campuses. The cool wet spring continues in the Northeast, limiting milk production increases. Frequent rains continue to restrict field work activities with corn plantings running 30-40 percentage points below last year's levels. Milk production in the Mid-Atlantic region is near the seasonal peak, but balancing plants are seeing as much as 10-15% declines in milk supplies, compared to year ago levels, due to increased Class II and III demand. Southeast milk production is at its seasonal peak and when combined with the reduced Class I demand, manufacturing milk supplies will be very heavy with all available auxiliary manufacturing facilities being utilized to handle the additional milk volumes. The lack of rain continues to plague Florida with over 50% of the state rated as experiencing severe, extreme or exceptional drought conditions. Florida producers continue to do what they can to maximize production, due to the milk price. Daytime high temperatures are in the mid 90's and in the 70's during the evenings. Humidity is beginning to build, which will decrease cow comfort levels and lower milk production. Milk exports totaled 290 loads this week. Cream availability has increased ahead of the holiday due to a decline in demand as numerous cream cheese and ice cream manufacturers scale back production schedules prior to holiday shut downs. Butter makers with limited inventories are not adverse to the expected increased churning activity over the weekend as butter demand has improved with brokers expressing increased interest in building butter inventories ahead of the summer season. Cream multiples ranged from 122-134. Condensed skim supplies are moving through contracts with little being offered on the spot market. Manufacturers of nonfat dry milk are channeling available condensed skim milk supplies to the dryers in an attempt to catch up on contracts and/or build inventories for future commitments. Yogurt and cheese makers continue to pull significant volumes of condensed skim milk. According to NASS, national milk production for April 2011 in the 23 reported states totaled 15.5 billion pounds, up 1.7% from April, 2010. Milk production increased in 4 of the 5 listed states in the Eastern region and as a region, increased production 0.4% over the same period last year at 2,574 million pounds. The 5 states showed the following percentage changes in milk production from April 2010 to April 2011 and total milk production this April: Florida, +2.5%, 207 million pounds; New York, +0.8%, 1,080 million pounds; Pennsylvania, -0.8%, 918 million pounds; Vermont, +0.9%, 216 million pounds; and Virginia, +1.3%, 153 million pounds. Milk cow numbers for April 2011 increased in 3 of the 5 listed states of the Eastern region with 1 state declining and 1 state unchanged. The region increased by 5,000 head or 0.3% compared to the same period last year. Individual state cow numbers compared to April 2010 and cows remaining as of this April are: Florida, 4,000 increase, 118,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 2,000 increase, 543,000 remaining; Vermont, 2,000 decrease, 135,000 remaining; and Virginia, 1,000 increase, 96,000 remaining.

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 -	2.5095-2.7564
F.O.B. producing plants: Upper Midwest -	2.5095-2.6535

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

Northeast - Class II - includes monthly formula prices -	1.65 - 1.72
Northeast - Class III - spot prices -	1.20 - 1.27

MIDWEST

Weather related issues at one or more plants damaged in Missouri storms caused extra spot milk volumes to clear to other manufacturing channels before the holiday weekend. Class I interest was typically lighter as schools begin to shutter for the summer with others closing over the next couple of weeks along with the holiday weekend. Orders were good for some producers of high fat specialties such as dips and sour cream for the holiday weekend and graduation parties. Ice cream production and interest remains spotty due to the cool wet weather in some areas. Where temperatures have been warm, ice cream sales have been better. Many operations, especially ice cream, will be closed for an extra day over the holiday weekend causing extra milk and cream supplies to back up to churns and cheese operations. Accordingly, milk and cream prices are projected to be lower for the holiday weekend. A few churns are looking to build butter stocks for projected fall needs as well as for export. Already, spot milk prices on early placed holiday milk are below recent weeks though no discounts were reported. The early forecast for milk supplies in the upper Midwest is not to be nearly as bad as in recent Memorial Day weekends as local supplies have been slow to increase and some plants have added capacity. The cool/wet weather has slowed planting and pasturing in parts of the upper Midwest. Some forecast that the conditions may increase the acreage not planted to certain crops. Reports indicate that the seasonal milk increases have been slow to arrive in the upper Midwest and components have been showing a more seasonal decline in just the past couple of weeks. Further south, intakes are showing more seasonal decline as the peak is over as it works north. Trucks/truckers are expected to be in limited supply over the holiday weekend and availability may affect some potential sales.

WEST

April 2011 POOL RECEIPTS of milk in CALIFORNIA total 3.37 billion pounds, 7.0% higher than last year, according to CDFA. The April blend price, at a fat test of 3.68%, is \$17.88, \$0.47 lower than March but \$4.63 more than April 2010. The percentage of receipts used in Class 1 products is 13.4%. The April quota price is \$18.70 and the over quota price is \$17.00. These prices are \$0.31 lower than March but \$4.37 more than a year ago. CALIFORNIA milk production is generally flat across the state. Some areas are seeing slight declines. Many comments are that the state peaked earlier than normal and those levels are now drifting lower. Plants are running well ahead of the holiday weekend. There is room for additional milk that will become available over the next week. The trade is noting that some producers are adding cows, while others are exiting. The high cull cow prices continue to allow producers to sell marginal cows and trade up to better cows. NEW MEXICO milk production is steady and remains above year ago levels. The milk supply is heavy heading into the holiday weekend with processing plants expecting to run on extended schedules to handle the milk supplies. Shipments to other regions are seasonally slow and more milk is backing out of fluid accounts as schools and colleges recess for the summer. Weather conditions remain mild and are not affecting the milk flow. The hay harvest is moving into the second cutting stage in the southwest growing area. ARIZONA milk output has leveled off. Overall, the farm level, production conditions are unchanged from recent weeks with total output higher than a year ago. Temperatures are below averages, whereas input costs remain high. Plants are running on heavy schedules now and expect that to continue over the upcoming weekend. CREAM markets are mostly unsettled heading into the holiday weekend. Butter prices continue to firm. The upcoming holiday is causing demand to slow as many plants are down for an extra day and trucking becomes a bigger issue. CME Group butter prices at midweek price closed at \$2.1225, up 5.25 cents from a week ago. Cream buying interest remains

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

at lower than projected levels from ice cream producers. Butter production will be heavy over the next week. Cream multiples remain in the wide 105-124 range and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is increasing seasonally. The weather is beginning to follow more normal temperatures, although the cool spring has delayed forage development and some fieldwork in the region. Milk handlers will be busy over the holiday weekend with increased supplies. Some schools have let out for the summer, increasing available milk supplies to manufacturers. The Memorial Day holiday has some Class II plants on reduced schedules to add to the supply. The majority of milk will be handled within the region as transportation costs are an increasing concern. UTAH and IDAHO will also see increased manufacturing milk over the extended holiday weekend. Processors in the area have adequate production capacity to handle the increase. Spring is slow to arrive in the High Plains. Fieldwork is behind in many cases and the alfalfa harvest is slow to start this year. Supplies are tight for additional forage needs. Snow cover in the mountains is heavy this year and there are some concerns over possible flooding if warmer weather arrives with rain.

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: Central nonfat dry milk prices are steady to higher. The market tone is firming. Nonfat dry milk production is trending higher at many processing plants as farm milk intakes increase with a late onset flush. Various plant operators indicate the improved manufacturing milk availability is welcome and plants are handling the increased volumes without significant processing delays. Some operations are choosing NDM production over cheese production at this time, based on costs and anticipated returns to the operations. Low heat nonfat dry milk inventories are improving at some locations, but a few manufacturers report they are making little headway in building inventories to the point of having a small margin of comfort above contract commitments for the near term summer months. The upcoming long weekend may offer the chance to process additional milk. Nonfat dry milk buyer interest is steady. Some end users report reseller-based spot loads of slightly older product are being offered at prices nearer the low end of the range.

EAST: Low heat nonfat dry milk prices firmed this week as the price on the upper end of the full range moved higher. Nonfat dry milk production has increased following manufacturing milk supply increases, due to increased milk production and decreased Class I demand. Nonfat dry milk manufacturers remain concerned about future milk supplies and their ability to fill future nonfat dry milk commitments. Current production is focused on filling current orders and building inventories. Drying schedules over the holiday weekend will focus on low heat production in order to handle the increased milk volumes. Demand is increasing as whey and whey protein concentrate purchasers consider nonfat dry milk as a more available alternative product. Freight rates continue to limit Eastern purchases of the more available product in the West. According to ERS, Commercial Disappearance of Nonfat Dry Milk for the Jan. – Mar. 2011 period totals 374.0 million pounds, down 6.7% compared to the same period a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6200 - 1.710 MOSTLY: 1.6400 - 1.6800
 HIGH HEAT: 1.7100 - 1.8000

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are trending slightly higher this week with the market tone remaining slightly firm. Pricing changes are generally steady to higher, although the bottom end of the range was lower. Pricing levels are variable with spot interest uneven. Offerings are light to moderate with product available from most producers and loads are available in the resale market. The trend is higher for basing points from several indices and averages. The CME spot NDM prices are at \$1.6100 for Extra Grade and at \$1.6400 for Grade A at midweek with two sales for Grade A so far this week. Demand is light ahead of the holiday weekend. Export interest is currently light to moderate for future orders. Cheese producers are often using condensed skim versus NDM. Processing plants plan to handle more milk over the holiday weekend with fluid milk needs lower and many smaller plants taking lower volumes of milk. Production levels will be higher, yet capacity issues should be to be limited. High heat prices are slightly higher on the bottom end of the range. Buying interest is fair. Offerings are light to moderate and in line with buyers' needs. Seasonal account interest has been on the slow side of normal. High heat stocks are mostly light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5500 - 1.6750 MOSTLY: 1.6000 - 1.6350
 HIGH HEAT: 1.6400 - 1.8200

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The dry buttermilk market, Central, is steady to slightly higher. Firming prices on nonfat solids and butterfat are lending support to this market. Also, interest is higher from some end users looking for relief from firm WPC 34% market conditions. Butter churning is more active at some locations where producers anticipate steady to higher interest in butterfat for the balance of the year. The heavier churning schedules are yielding more buttermilk. Contract sales of condensed buttermilk are steady, leaving additional volumes of buttermilk to clear through the dryers. Dry buttermilk interest is steady into snack, salad dressing, and dip accounts.

