

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (06/03):**

BUTTER: Grade AA closed at \$2.1425. The weekly average for Grade AA is \$2.1575 (+.0220).

CHEESE: Barrels closed at \$1.9600 and 40# blocks at \$2.0500. The weekly average for barrels is \$1.8975 (+.1345) and blocks, \$1.9438 (+.1778).

BUTTER HIGHLIGHTS: The CME Group cash butter price eased slightly early in the week and declined to \$2.1425 at week's end. Churning activity over the past holiday weekend varied across the country, but overall, was heavier. Cream volumes were heavier and butter producers were able to process the additional offerings with relative ease. Much of the butter generated cleared to inventory programs. Additional cream offerings for churning quickly declined early in the week as Class II operations resumed production schedules after cutting back during the holiday weekend. Warmer than usual temperatures in many parts of the country are stimulating good ice cream sales, thus butter producers are anticipating that cream volumes will become more competitive as the summer develops. Butter demand has been quiet for much of the week as buyers are assessing holiday carryover volumes before returning to the marketplace.

CHEESE HIGHLIGHTS: The cheese market is firm though an extraordinary supply situation forced some cheese buyers to seek replacement stocks from other sources. Blocks closed the week at \$2.0500, the highest price over \$2.00 since early March. Barrels closed the week at \$1.9600. Some buyers are slowing orders as higher prices impact sales. Some cut and wrap and/or process lines may need overtime to offset lost production time on Memorial Day while other operations worked off finished product inventory. Cheese plants operated on heavy schedules over the long holiday weekend, clearing milk volumes backed up from other uses. Cumulative January – April estimated U.S. cheddar production is 1.048 billion pounds, down 21.3 million pounds (-2.0%) from the same period in 2010. Mozzarella production for the same period in 2011 is 1.192 billion pounds, up 61.1 million pounds (5.4%) from last year. Total cheese output for 2011 is put at 3.488 billion pounds, an increase of 108.8 million pounds (3.2%) from a year ago.

FLUID MILK: Milk volumes are increasing in most northern states including the Northeast, Upper Midwest, Pacific Northwest, Idaho, and Utah. Intakes are mostly past the annual peak further south with California steady. The Memorial Day weekend slowed fluid demand with schools closed, so manufacturing schedules were heavier than usual. Some minor plant problems occurred, but extra volumes were handled with relative ease. Also, a number of other manufacturers, particularly ice cream, were closed for an extra day for the holiday. As more schools close for the summer, Class I use will continue to decline, generating less standardized cream and tightening cream supplies.

DRY PRODUCTS: NDM prices are little changed on a light to moderate domestic interest with international interest for skim firm. Most powder is clearing under previously made sales. Drying schedules were heavier over the

holiday weekend to clear extra milk and condensed supplies. Churning was active over Memorial Day weekend generating extra volumes of buttermilk – both condensed and dry. Interest is generally steady with some producers trying to build inventory to cover commitments for later in the year since churning is expected to decline seasonally. The whey market is steady to firm and prices are unchanged to higher. Drying was active over the holiday weekend though most current product produced is geared to meeting previous commitments rather than for the spot market. For some producers, higher ice cream production has increased demand. Prices for WPC-34 were generally higher. Most manufacturers have caught up on contracted sales with spot prices higher this week. Lactose prices are steady to higher. Production is higher seasonally. Negotiations continue for the third quarter on a firm market.

ORGANIC DAIRY MARKET NEWS (DMN): Organic dairy weekly supermarket newspaper advertising fell back to the second lowest level of 2011 this reporting period, following the second highest level two weeks ago. There were 1,849 stores running organic dairy newspaper supermarket ads this two week period. While second lowest of 2011, this was twice the level of the lowest period and within 400 to 500 of several other periods. This was the first two week cycle since the fall of 2009 when data collection for this Report began, when the only organic milk ads were for organic half gallons; with no ads for organic gallons or organic 8 ounce milk. Advertised pricing for organic milk in half gallons increased this period to the highest weighted average advertised price since the fall of 2009, \$3.98, an increase of 77 cents. The top of the price range reached \$4.49, a 60 cent increase and the highest top of range price since week 2 of 2010. The bottom of the range increased 79 cents to \$3.29. The vast majority of organic yogurt ads are for 6 ounce yogurt, 652 ads, about three times as many as for 5.3 ounce Greek Yogurt. This reverses the relative emphasis of two weeks ago, when Greek Yogurt dominated. Organic yogurt in 6 ounce containers has a weighted average advertised price of 60 cents, 1 cent below two weeks ago, with all ads showing a 60 cent price. This is in contrast with two weeks ago, with a range of 58 cents to 78 cents.