EAST: Dry buttermilk prices held steady in the East this week. Additional supplies of cream are being directed to churns as cream cheese and ice cream production slows ahead of their holiday shut downs, resulting in increased butter and dry buttermilk production. Current supplies are moving through contracts and adding to inventories with little showing up on the spot market. Dry buttermilk demand is increasing, due to recent price increases of nonfat dry milk, making dry buttermilk a lower priced alternative product for some users and providing a firm market undertone. Condensed buttermilk sales are sluggish in the East, due to holiday plant closures.

F.O.B. CENTRAL/EAST: 1.4600 - 1.6300

DRY BUTTERMILK - WEST

Prices are mixed on the range for Western dry buttermilk. The mostly price series was unchanged. The market undertone remains unsettled. Demand is light to fair and meeting light to moderate producer offerings. Some processors continue discounting buttermilk to clear stocks and find a willing buyer. Production runs are seasonally active as cream continues to move to churns. Dry buttermilk stocks range from light to moderate.

F.O.B. WEST: 1.4650 - 1.5400 MOSTLY: 1.4700 - 1.5100

DRY WHOLE MILK - NATIONAL

Steady to firming market conditions and active interest moved the top of the dry whole milk price series higher this week. Production remains intermittent, based on regional milk supplies. One or two balancing-type plants are scheduling increased dry whole milk manufacturing time over the upcoming extended weekend in response to improved farm milk availability.

F.O.B. PRODUCING PLANT: 1.9000 - 2.0000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 20	\$1.6077	11,158,773	0
May 13	\$1.5605	13,370,309	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Continuous interest and light spot offerings of dry whey from Central manufacturers are supporting the firm market tone in the Central region. Contract prices based on various indices adjusted higher. Central dry whey prices are unchanged to slightly higher. Resale prices are reported in the mid to high \$.60's range. Pallet-size quantities, F.O.B., cleared readily at premiums to the current market. Farm milk availability improved during the last week, allowing those plants with sufficient cheese orders to ramp up production. Some plants in the North-Central region report full cheese-making capacity has yet to be reached during this flush period that has been slow to materialize. Mid-Central plants indicate the flush is fully established and intakes are climbing strongly. Some operations with multiple product streams are choosing production of nonfat dry milk over cheese at this time, which is keeping dry whey production below operational capacities at those locations. Spot loads of condensed whey from plants in the East were offered to Central region manufacturers as cheese production in that region is outstripping whey drying capacities. Transportation costs, operational policies on processing "outside" whey, and projected dry whey needs are three of the factors affecting the responses to the condensed whey offers. ANIMAL FEED DRY WHEY prices are unchanged on a firm market. Interest is mostly steady.

F.O.B. CENTRAL: .4700 - .5300 MOSTLY: .4750 - .5200
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3700 - .5200

DRY WHEY - NORTHEAST

Dry whey supplies continue to be very tight in the Northeast as prices held steady with trading limited to contract sales. Production has increased following increases in cheese production. Resale prices firmed with a majority of the resale activity above 60 cents. Current production is moving through contracts with little showing up on the spot market. End users looking for additional product are opting to look in other regions, pursuing resale opportunities or considering nonfat dry milk as an alternative protein source. Domestic demand remains strong with export demand weaker, due to the stronger U.S. dollar against other currencies.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4975 - .5400

DRY WHEY - WEST

Western dry whey prices are higher this week. The range and mostly price series adjusted higher as contract prices followed various pricing indices upward. Contract sales are making up the bulk of the trading as spot sales are very limited. The majority of the spot sales are occurring through the resale market. Dry whey supplies are tight with most production geared to filling those contract needs. Alternate whey protein products are consuming increasing amounts of the whey stream. Domestic and export demand are reported good for available supplies.

NONHYGROSCOPIC: .4925 - .5500 MOSTLY: .5050 - .5375

EVAPORATED MILK - NATIONAL

On May 26, 2011, the Kansas City Commodity Office announced the awarding of two contracts for a total of 330,480 pounds of evaporated milk. The evaporated milk, packed in 24/12 oz. cans, is scheduled for July - September 2011 deliveries at various locations throughout the country. Accepted prices ranged from \$0.6806 - \$.7384/lb.

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are higher and the firm market tone remains. Spot loads are clearing intermittently from manufacturers, generally to existing customers. Some WPC 34% from Canada is providing temporary supply-side relief to a few buyers at prices comparable to the domestic market. Domestic and international buyers continue to jockey for 2012 supply agreements, often broadening the scope of their search for WPC 34% to alternative supply sources. A few end users indicate that reformulation efforts to use other dairy dry products with similar protein levels have eased their dependence on WPC 34% in the near term.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4700 - 1.6450 MOSTLY: 1.4900 - 1.5500

LACTOSE - CENTRAL AND WEST

The lactose range price series is unchanged for the week. The top of the mostly price series increased 1 cent, denoting higher prices garnered on F.O.B. spot loads. The market tone is firm. Some June contracts have been finalized and will begin shipping next week. International interest remains strong and reports indicate lactose prices from European sources are above the current domestic market. This lends support to the current firm lactose market in the U.S. Various end users are going through the steps to extend their approved supplier lists in response to higher projected needs for the balance of 2011 and into 2012. Several manufacturers indicate their current stable of customers provide ready outlets for most projected lactose production. Thus, end users attempting to augment their assured/approved lactose supplier list may have to seek out lactose from several manufacturers versus pinpointing one manufacturer. Lactose production is inching upward at some plants where cheese orders are active and farm milk intakes are climbing seasonally. Other manufacturers indicate slower cheese sales are translating into lower lactose production in the near term.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3600 - .5600 MOSTLY: .4300 - .5100

CASEIN - NATIONAL

Casein market and prices remain firm. Commitments to U.S. buyers out of the Oceania region are being filled from previous production, although a casein operation in New Zealand, that had been idled, has been brought back on line to process heavier than anticipated late season milk volumes in one area of the country. Management made the decision that reactivating this equipment was more cost efficient than transporting the milk to another location. In Europe, the casein production season is well underway and on projection. Some casein producers are starting to be concerned about future production as dry conditions could impact milk production and milk flow. In the past, some casein operations have lost their milk volume to other manufactured dairy products, which greatly altered their production strategies and projections. At this time, casein producers are optimistic that rainfall will return soon and milk volumes through their operations will be projected.

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: 4.7600 - 5.1400
ACID: 4.7000 - 5.1200

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 23 - 27, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 05/20/11	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-

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 05/07/11 & 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.	0.5	7.4	3.1	19.4	3.8	N.A.	N.A.	14.5	2.9	53.4	1,124.5	44.0	48.0
2010-Dairy	N.A.	0.6	607	2.5	19.0	3.3	0.2	N.A.	14.8	3.4	51.9	1,041.3	41.6	44.9
2011-All cows	0.5	0.7	9.3	12.8	32.5	24.1	N.A.	N.A.	1706	6.3	121.2	2,344.7		
2010-All cows	N.A.	0.7	8.4	13.7	33.9	22.9	14.5	N.A.	19.8	7.0	124.7	2,317.3		

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.

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

CLASS IV MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03

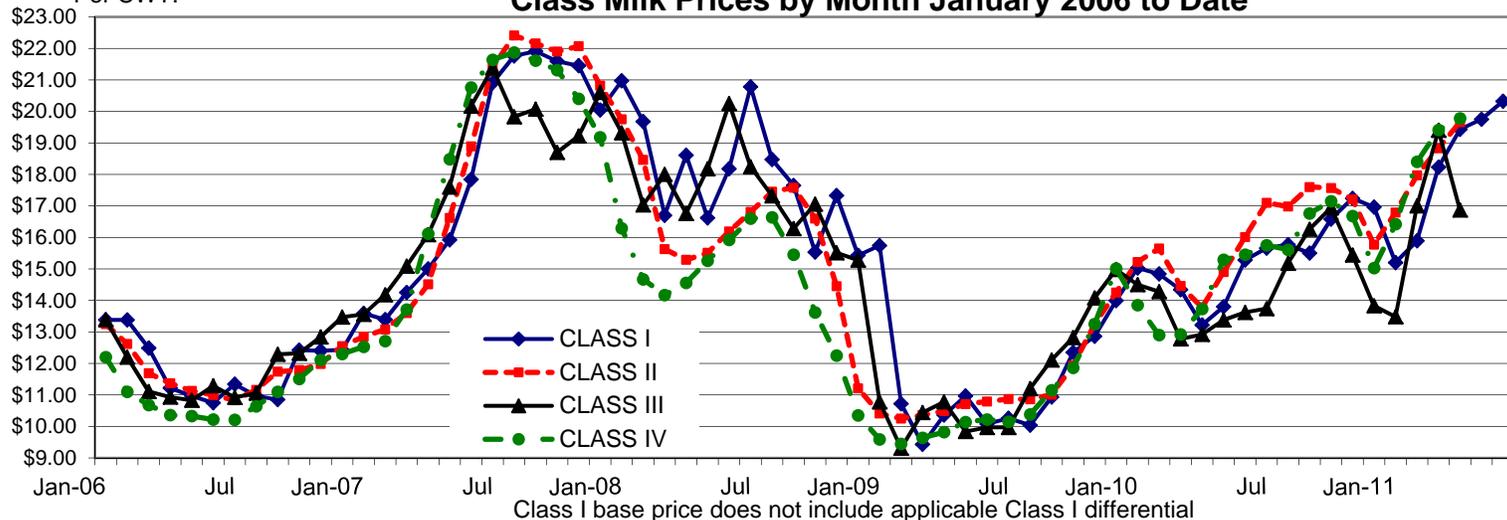
FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32						
II	16.79	17.97	18.83	19.66								
III	13.48	17.00	19.40	16.87								
IV	16.42	18.40	19.41	19.78								

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

Per CWT.

Class Milk Prices by Month January 2006 to Date



INTERNATIONAL DAIRY MARKET NEWS—EUROPE

Information gathered May 15—28, 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 products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Drought and lack of moisture continues to enter into most all conversations throughout Europe. Granted, not all areas are suffering from limited moisture, but the impact of limited moisture elsewhere will potentially impact the more fortunate areas. At the present time, pastures remain green and lack of moisture is generally not reflective within the dairy industry, although in some areas, pastures are starting to turn yellow which is typically a trait associated with August conditions. Milk production trends have been positive for the first quarter of the year, but in past month or so, output in some areas has been sharply lower. Milk output in France is a good example of this trend. During the first quarter, milk volumes were running 7% ahead of the previous year comparable, but within the past 6 - 8 weeks, this positive growth has been reduced to a 1 - 2% growth. Milk producers and handlers are concerned about milk output for the future. Many are stating that if moisture does not arrive soon, milk production will drop. This event will quickly alter seasonal projections, although most producers and handlers remain optimistic about the season. Demand for manufactured dairy products is basically limited to internal or domestic needs. International sales activity is slow. Domestic animal feed buyers are less active at this time seeking fresh production and are waiting to possibly purchase some of the intervention skim milk powder that will become available to the Deprived Person Feeding Program in the near future. This powder volume totals 94,000 MT and will be distributed through the program from June - September of this year. Many recipients of the powder have already presold or have commitments for disposition of their allotments to procure other food items. The Dairy Management Committee met on May 19. For the foreseeable future, the Commission will be meeting only once a month. No dairy related issues were acted upon although there were offers to purchase 4,682 MT of intervention skim milk powder at prices ranging 2110 - 2300 Euros (approximately \$2,954 - \$3,220) per MT of which all were rejected. Also, as of May 15, there were 39,215 MT of butter is PSA.

BUTTER/BUTTEROIL: European butter markets and prices remain firm. As the milk production season expands, so is churning activity, although butter producers are indicating that cream supplies are not as plentiful as they typically are for this time of the season. For the most part, milk production is past the peak in Western Europe and milk handlers are stating that this occurrence is earlier and often at lower levels than in previous years. Coupling this trend with limited moisture in many areas, milk processors are voicing their concerns about future milk and cream availability. At the May 19 Dairy Management Committee meeting, PSA butter storage figures were updated. Through May 15, 39,215 MT of butter have cleared to the program since the opening of the current program on March 1.

82% BUTTERFAT: 5,675 - 6,050
99% BUTTERFAT: 6,200 - 6,600

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are steady to firm. Seasonal milk production is very near peak levels in Western Europe and drying schedules are active. Many comments being made by processors and handlers are indicating that milk volumes are generally heavier than last year, but they also indicate that plant capacities are often not at maximum levels. Milk production trends were stronger in the earlier months of the milk production season, but recently have declined, significantly in some areas. At the May 19 Dairy Management Committee meeting, offers were received to purchase 4,682 MT of intervention skim milk powder at prices ranging 2100 - 2300 Euros (approximately \$2950 - 3,321) per MT, with all offers rejected. There are about 50,000 MT of skim milk powder remaining in intervention potentially available for sale. During the period of June - September, about 94,000 MT of intervention skim milk powder, earmarked for distribution through the Deprived Persons Feeding Program, will be occurring. Since this powder has age, animal feed buyers will be seeking to purchase some

of the volume. Reports indicate that a significant portion of the powder that will be distributed has already been pre-sold or committed to potential buyers by various food aid programs so that they can purchase other food items.

1.25% BUTTERFAT: 3,300 - 3,600

WHOLE MILK POWDER (WMP): European whole milk powder markets are generally steady, although prices are unchanged to slightly lower. Milk production is seasonally strong, although some European whole milk powder traders and handlers report that powder production appears to be lighter. Many feel that positive returns for butter/powder are attracting additional milk volumes at this time. Overall whole milk sales activity is centered around an internal market with international sales limited. Traders are questioning when international buyers will return to the marketplace. Stocks are sufficient for current needs.

26% BUTTERFAT: 4,175 - 4,500

SWEET WHEY POWDER: European whey powder markets are mixed with prices fluctuating higher and lower. Whey traders and handlers state that the whey market has been following this fluctuating trend for many weeks. Cheese production is seasonally active and whey stocks are available for current and future needs, although some manufacturers are indicating that overall stocks are not as plentiful as they have been in previous years at this time. Overall buying interest is basically limited to an internal European market with international sales minimal.

NONHYGROSCOPIC: 1,200 - 1,450

EASTERN OVERVIEW: Milk production in Eastern Europe is increasing seasonally. Some areas of Eastern Europe are also dealing with limited moisture. Milk producers and handlers are stating that current conditions are OK, but an extended period of limited moisture will quickly curtail milk output. As milk volumes increase, manufacturing facilities are also enhancing processing schedules. Stocks remain limited, although manufacturers and handlers are indicating that volumes are building and stocks are available for current use and will be available for future needs. At this time, sales activity is minimal and centered around an internal European market.

Exchange rates for selected foreign currencies: May 23, 2011

1.0234 Canadian Dollar	.0221 Indian Rupee
.2447 Argentina Peso	.7908 New Zealand Dollar
.0852 Mexican Peso	1.0507 Australian Dollar
.3559 Polish Zloty	.0122 Japanese Yen
	1.4049 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0852) = 11.7371 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered May 15—28, 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 products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA

The Oceania milk production season is coming to a close with New Zealand ending the year on May 31 while Australians will close their fiscal milk production year on June 30. At this point, the 2010 - 2011 year is finishing strongly in both countries. In New Zealand, following a drought on the North Island at mid season, milk recovery has been quite positive and extended the season further than usual and anticipated. Milk producers and handlers are projecting that the season will conclude with milk output running about 3% heavier with some estimates nearing 4%. This projection is lower than early season estimates, although higher than revised projections during the drought period of the year. In Australia, most production projections for the 2010 - 2011 year are in the positive 1% range, with some projecting slightly higher volumes by the end of June. Milk producers and handlers are very optimistic about the end of the current season and are already looking forward to the new season. Over the past few years, many of Australia's herd replacements were exported to other countries due to dry conditions and economics of dairying in the country. Many farmers are now wishing that they would have some of these animals available to them to bring into their milking herds as dairying in Australia has a favorable outlook for the future. In both New Zealand and Australia, cow conditioning going into the winter months, is positive along with sufficient, reasonably priced feed stocks. Demand for Oceania sourced dairy products continues, but this being the low point of the milk production season, very minimal volumes are available for that interest. Manufacturers and traders indicate that uncommitted stocks may only become available to spot buyers once the 2011 - 2012 season resumes and stocks above and beyond commitments are realized. This is totally dependent on how the new season develops. Traders are stating that sales negotiations are resuming for at least the first half of the upcoming milk production season. At the May 17 g/DT auction, prices were mixed, anhydrous milkfat and skim milk powder were lower while whole milk prices were slightly higher. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$5,340 per MT, -5.8%; skim milk powder \$3,824, -1.5%; and whole milk powder, \$3,863, +0.1%. Again no buttermilk powder was offered or sold. Milk protein concentrate and rennet casein were offered for the first time at this trading event and averaged \$6,133 and \$9,778 per MT respectively.

BUTTER: Oceania butter markets are steady to firm with prices unchanged to higher. Butterfat remains limited although some late season milk volumes are being channeled through butter/powder operations when possible. In some instances, this late season butter production is uncommitted and available for sale. At the May 17 g/DT event, anhydrous milk fat averaged \$5,340 per MT over all contracting periods which was 5.8% lower than the previous event average. Butter producers and handlers stated that although the trading event realized lower values, the overall market remains firm and a weakening trend at the event brings anhydrous milk back to levels that are more in line with the butter/anhydrous relationship.

82% BUTTERFAT: 4,500 - 5,100

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are firm. Uncommitted skim milk powder supplies in the Oceania region are minimal as this is the low production period of the milk year, although some late season milk is clearing, when possible, through butter/powder operations. Traders and handlers state that buyer interest is limited as most all of Oceania's production has been previously committed and this late season output is helping bridge the 2010 - 2011 production season to the 2011 - 2012 season. At the May 17 g/DT event, skim milk powder averaged \$3,824 per MT for all contracting period, 1.5% less than the previous all contract average. Following are the various contracting period

averages and percentage changes from the previous event: Contract #1, (July), \$4,075, -3.1%; Contract #2, (August - October), \$3,869, -0.1%; and Contract #3, (November - January), \$3,638, -1.6%.