INTERNATIONAL UPDATE (DMN): The June 1 g/DT session 45 results showed basically firm prices for all products traded except whole milk powder. For the nearby August 2011 period, prices and changes from the previous session are: anhydrous milk fat, \$5,741/MT, +8.6%; buttermilk powder, N.A.; skim milk powder, \$4,548/MT, +10.8%; whole milk powder, \$3,760, -5.7%, milk protein concentrate \$6,480/MT +2.9% and rennet casein \$10,280/MT +6.8%.

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 30	TUESDAY MAY 31	WEDNESDAY JUN 01	THURSDAY JUN 02	FRIDAY JUN 03	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	Holiday	\$1.8700 (+.0525)	\$1.8725 (+.0025)	\$1.8875 (+.0150)	\$1.9600 (+.0725)	:: :: (+.1425)	:: :: \$1.8975 :: (+.1345)
40# BLOCKS	CME	\$1.8700 (+.0600)	\$1.9050 (+.0350)	\$1.9500 (+.0450)	\$2.0500 (+.1000)	:: :: (+.2400)	:: :: \$1.9438 :: (+.1778)
NONFAT DRY MILK							
EXTRA GRADE	Closed	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	:: :: (N.C.)	:: :: \$1.6100 :: (N.C.)
GRADE A		\$1.6400 (N.C.)	\$1.6400 (N.C.)	\$1.6425 (+.0025)	\$1.6425 (N.C.)	:: :: (+.0025)	:: :: \$1.6413 :: (+.0083)
BUTTER							
GRADE AA		\$2.1625 (-.0175)	\$2.1625 (N.C.)	\$2.1625 (N.C.)	\$2.1425 (-.0200)	:: :: (-.0375)	:: :: \$2.1575 :: (+.0220)

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MAY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2011 advanced 1 point to 204. Compared with May 2010, the index was up 23 points (12.7%). The index of prices received by farmers for dairy products declined 1 point during the month of May 2011 to 149. Compared with May 2010, the index was up 34 points (29.6%). The All Milk price received by farmers in May was \$19.40, down \$0.20 from April.

APRIL 2011 DAIRY PRODUCTS (NASS): Butter production was 158.8 million pounds in April, 19.4% above April 2010 but 3.7 below March 2011. American type cheese production totaled 356.6 million pounds, 1.0% below April 2010 and 2.6% below March 2011. Total cheese output (excluding cottage cheese) was 882.0 million pounds, 2.1% above April 2010 but 3.2% below March 2011. Nonfat dry milk production, for human food, totaled 146.2 million pounds, 4.4% below April 2010 but 16.2% above March 2011. Dry whey production, for human food, was 85.9 million pounds, 4.0% above April 2010 but 6.8% below March 2011. Ice cream (hard) production totaled 75.5 million gallons, 3.7% below April 2010 but 1.1% above March 2011.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the May 2011 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$20.63 (\$0.97), Class III \$16.52 (-\$0.35), and Class IV \$20.29 (\$0.51). Product price averages used in computing Class prices are: butter \$2.0292, NDM \$1.6120, cheese \$1.6534, and dry whey \$0.4929. The Class II butterfat price is \$2.2567 and the Class III/IV butterfat price is \$2.2497. Further information may be found at: www.ams.usda.gov/AMSV1.0/PriceFormulas2011

CME GROUP

MONDAY, MAY 30, 2011

HOLIDAY -- NO TRADING

TUESDAY, MAY 31, 2011

CHEESE -- SALES: NONE; LAST BID UNFULFILLED: 1 CAR BARRELS @ \$1.8700; 1 CAR 40# BLOCKS @ \$1.8700; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFULFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.1700, 2 @ \$2.1525, 1 @ \$2.1550, 1 @ \$2.1575, 1 @ \$2.1700; LAST BID UNFULFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1625

WEDNESDAY, JUNE 1, 2011

CHEESE -- SALES: NONE; LAST BID UNFULFILLED: 1 CAR BARRELS @ \$1.8725; 2 CARS 40# BLOCKS @ \$1.9050; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFULFILLED: 1 CAR GRADE A @ \$1.6400; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: 2 CARS GRADE AA @ \$2.1625; LAST BID UNFULFILLED: 2 CARS GRADE AA @ \$2.1625; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1725

THURSDAY, JUNE 2, 2011

CHEESE -- SALES: NONE; LAST BID UNFULFILLED: 1 CAR BARRELS @ \$1.8875; 1 CAR 40# BLOCKS @ \$1.9500; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.6425; LAST BID UNFULFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: 3 CARS GRADE AA @ \$2.1625; LAST BID UNFULFILLED: 1 CAR GRADE AA @ \$2.1625; LAST OFFER UNCOVERED: NONE