1.25% BUTTERFAT: 3,650 - 4,075

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are steady to firm. Traders and handlers indicate that the milk production season is at seasonally low levels thus commitments are being filled from previous output versus new production. Although milk volumes are a little stronger at the end of the current milk production season, whole milk powder output remains limited. Traders are stating that spot buyer interest is limited as uncommitted supplies are minimal. Firming prices are also limiting spot buyer interest. At the May 17 g/DT event, whole milk powder prices averaged \$3,863 per MT for all contracting periods, +0.1% from the previous event average. Following are the various contracting period averages and percentage changes from the previous event: Contract #1 (July), \$3,989, +0.7%; Contract #2 (August - October), \$3,958, -0.3%; and Contract #3 (November - January), \$3,753, +0.1%.

26% BUTTERFAT: 3,900 - 4,300

CHEDDAR CHEESE: Oceania cheese market and prices are firm. Cheese production is at seasonally low levels, thus no significant new stock is being generated, although some manufacturers and handlers in New Zealand are indicating that milk volumes are somewhat more available at the end of the season which is clearing through cheese operations. Some manufacturing facilities have been idled during the downside of the milk production season, but not shut down and now are being geared back up to process late season milk volumes. This trend is occurring in some outlying areas of the country where moving milk would be less cost efficient than resuming processing schedules for a short period of time.

39% MAXIMUM MOISTURE: 4,350 - 4,800

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered May 15—28, 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 products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

MAY 17, 2011 Global/Dairy Trading (g/DT) event 44 recap US \$ per metric ton								
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		All Contracts	
	July 2011		August - October 2011		November 2011 - January 2012			
Anhydrous Milk Fat	\$5,276	-6.8%	\$5,431	-4.6%	\$5,336	-5.0%	\$5,340	-5.8%
Buttermilk Powder	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Skim Milk Powder	\$4,075	-3.1%	\$3,869	-0.1%	\$3,638	-1.6%	\$3,824	-1.5%
Whole Milk Powder	\$3,989	0.7%	\$3,958	-0.3%	\$3,753	0.1%	\$3,863	0.1%
Milk Protein Concentrate	\$6,300	N.A.	\$5,990	N.A.	N.A.	N.A.	\$6,133	N.A.
Rennet Casein	\$9,625	N.A.	\$9,950	N.A.	N.A.	N.A.	\$9,778	N.A.

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	05/12	05/13	05/16	05/17	05/18	05/19	05/20	05/23	05/24	05/25
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAY 11	16.45 (5318) 0	16.38 (5320) 0	16.41 (5449) 0	16.42 (5441) 0	16.43 (5443) 0	16.44 (5367) 1	16.48 (5387) 0	16.48 (5380) 0	16.46(5371)0	16.49(5352)0
JUN 11	16.96 (4595) 0	16.92 (4582) 0	16.98 (4718) 0	17.24 (4679) 0	17.42 (4677) 0	17.66 (4678) 1	18.01 (4755) 0	17.84 (4761) 0	17.96(4756)1	18.32(4822)0
JUL 11	17.51 (3539) 0	17.50 (3543) 0	17.57 (3705) 0	17.94 (3792) 1	18.10 (3911) 0	18.36 (4033) 1	18.96 (4339) 0	18.78 (4395) 1	19.01(4560)6	18.99(4659)5
AUG 11	17.71 (3406) 0	17.71 (3420) 0	17.79 (3552) 0	17.98 (3566) 1	18.07 (3642) 0	18.21 (3721) 1	18.71 (3952) 0	18.62 (4032) 0	18.89(4168)1	18.90(4220)0
SEP 11	17.72 (3435) 0	17.73 (3440) 0	17.80 (3557) 0	17.98 (3579) 1	18.09 (3638) 0	18.20 (3694) 1	18.57 (3808) 0	18.52 (3884) 1	18.66(3970)2	18.67(4043)0
OCT 11	17.75 (3098) 0	17.71 (3112) 0	17.72 (3190) 0	17.86 (3194) 1	17.86 (3227) 0	17.86 (3230) 1	18.09 (3313) 0	18.05 (3381) 0	18.15(3408)1	18.15(3406)0
NOV 11	17.36 (2856) 1	17.36 (2870) 0	17.37 (2938) 0	17.50 (2947) 1	17.55 (2967) 0	17.54 (2985) 11	17.75 (2991) 0	17.72 (3038) 0	17.78(3066)1	17.78(3077)0
DEC 11	16.89 (2909) 1	16.91 (2909) 0	16.96 (2919) 0	17.02 (2937) 1	17.04 (2962) 0	17.09 (3004) 1	17.22 (3072) 0	17.23 (3109) 0	17.26(3136)1	17.24(3148)0
JAN 12	16.37 (471) 1	16.43 (471) 0	16.37 (473) 0	16.44 (475) 1	16.44 (481) 0	16.55 (489) 0	16.65 (499) 0	16.73 (509) 0	16.75(519)0	16.80(527)0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAY 11	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.10 (491) 0	20.17(491)0	20.20(491)0
JUN 11	20.24 (574) 0	20.19 (574) 0	20.19 (574) 0	20.19 (574) 0	20.19 (574) 0	20.19 (574) 0	20.19 (574) 0	20.35 (574) 1	20.50(574)0	20.75(575)2
JUL 11	20.00 (671) 2	20.00 (671) 0	20.00 (671) 0	20.18 (671) 0	20.18 (671) 0	20.18 (671) 0	20.18 (671) 0	20.50 (680) 4	20.60(689)1	20.57(689)5
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAY 11	200.00 (443) 2	200.00 (443) 0	200.00 (446) 0	201.25 (450) 4	201.25 (450) 0	201.25 (450) 0	202.00 (450) 0	202.00 (450) 0	202.00(450)0	202.00(450)0
JUN 11	198.00 (475) 12	198.00 (480) 20	198.00 (483) 0	200.00 (483) 0	200.00 (483) 0	200.00 (483) 0	203.00 (483) 0	208.00 (487) 7	213.00(487)16	215.53(478)13
JUL 11	198.00 (526) 33	199.00 (544) 28	201.98 (548) 5	206.75 (554) 22	206.75 (547) 12	206.75 (552) 6	208.00 (584) 35	211.75 (584) 10	216.75(613)40	216.50(618)31
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
MAY 11	160.25 (340) 0	160.25 (340) 0	160.25 (348) 0	160.25 (348) 0	160.25 (348) 0	160.25 (348) 0	160.25 (348) 0	160.25 (348) 0	160.25(348)0	160.25(348)0
JUN 11	159.53 (456) 0	160.00 (451) 0	160.00 (457) 0	160.00 (457) 0	160.00 (457) 0	160.13 (457) 0	160.13 (457) 0	160.25 (457) 0	160.25(457)0	160.75(457)0
JUL 11	159.50 (436) 0	159.50 (441) 0	160.00 (446) 0	160.00 (446) 0	160.00 (446) 0	160.00 (450) 0	160.00 (450) 0	160.00 (450) 0	160.00(450)0	158.50(449)3
CME - WHEY (Electronic-Traded)										
MAY 11	48.70 (423) 0	48.95 (423) 1	48.95 (428) 0	48.95 (428) 0	48.95 (428) 0	48.95 (428) 0	48.95 (428) 0	48.95 (428) 0	48.95(428)0	48.95(428)0
JUN 11	52.50 (331) 0	52.00 (331) 0	51.50 (333) 4	51.50 (333) 0	52.00 (332) 2	52.50 (332) 1	52.50 (332) 0	52.50 (332) 0	52.50(332)0	52.50(332)0
JUL 11	53.90 (187) 3	53.50 (187) 0	52.50 (198) 5	52.50 (197) 1	53.50 (197) 1	54.00 (197) 1	55.00 (196) 4	55.00 (197) 1	56.00(197)1	56.03(196)1
CME - CHEESE CSC (Electronic-Traded)										
MAY 11	1.64 (302) 0	1.64 (302) 0	1.64 (391) 0	1.64 (391) 0	1.64 (391) 0	1.64 (298) 0	1.64 (298) 0	1.64 (298) 0	1.64(298)0	1.64(298)0
JUN 11	1.67 (384) 3	1.68 (384) 0	1.69 (413) 0	1.71 (413) 0	1.72 (413) 0	1.74 (384) 0	1.78 (384) 0	1.76 (384) 2	1.77(384)0	1.81(384)0
JUL 11	1.72 (195) 3	1.72 (195) 0	1.74 (257) 0	1.77 (260) 4	1.79 (260) 6	1.79 (198) 0	1.86 (202) 14	1.86 (202) 0	1.86(201)1	1.86(202)1
AUG 11	1.75 (161) 5	1.75 (161) 0	1.75 (213) 1	1.78 (219) 6	1.78 (219) 0	1.79 (169) 3	1.83 (169) 1	1.83 (169) 0	1.83(169)0	1.84(169)0
SEP 11	1.76 (184) 11	1.76 (184) 0	1.76 (184) 0	1.78 (183) 5	1.79 (186) 6	1.79 (186) 0	1.81 (187) 1	1.81 (187) 0	1.81(187)0	1.82(187)0
OCT 11	1.77 (219) 6	1.77 (219) 0	1.77 (219) 0	1.79 (224) 9	1.79 (225) 1	1.79 (232) 7	1.79 (238) 7	1.79 (238) 0	1.79(238)0	1.79(238)0

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.

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2010 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>1/</u>		Commercial		Government	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Million Pounds		Million Pounds		Million Pounds					
January	119	168	638	588	98	274	98	140	0	134
February	139	203	620	599	124	201	100	154	0	47
March	144	196	611	602	124	176	124	150	NA	26
April	141	206	623	610		153		145		8
May		212		615		155		149		6
June		198		627		179		177		2
July		194		639		201		197		4
August		155		634		166		164		2
September		130		637		141		139		2
October		109		639		123		123		<u>2/</u>
November		70		625		128		128		<u>2/</u>
December		82		631		145		145		0

NA = Not available.

1/ Includes instant nonfat dry milk. 2/ Less than 500,000 pounds.

Source: U.S. Department of Agriculture. Farm Service Agency. *Summary of Processed Commodities, January 2010 – March 2011*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, May 2011*.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
FEB 2011	223.8	2.3	203.5	2.4	196.9	3.9	205.7	1.1	209.9	23.3	216.2	6.8
MAR 2011	225.4	2.9	206.2	3.7	203.1	7.1	207.7	1.9	213.4	31.9	218.8	7.9
APR 2011	226.2	3.2	209.7	6.3	208.3	11.9	212.3	4.6	209.0	22.9	220.7	7.6
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
Dollars												
FEB	3.357	3.203	3.670	2.838	3.734	3.943	5.023	4.608	4.990	4.388		
MAR	3.503	3.188	3.690	2.781	3.828	3.914	5.065	4.708	4.923	4.313		
APR	3.597	3.140	3.720	2.846	3.891	3.939	5.204	4.647	4.877	4.445		

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JANUARY-MARCH 2011 AND YEAR-TO-DATE 2009-2010 ^{1/}

Item	Jan.-Mar. 2010	Percent change ^{2/}	Jan.-Mar. 2011	Percent change ^{2/}	Jan.-Dec. 2009	Percent change ^{2/}	Jan.-Dec. 2010	Percent change ^{2/}
	Million Pounds							
MILK								
Production	47,772	2.0	48,426	1.4	189,320	-0.1	193,118	2.0
Marketings	47,539	2.0	48,188	1.4	188,308	-0.1	192,162	2.0
Beginning Commercial Stocks ^{3/}	12,246	21.9	10,927	-10.8	10,045	-3.0	11,334	12.8
Imports ^{3/}	681	-26.5	707	3.8	4,057	3.2	3,098	-23.6
Total Supply ^{4/}	60,466	5.7	59,822	-1.1	202,410	0.0	206,594	2.1
Ending Commercial Stocks ^{3/}	13,462	6.5	12,112	-10.0	11,284	12.3	10,927	-3.2
Net Removals ^{3/}	64	-47.5	0	-100.0	703	2,829.2	112	-84.1
Commercial Disappearance ^{4/}	46,940	4.7	47,710	1.6	190,423	-1.2	195,555	2.7
SELECTED PRODUCTS ^{5/}								
Butter	380.7	2.1	412.5	8.4	1,567.6	-8.1	1,629.0	3.9
American Cheese	1,023.8	-1.8	1,077.6	5.3	4,193.4	3.4	4,265.0	1.7
Other Cheese	1,523.0	7.5	1,618.2	6.3	6,138.9	1.2	6,390.8	4.1
Nonfat Dry Milk	400.9	21.1	374.0	-6.7	1,346.2	-2.0	1,548.8	15.0
Fluid Milk Products ^{6/}	13,903.8	-1.0	13,724.6	-1.3	55,445.0	1.0	54,673.1	-1.4

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

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
JUNE 2011, WITH COMPARISONS ^{1/}**

For June 2011, the all-city average announced cooperative Class I price was \$25.54 per cwt., \$2.58 higher than the Federal milk order (FMO) Class I price average for these cities. The June 2011 cooperative Class I price was \$0.61 higher than the May 2011 price. The June 2011 Federal order Class I price was \$0.57 higher than the May 2011 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.53 in Phoenix, AZ, to \$4.29 in Miami, FL. For June 2010, the all-city average announced cooperative Class I price was \$20.48, \$2.56 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

City	June 2011		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	27.50	24.12	3.38
Baltimore, MD	24.99	23.32	1.67
Boston, MA	25.07	23.57	1.50
Charlotte, NC	27.17	23.72	3.45
Chicago, IL	25.76	22.12	3.64
Cincinnati, OH	25.69	22.52	3.17
Cleveland, OH	25.49	22.32	3.17
Dallas, TX	25.52	23.32	2.20
Denver, CO	24.15	22.87	1.28
Des Moines, IA	24.88	22.12	2.76
Detroit, MI	25.26	22.12	3.14
Hartford, CT	24.97	23.47	1.50
Houston, TX	26.32	23.92	2.40
Indianapolis, IN	25.49	22.32	3.17
Kansas City, MO	24.57	22.32	2.25
Louisville, KY	25.87	22.62	3.25
Memphis, TN	26.47	23.22	3.25
Miami, FL	30.61	26.32	4.29
Milwaukee, WI	25.71	22.07	3.64
Minneapolis, MN	24.42	22.02	2.40
New Orleans, LA	26.37	24.12	2.25
Oklahoma City, OK	25.12	22.92	2.20
Omaha, NE	24.63	22.17	2.46
Philadelphia, PA	26.55	23.37	3.18
Phoenix, AZ	23.20	22.67	0.53
Pittsburgh, PA	26.00	22.42	3.58
St. Louis, MO	24.97	22.32	2.65
Seattle, WA	23.00	22.22	0.78
Springfield, MO	25.42	22.72	2.70
Washington, DC	24.99	23.32	1.67
Wichita, KS	24.50	22.52	1.98
Simple Average	25.54	22.96	2.58

^{1/} This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,
BY FEDERAL MILK ORDER MARKETING AREA, MARCH 2011 1/**