FRIDAY, JUNE 3, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.0500; LAST BID UNFULFILLED: 1 CAR BARRELS @ \$1.9600; 2 CARS 40# BLOCKS @ \$2.0500; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFULFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: 8 CARS GRADE AA: 1 @ \$2.1625, 6 @ \$2.1400, 1 @ \$2.1425; LAST BID UNFULFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1425

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined Tuesday, for the first time in 8 trading sessions, decreasing \$.0175 to close at \$2.1625. Butter production increased significantly over the holiday weekend as cream supplies were plentiful. Both salted and unsalted varieties were being churned. Current production is filling orders and adding to inventories with most butter makers comfortable with the rate of inventory expansion. One butter maker added to inventories at an increased rate in preparation of an extended maintenance shut down later in the year. Domestic butter demand remains steady with export interest improved as Canada released a tender last week. Cream multiples are ranging from 124-137. According to ERS, commercial disappearance of butter for the Jan. - Mar. 2011 period totals 412.5 million pounds, up 8.4% compared to the same period a year ago. 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 to the highest price level since early November, but eased slightly early in the week and remains at \$2.1625 at midweek. The cash price is remaining much higher than may butter producers and handlers anticipated. Many were quite surprised at the strength the cash butter price had last week, increasing 11 cents going into the Memorial Day holiday weekend. Churning activity over the Memorial Day holiday weekend was heavier as additional cream supplies became available to local butter operations. Much of the butter generated over the holiday weekend cleared to inventory programs with some ready for shipment following the holiday period. Overall cream prices were generally higher, as the CME weekly cash butter price average was nearly 8 cents higher than the previous weekly average. Often, cream prices use the weekly average as a basing point for cream sales along with a pricing

multiple. For some butter producers, pre-arranged holiday cream prices were established which overrode typical pricing structures. Alternative pricing structures or lower multiples were often used to eliminate scrambling during the holiday weekend to place uncommitted cream volumes. Early in the week, Class II operations resumed production schedules which greatly reduced spot cream availability. With the weekend holiday carrying over through Monday, butter orders are still limited at midweek. Butter producers and handlers feel that orders will resume shortly. 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 \$2.1625. The first day of trading this week on Tuesday was \$.0175 lower with sales of six loads. Wednesday's trading had two loads sold at the steady price. Last week's average close at \$2.1355 was the highest average price since the week ending October 29, 2010. Western butter prices are higher. The Memorial Day weekend saw increased butter churning as some Class II plants were closed for the holiday. Butter manufacturers were eager to try and build on current inventories. Cool weather across much of the West has slowed cream demand for ice cream products. The extra cream supplies are being utilized by the butter churns. Contracted butter sales were along expected lines for the holiday weekend. Orders to resupply after the holiday are expected this week. Buyers are undecided in many cases as to how aggressively to pursue supplies at these price levels. 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. CME Group average price for May 2011 for butter is \$2.0724 compared to \$1.5896 for May 2010. According to the NASS Dairy Products report, April butter production for the U.S. totals 158.8 million pounds, up 19.4% or 25.8 million pounds from April of last year. Production was down 3.7% or 6.1 million pounds from March 2011.

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 28	1.6570 9,526,833	1.6863 9,569,990	1.6262 18,646,983	2.0466 4,820,883	0.5035 10,963,078

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group jumped Tuesday, coming off the holiday weekend, with barrels advancing \$.0525, blocks \$.0600 and both closing at \$1.8700. In the last 5 trading sessions barrels and blocks have seen daily price increases with both barrels and blocks increasing \$.1575. Weekly average prices reflected the recent increases, resulting in a \$.0900 increase in wholesale prices for Process 5# Sliced cheese, while Cheddar 40# Block and Muenster increased \$.0950. Wholesale prices for Swiss Cuts were unchanged. Cheese production remains steady at increased levels following the seasonal milk production trend. Orders for mozzarella, provolone and aged cheddar have picked up following the holiday weekend. According to ERS, Commercial Disappearance of American cheese for the Jan. - Mar. 2011 period totals 1,077.6 million pounds, up 5.3% compared to the same period a year ago. Disappearance of cheese in the Other category totals 1,618.2 million pounds, up 6.3% for the same period a year ago.