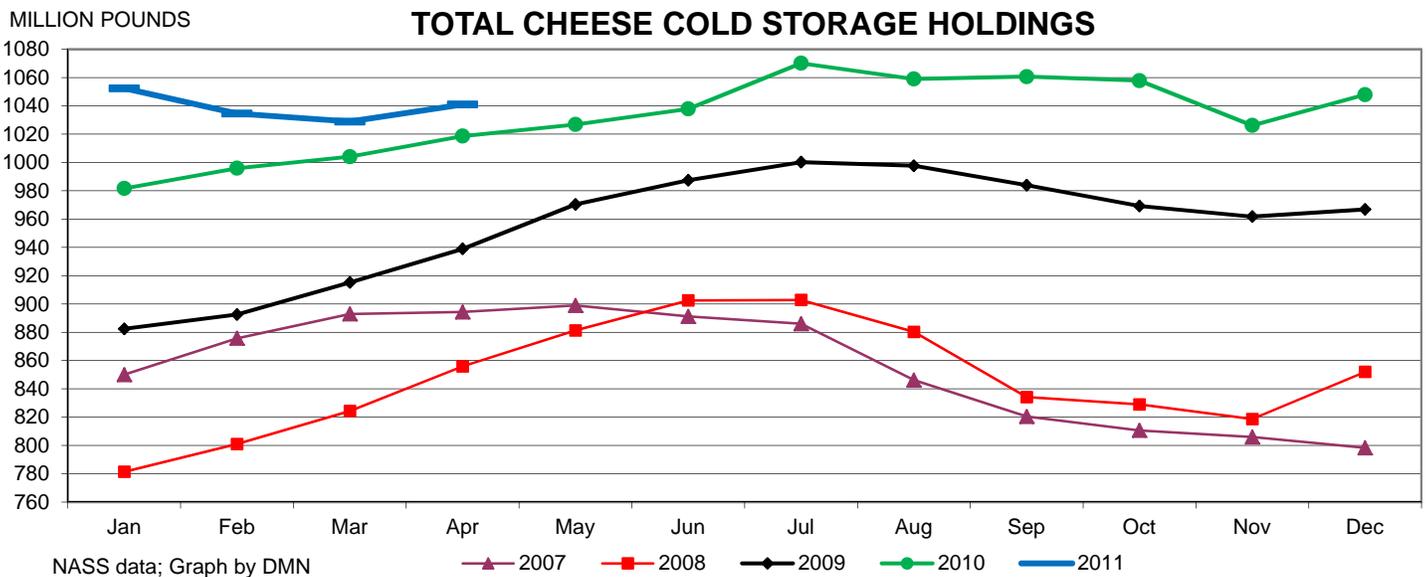
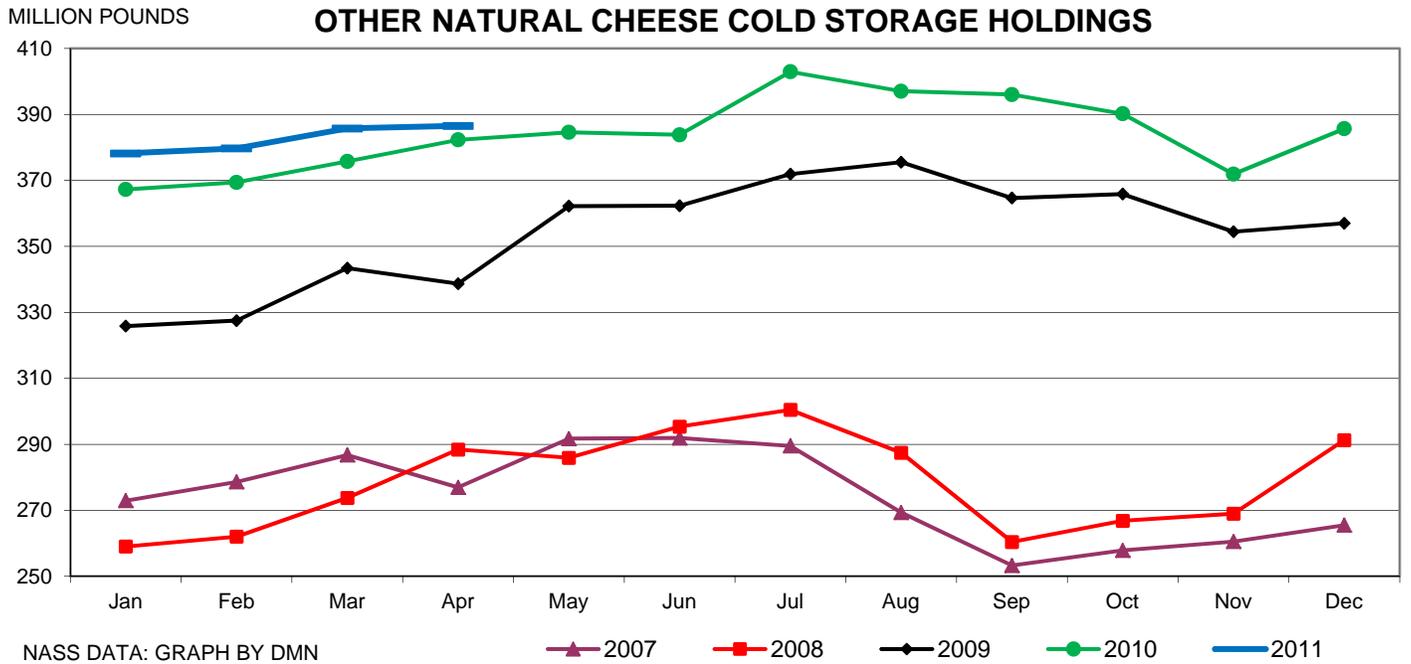
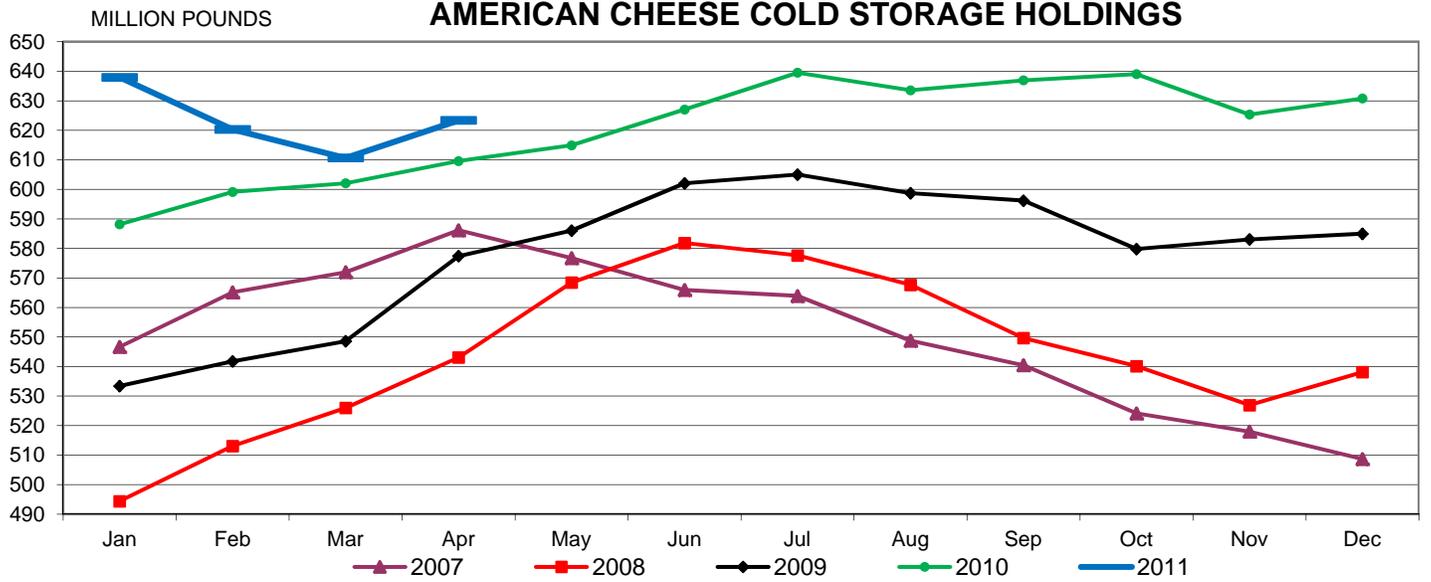
For March 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.09 per cwt., down \$0.04 from the February 2011 average. Eighty-nine percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.78 in the Pacific Northwest to \$2.94 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.15 per cwt., up \$0.01 per cwt. from the February 2011 average. Seventy-seven percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.62	1.11
Southeast	007	2.70	2.17
Florida	006	2.94	0.44
Mideast	033	2.09	1.45
Upper Midwest	030	1.88	0.87
Central	032	1.90	0.99
Pacific Northwest	124	0.78	0.55
All Reporting Areas Combined 3/		2.09	1.15

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

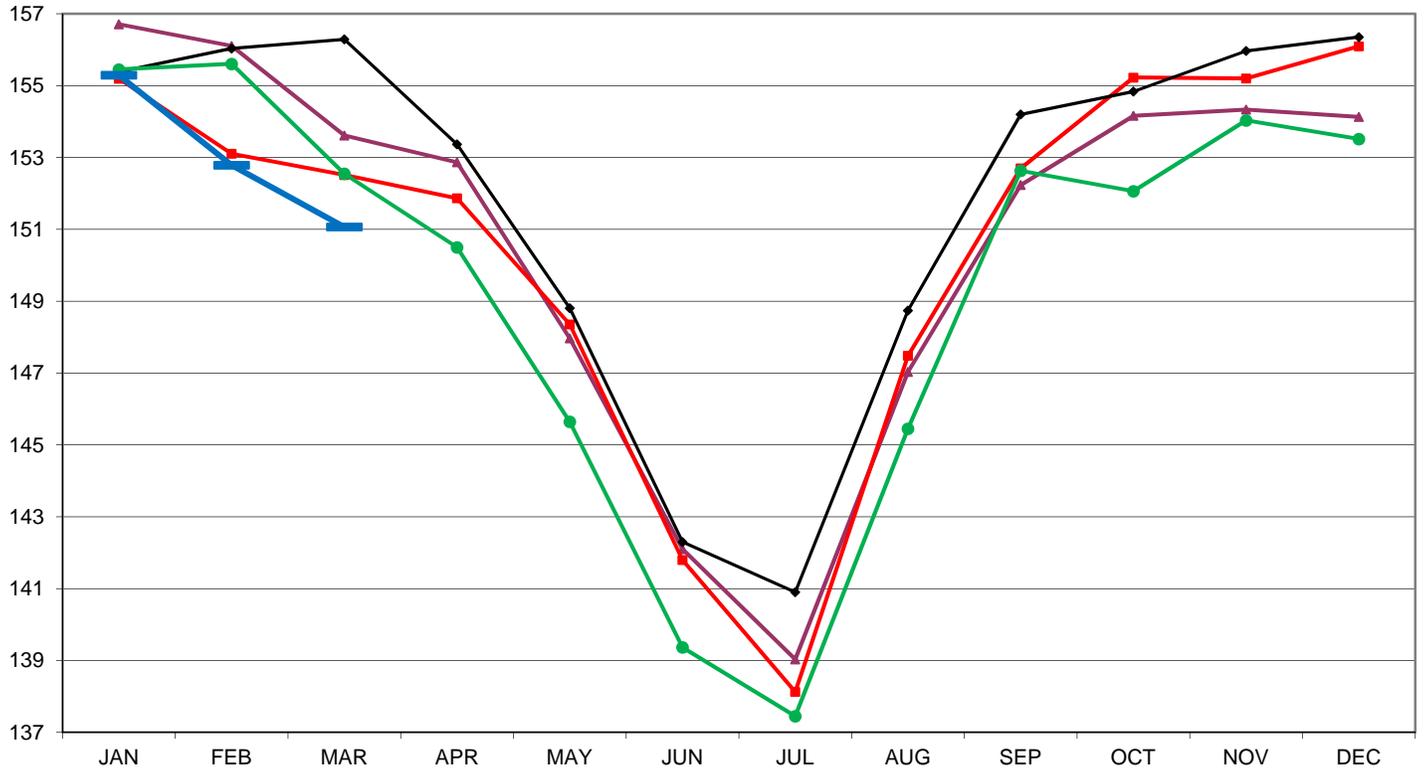
2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