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

Cheddar 40# Block	:	2.0825-2.3575
Process 5# Sliced	:	1.8700-2.1800
Muenster	:	2.1025-2.3075
Grade A Swiss Cuts 10 - 14#	:	3.6675-3.9900

MIDWEST

The cheese market is firm. The "hold" placed on a significant volume of natural American cheese from a plant has tightened up current cheese supplies as customers seek replacement volumes to cover orders. Aside from the problem, orders are mixed depending on whether customers are trying to buy ahead of the next price increase or plan to work down inventory until after prices decline. Plant operators have the milk supply to cover short term orders. A few packagers and/or processors may need some overtime on certain lines to make up for the holiday abbreviated weekend. A few processors note a few extra June Dairy Month promotions, though the significance of the promotion has waned over the years. Most packaging/processing operations are operating near average summer levels. Cheese production is seasonally active as milk intakes approach annual peak levels and Class I use slows as schools close for the summer. Cheese yields are generally lower, indicative of increased grazing as well as some newly harvested forages being fed.

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

Process American 5# Loaf	:	2.1225-2.3125
Brick And/Or Muenster 5#	:	2.2750-2.3300
Cheddar 40# Block	:	2.1700-2.8650
Monterey Jack 10#	:	2.2375-2.8650
Blue 5#	:	2.5925-3.0500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1075-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.9500-3.3550

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
05/30/11	8,312	:	123,687
05/01/11	7,983	:	127,764
CHANGE	329	:	-4,077
% CHANGE	4	:	-3

WEST

Cheddar barrels on Wednesday at the CME Group are up \$.0025 at \$1.8725. 40 pound blocks are \$.0350 higher at \$1.9050. Barrel prices have gained \$.2300 over the last twelve trading sessions. Blocks are \$.2825 higher over the same period. No sales have occurred this week with bids serving to raise the price. Western wholesale cheese prices are stronger as prices at the CME Group continue to advance. Weekly average prices are higher and those prices are reflected in wholesale pricing. Cheese demand is good for contracted needs and cheese plants are operating busy schedules as milk intakes increase slowly. Milk supplies in the southern tier have passed peak production. The typical spring flush in the northern tier is behind as cool, wet weather has delayed first cut alfalfa harvesting. Surplus milk supplies are favored to go to butter/powder plants if possible, as Class IV prices are well above Class III. Export sales are being assisted with CWT incentives for cooperatives. Buyers are reluctant to jump into increased purchases above immediate needs, as the price moves higher. Stocks of cheese are adequate for current needs. CME Group monthly average price for May 2011 for Barrels is \$1.6902 compared to May 2010 at \$1.4195. Blocks averaged \$1.6858 for May 2011 compared to \$1.4420 for last year.

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

Process 5# Loaf	:	1.8875-2.1450
Cheddar 40# Block	:	1.8950-2.2475
Cheddar 10# Cuts	:	2.0750-2.2950
Monterey Jack 10#	:	2.0850-2.2450
Grade A Swiss Cuts 6 - 9#	:	3.2450-3.6750

FOREIGN

Cheese prices continued to move higher on the CME Group, resulting in a higher weekly average block price, causing wholesale prices for all domestic varieties to increase by \$.0950. Prices for Swiss cuts and imported varieties remained unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.2225-3.7100*
Gorgonzola	: 3.6900-6.3900	: 2.7250-2.9850*
Parmesan (Italy)	: -0-	: 3.3400-3.7550*
Provolone (Italy)	: 3.4400-6.2900	: 2.2650-2.4225*
Romano (Cows Milk)	: -0-	: 3.4125-5.5550*
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.

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	320	0	290	0	334
SOUTHEAST STATES	0	0	0	0	0	0

Holiday production shut downs for ice cream and cream cheese combined with school closures, resulted in heavy manufacturing milk supplies over the weekend. The increased volumes overall, were manageable, but mechanical breakdowns at some plants caused unloading delays with some milk moved to other manufacturing facilities. The Northeast is experiencing an atypical weather pattern this year with an extended cool wet spring delaying and/or limiting milk production increases. It is unclear as to how much of a "peak" in milk production there will be, due to the unusual spring weather. Producers in the Northeast continue to struggle with delays in corn planting and hay cutting due to wet field conditions. Milk production in the Mid-Atlantic region is beyond the seasonal peak and with the forecast for an extended period of hot humid weather, declines in milk production may become significant. In the Southeast, all available auxiliary manufacturing facilities were utilized to deal with the heavy weekend milk volumes. Plant maintenance and breakdowns combined to cause logistical problems and unloading delays. Hot humid weather is covering the Southeast and is lowering milk production. Daytime temperatures in Florida are in the 90's, but conditions are not as humid as in other areas of the South allowing producers to limit milk production declines. Problems at bottling plants and very weak Class I demand backed up milk in Florida and resulted in 320 loads being exported. Cream availability increased over the holiday weekend, prompting butter makers to increase churning schedules. Cream demand is becoming stronger as ice cream and cream cheese production have resumed after holiday shut downs. Cream multiples ranged from 124-137. Condensed skim supplies, plentiful over the weekend, saw some price discounts, but those discounts quickly evaporated as the week began with good demand from Class II and III users.

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 -	2.6480-2.9256
F.O.B. producing plants: Upper Midwest -	2.6267-2.7334

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 -	1.15-1.25

MIDWEST

The Memorial Day weekend has passed and compared to recent years, milk handlers had a quieter holiday with some, mainly minor, hiccups. Reports indicate that a small number of discounted spot milk loads were sold to manufacturers late, with most cleared ahead of the weekend priced at class or above. Class I demand is generally lighter as more schools close for the summer or operate on lighter schedules. Cream availability and interest depends on the day, with holiday cream supplies heavier and prices generally lower before rebounding after Monday, as more users restarted. Ice cream interest is stronger, particularly where warmer temperatures, including some in the 90's, stimulated consumer demand in areas, especially areas that had been cooler than normal much of this spring. Lower fat tests on incoming milk supplies are also generating less cream. The seasonal decline in fluid sales is also reducing standardized cream volumes. Churning was

active over the holiday weekend with most other cream users closed for an extra day. Cheese milk interest is uneven, slower for some and solid for others. Some customers are reacting to recent sharp increases in cheese prices by slowing new orders. Milk intakes are still increasing in northern tier states, though if temperatures and humidity return, volumes could start to fall. Further south, milk intakes are lower seasonally.

WEST

The May 4a price (butter/powder) in CALIFORNIA is \$19.94, up \$0.49 from April and \$5.99 higher than last year. The May 4b price (cheese) is \$14.74, \$0.40 higher than April and \$2.34 more than last year. The \$5.20 difference between the 4a and 4b price is the widest on record. CALIFORNIA milk production is trending mostly steady. Weather conditions have been seasonally cool with little stress on the milking herds. The holiday weekend milk handling plans worked well with only some minor issues noted that cleared up by midweek. Some additional milk from smaller buyers had to move around. Dairy producers welcome higher prices. Those producers that have input costs hedged or locked are in better cash flow positions than those making input purchases on the cash market, where prices remain high for corn, soybeans, hay, and other inputs. The credit situation remains tight with limited focus on expansion plans. NEW MEXICO milk supplies moved around to find processing room over the holiday weekend and conditions returned to nearly pre-holiday levels as this week progressed. Processing plants are running on extended schedules to handle milk supplies. Class I demand slowed ahead of the holiday weekend with reduced retail ordering and the falloff of school milk needs. CREAM markets and prices are somewhat unsettled. Cream demand is light to fair and often below expectations. For spot interest, cream movement is especially slow into ice cream accounts. Demand is slowest in the West, slightly better moving to the Midwest and East. Butter production is still active with solid milk intakes and seasonally declining butterfat numbers. Butter prices were down some from a recent high of \$2.1800, and then closed at 2.1625 at midweek, which was 4 cents higher than a week earlier. Cream multiples are higher on the bottom end of the 110-124 range and vary based on class usage and basing point. Milk handlers were busy over the holiday weekend in the PACIFIC NORTHWEST. Milk production in the region is building slowly. Milk supplies over the holiday were balanced between various manufacturing plants. School closings have increased manufacturing milk supplies. Temperatures have moderated and dairy farmers are getting crops planted. First crop alfalfa is not far off. Prices for feed supplies remain a significant concern. UTAH and IDAHO milk production levels are increasing. Temperatures are moderating and the warmer weather will help with forage growth. Western Idaho has begun some limited harvest of first crop alfalfa. Supplies of milk over the holiday were handled with no difficulties reported. Spring planting is finishing up as the weather warms up. Forage supplies are becoming an issue as some hay ground has switched to wheat production. Prices for dairy replacement heifers in Idaho are mostly steady to firm with a recent auction reporting top heifers at \$1485 and the top 50 heifers averaging \$1390. According to the NASS *Agricultural Prices* report for May, mid-month U.S. prices for baled alfalfa hay were \$186/ton, \$65/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$215, +\$90; California \$239, +\$116; Colorado \$150, +\$25; Idaho \$192, +\$95; Nevada \$165, +\$72; New Mexico \$220, +\$67; Oregon \$190, +\$59; Utah \$167, +\$72; and Washington \$155, +\$30. Month to month price changes for the region were mostly up \$5.00-\$45.00 per ton as old crop hay is used up. For the United States, alfalfa prices went up \$31.00 per ton from April's value.