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



ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

MILLION POUNDS

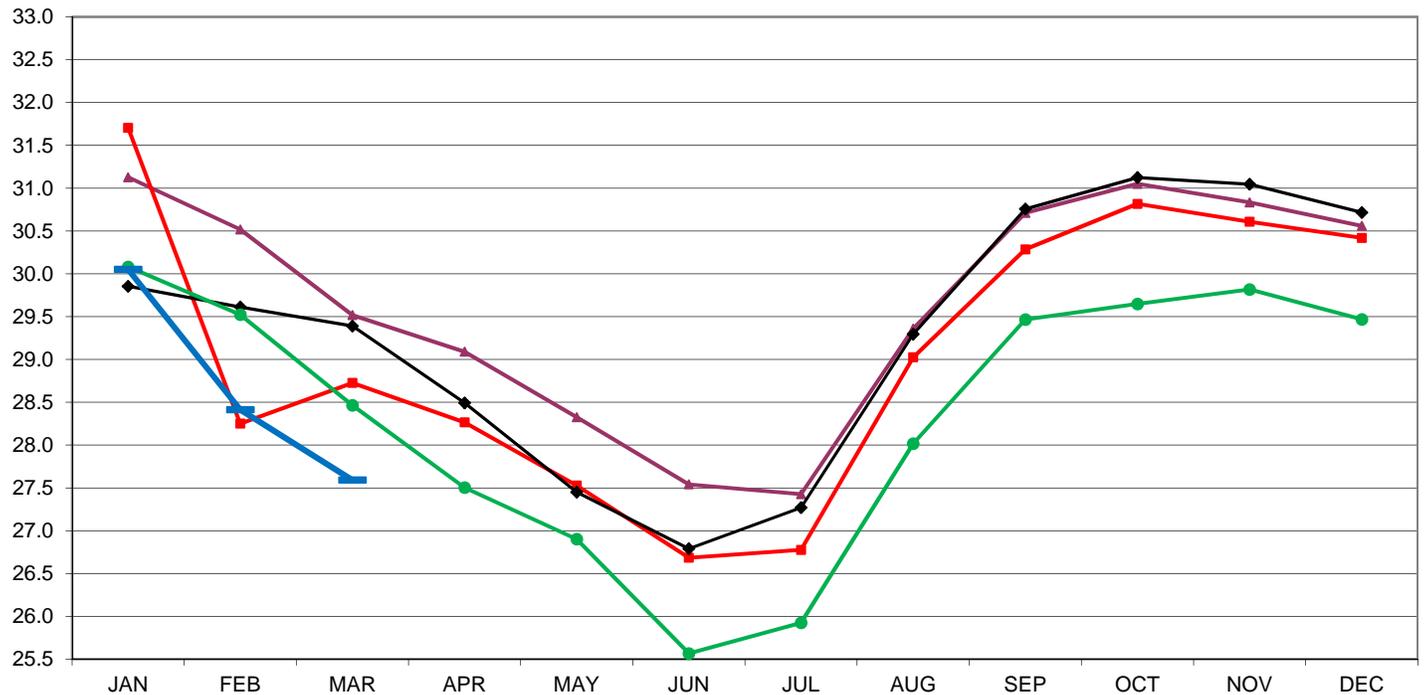


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2007 2008 2009 2010 2011

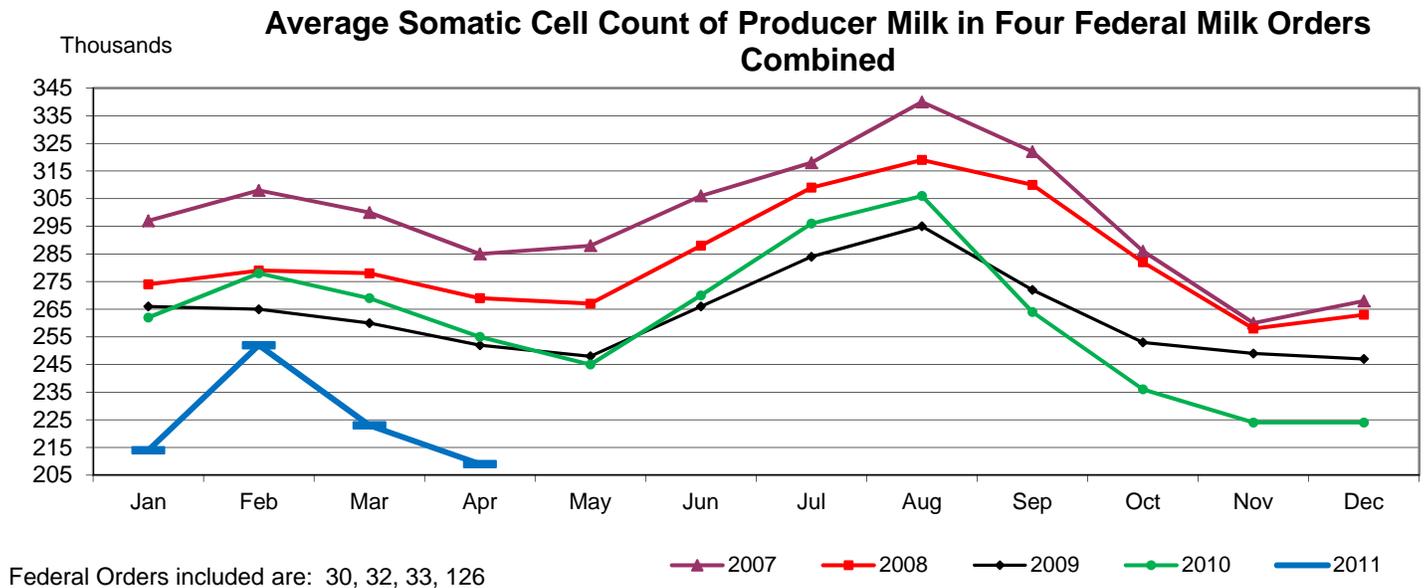
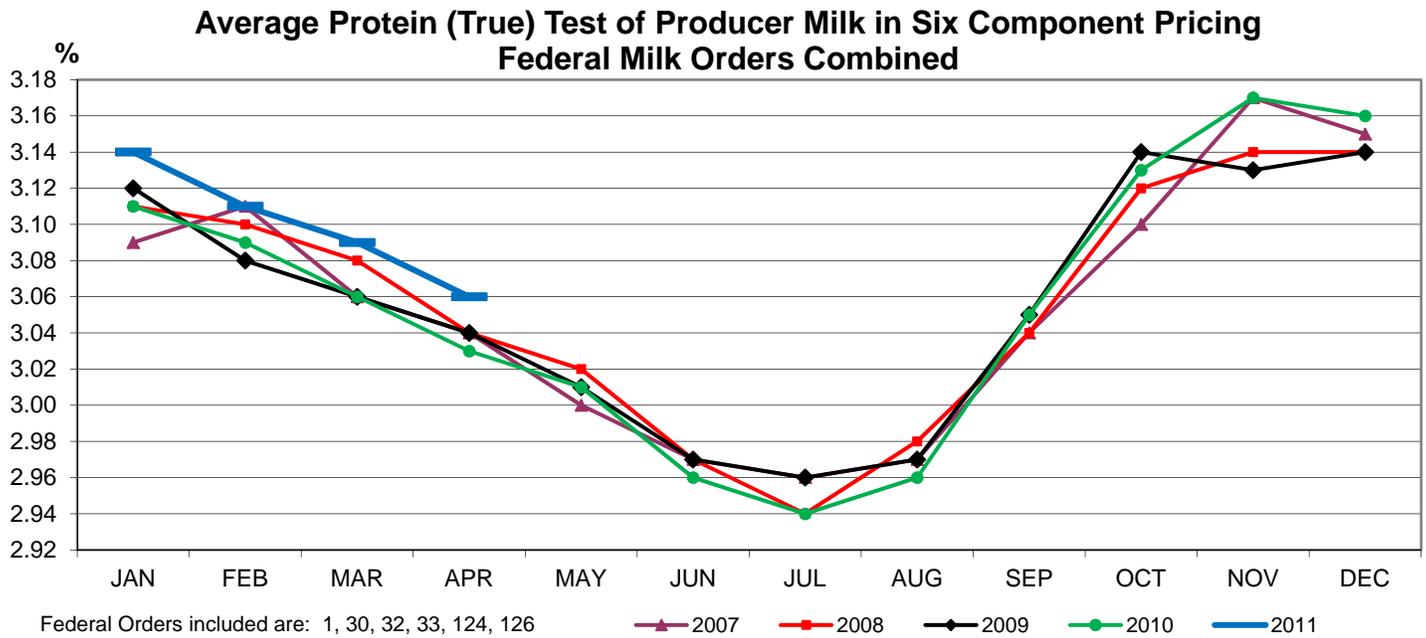
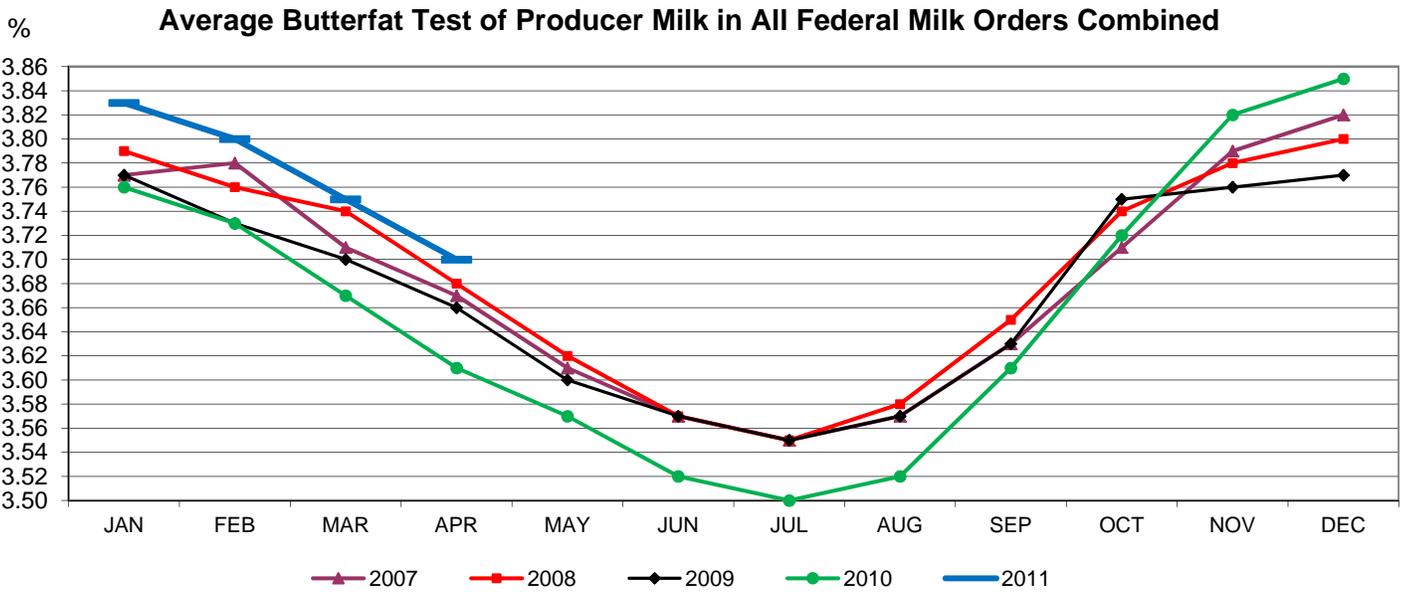
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS