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: Prices for low/medium heat nonfat dry milk in the Central region are unchanged to higher on a mixed market. Manufacturer-based spot loads are clearing, although interest is described as tepid. Resellers, too, indicate sales activity is slower for the week. Sellers indicate that without clear direction, the market has not supplied encouragement for buyers to prefill mid/long term needs and buying is following "just-in-time" patterns. Production of NDM during the extended holiday weekend was higher as various end users of condensed skim-type products were closed. Some additional milk from the Southwest cleared into one or two Central processing plants to ease milk handling issues around minor plant problems. According to NASS, NDM production in the Central region totaled 15.3 million pounds during April 2011, 9.8% more than one month ago, but 9.6% less than one year ago.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of human food NONFAT DRY MILK during April 2011 totaled 146.2 million pounds, up 16.2% from March 2011 production but 4.4% lower than April 2010. Cumulative nonfat dry milk production for 2011 totals 499.5 million pounds, 7.5% lower than 2010 production during the same time span. Month ending stocks, at 149.9 million pounds, are 21.1% higher than a month ago and 3.1% higher than one year ago. April 2011 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 27.0 million pounds, 35.4% lower than one month ago but 86.7% higher than production one year ago. Cumulative 2011 skim milk powder production totals 145.1 million pounds, compared to 86.7 million pounds during the same time span in 2010, a 70.9% increase in production.

EAST: Nonfat dry milk prices moved higher coming off the holiday weekend in fairly light trading. Nonfat dry milk production increased over the weekend, but some plants experienced mechanical breakdowns, causing production delays. 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. Demand is steady, but purchases have been fairly light after the holiday as buyers are limiting purchases to immediate needs and hesitant to build inventories at current price levels. Most brokers have taken a bullish view of market conditions, in light of the strong export demand, and see more upward trends than down.

DAIRY PRODUCTS - Nonfat dry milk production in the Atlantic region totaled 20.7 million pounds, 14.1% of the nation's total. The Atlantic region production was 18.6% less than one year ago, but 84.9% more than the previous month. Month ending U.S. stocks, at 149.9 million pounds, are 3.1% above last year and 21.1% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6500 - 1.7100 MOSTLY: 1.6600 - 1.6900
 HIGH HEAT: 1.7300 - 1.8000

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are trending slightly higher. World market prices are trending higher and the trade sentiment remains firm. Buyer interest is light to moderate. Product is moving under previously committed deals, whereas new demand and deals are slow to consummate. The higher cheese prices are not impacting condensed skim or NDM interest beyond current levels. Drying times were heavier over the holiday weekend and into the week to help handle the milk supplies in the region. Western high heat prices are slightly higher with a mostly steady market tone. Demand is light to fair for the current limited offerings. Stocks are light. U.S. NDM production in

April 2011 totaled 146.2 million pounds, 4.4% less than last year. Cumulative YTD output through April totals 499.5 million pounds, down 7.5% from the same period in 2010. NDM production in the Western region in April totaled 110.3 million pounds, down 0.3% from last year. The West produced 75% of the U.S. total in April. U.S. manufacturers' stocks of NDM at the end of April were 149.9 million pounds, 3.1% higher than a year earlier and 21.1% higher than March. U.S. skim milk powder (SMP) production in April totaled 27.0 million pounds, 86.7% more than last year but 35.4% less than March. Cumulative YTD output for SMP through April totals 145.1 million pounds, up 70.9% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5800 - 1.6800 MOSTLY: 1.6100 - 1.6400
 HIGH HEAT: 1.6500 - 1.8200

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged. Churning activity increased over the long holiday weekend as various plant closings sent more cream loads into butter production. Cream from the Northwest cleared into a few Central churns. Condensed and dry buttermilk production increased correspondingly. Dry buttermilk inventories are building gradually at several locations. However, one or two manufacturers anticipate declines in near term churning activity, with a resulting drawdown on dry buttermilk inventories to negligible levels. Buyer interest for buttermilk, condensed and/or dry, is steady, although some producers indicate sales into Class II accounts are lower than in past years at this time, correlating to the 2011 cool spring and lower consumer interest in frozen desserts.

DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during April totaled 7.9 million pounds, 10.2% less than one month ago, but 19.6% more than production one year ago. Cumulative 2011 dry buttermilk production totals 36.8 million pounds, 19.3% more than during the same time span of 2010. Month ending stocks of dry buttermilk, at 16.8 million pounds, are 3.9% higher than one month ago and more than double the stock levels of one year ago.

EAST: Dry buttermilk prices held steady in the East this week in a lightly tested market. Butter and dry buttermilk production increased over the holiday weekend as additional cream supplies were directed to churns. Current dry buttermilk supplies are moving through contracts and adding to inventories with little showing up on the spot market. Interest in dry buttermilk is increasing as more end users consider dry buttermilk as a lower priced alternative to nonfat dry milk. Condensed buttermilk sales have increased as ice cream production has resumed following holiday plant closures.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices are higher in light trading. The market tone is steady to firm. Offerings are available from most producers and from the resale channel. Demand is light with buyers' interest mainly around contracted volumes with limited needs to be filled. Production levels have been uneven over the holiday weekend. Stocks are light to moderate. Some blocks of dry buttermilk have been moved in recent weeks to help move inventories. Buttermilk powder production in April 2011 for the U.S. totals 7.9 million pounds, up 19.6% from last year. Buttermilk stocks at the end of April are 16.8 million pounds, 113.5% higher than a year ago and 3.9% higher than last month.

F.O.B. WEST: 1.4800 - 1.5500 MOSTLY: 1.4900 - 1.5100

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.

CONTINUED FROM PAGE 5

DRY WHOLE MILK - NATIONAL

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 27	\$1.5924	14,556,715	0
May 20	\$1.6077	11,158,773	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.

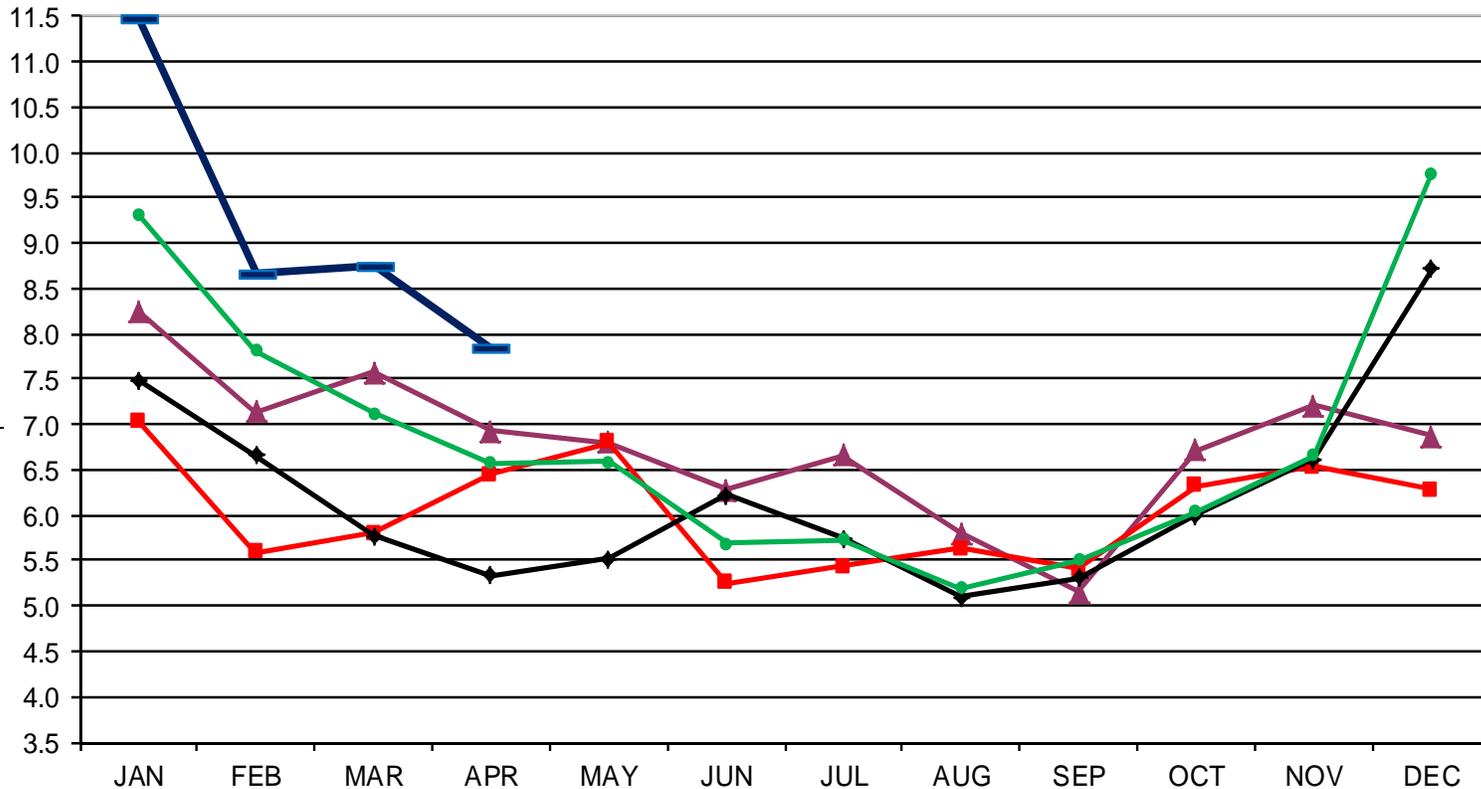
Dry whole milk prices are steady. Farm milk supplies over the holiday weekend provided additional volumes into some balancing plants, allowing for increased dry whole milk production compared to the last few weeks. Interest is active and some manufacturers are planning steady production as long as milk supplies hold up.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during April 2011 totaled 7.7 million pounds, up 4.3% from March 2011 and 98.0% more than April 2010. Cumulative 2010 production totals 26.7 million pounds, a 28.0% increase from 2010 production. Month ending stocks of dry whole milk, at 8.6 million pounds, are 14.5% higher than one month ago and 22.2% higher than the stock levels of one year ago.