%



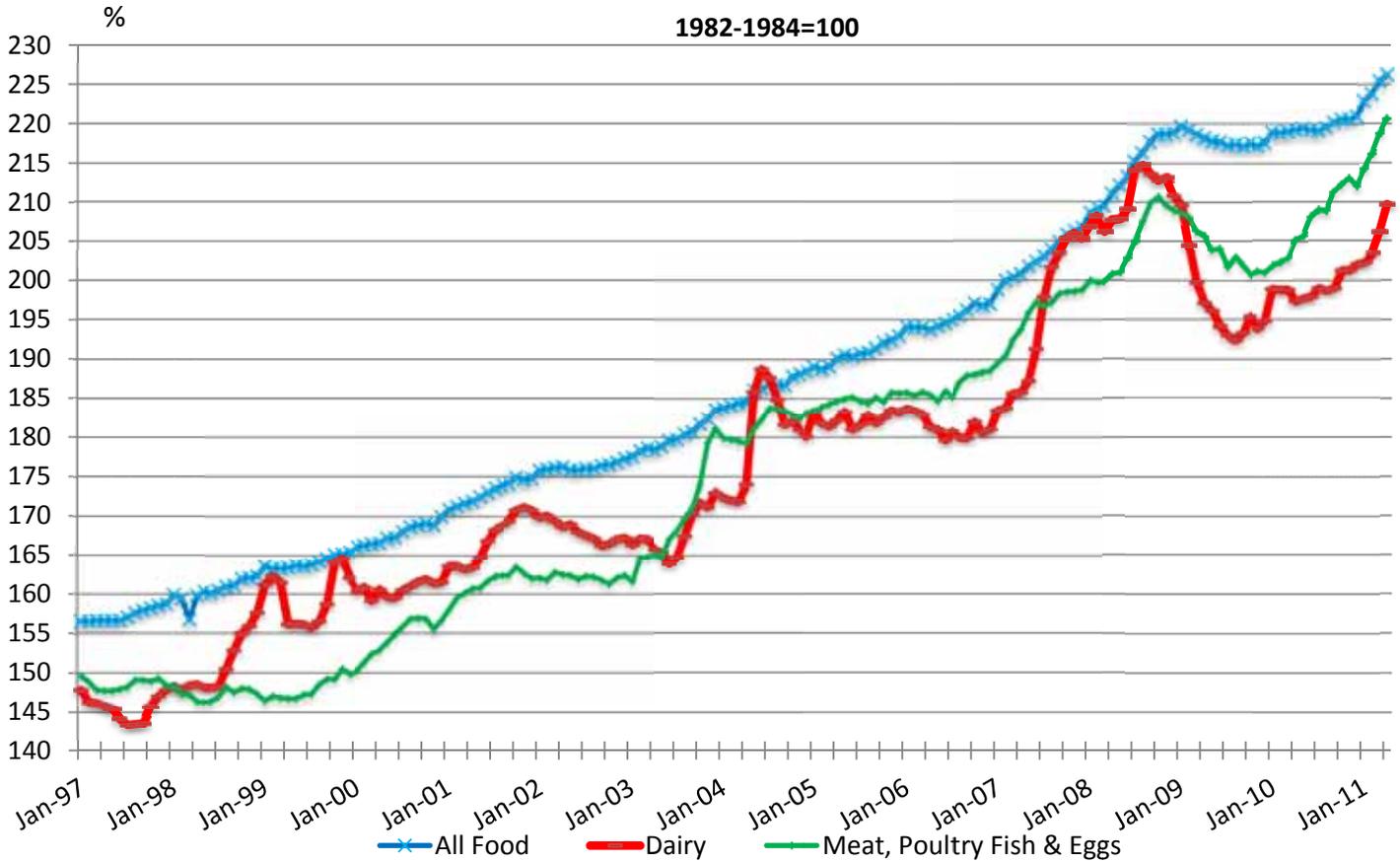
SOURCE: NASS US MILK PRODUCTION, AMS DAIRY PROGRAMS AND CDFA FLUID SALES DATA

2007 2008 2009 2010 2011



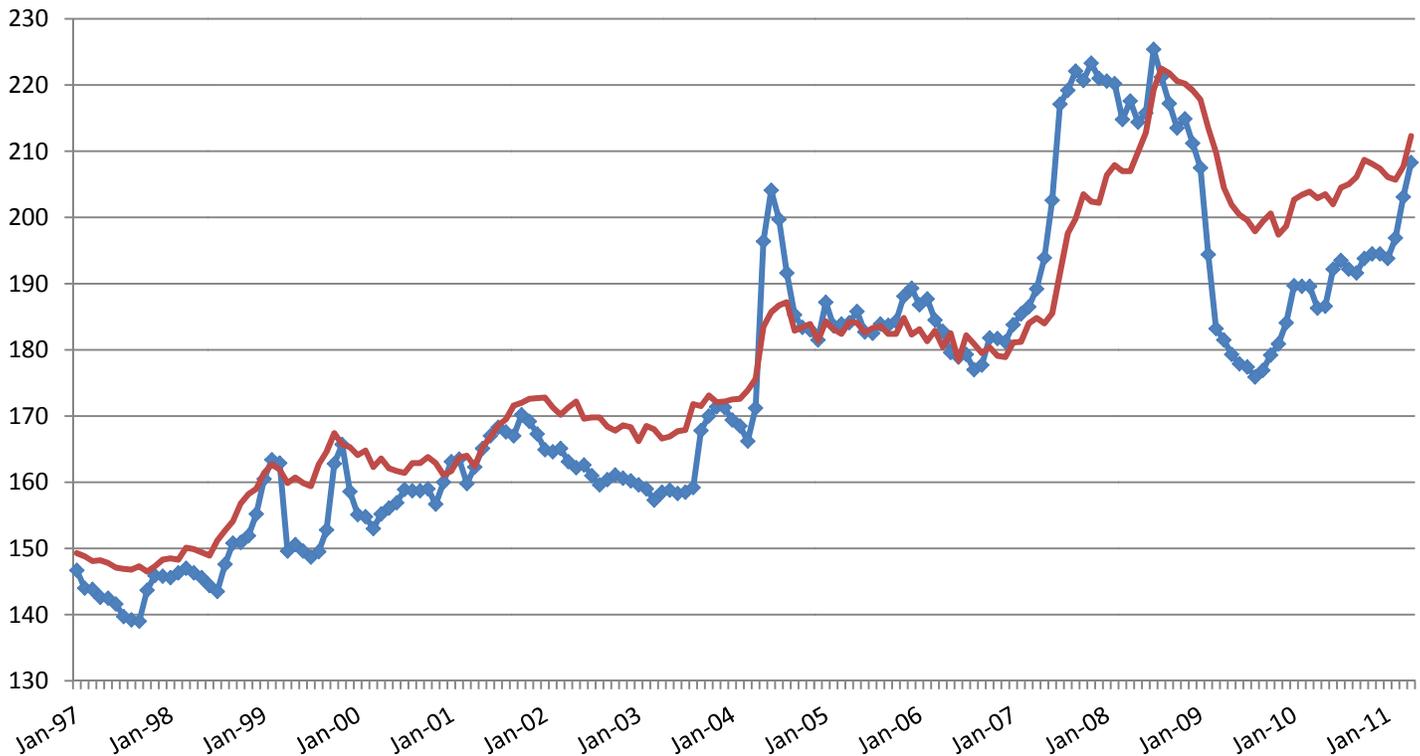
CONSUMER PRICE INDEX

1982-1984=100



CONSUMER PRICE INDEX DAIRY PRODUCTS

1982-1984=100
%



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

◆ FRESH WHOLE MILK — CHEESE

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

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EAST

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

INTERNATIONAL

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

CENTRAL

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

ORGANIC

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

CENTRAL/WEST

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

SOUTHWEST

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

MARKET NEWS PORTAL

www.marketnews.usda.gov

NORTHWEST/MOUNTAIN

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

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

NATIONAL SUPERVISOR

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

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