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

Million Pounds

U.S. DRY BUTTERMILK PRODUCTION



06/01/2011 - Graph USDA, DMN; Source USDA, NASS

2007 2008 2009 2010 2011

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

Dry whey prices in the Central region are steady on a firm market. Additional farm milk cleared to Class III plants during the holiday weekend, augmenting cheese and whey production. Several plants indicate they are close to or on time with dry whey contract shipments. Other plants indicate contract load volumes may need to be adjusted lower to meld with lower projected production during the near term. With Central dry whey supplies already tight, some buyers speculate additional regional production cuts will further tighten Central dry whey supplies and thrust more buyers into West or Northeast markets. Human food dry whey production during April 2011 in the Central region totaled 38.2 million pounds. This dry whey production is 7.2% less than March 2011 production and 8.3% lower than April 2011. Cumulative Central dry whey production for human consumption for 2011 totals 157.0 million pounds, a 2.2% decrease compared to the same time span in 2011. This week, a few spot loads of whey cleared from manufacturers to established buyers either in the reseller or end user sectors. Most dry whey manufacturers indicate they are not broadening their buyer spectrum at this time. Resale dry whey loads were reportedly more available this week, with transactions occurring within the high \$0.50's to mid \$0.60's range. Price sensitivity left some resale offers priced above that range unclaimed. The number of available spot condensed whey loads was reported as higher this week compared to last week, reflecting more active holiday weekend cheese manufacturing. Interest for condensed whey was light as several plants that dry condensed whey from outside sources were unable to plug in these extra loads due to being inactive or already scheduled to process other products. Pricing on the condensed whey was described as favorable. ANIMAL FEED DRY WHEY prices are unchanged to lower. Some price resistance to feed grade whey is apparent as the top of the range was not sustained from last week to this week. Some animal feed blending operations indicate demand is lower from veal barn operations that are choosing either to not refill at this time or are switching to another type of contract operation. With demand for finished blended feed lower, blender interest in dry dairy product inputs is lower. The feed blending sector, though, is providing an outlet for some combination loads of various lots of dry whey.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during April 2011 totaled 85.9 million pounds, 6.8% less than March 2011, but 4.0% more than production 1 year ago. April ending stocks of HUMAN FOOD dry whey totaled 54.4 million pounds, 11.2% higher than 1 month ago and 4.9 higher than April 2011. Production of ANIMAL FEED dry whey during April 2011 totaled 6.3 million pounds, more than double the production of March 2011, and 21.8% higher than production 1 year ago. ANIMAL FEED dry whey month ending stocks totaled 1.9 million pounds, 6.2% lower than one month ago but 34.8% higher than the stocks of one year ago.

F.O.B. CENTRAL: .4700 - .5300 MOSTLY: .4750 - .5200
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3700 - .4900

DRY WHEY - NORTHEAST

The dry whey price range narrowed this week in the Northeast on contract formulations with a marginal increase and decrease on the low and upper ends of the range respectively. Supplies remain very tight. Production increased following increases in cheese production over the holiday weekend. Resale prices firmed ranging from \$.62 - \$.72. Current production is moving through contracts with little showing up on the spot market. End users looking for additional product are continuing to look in other regions, pursuing resale opportunities or considering nonfat dry milk as an alternative protein source. Strong domestic demand, good export demand and tight supplies give the dry whey market a firm undertone.

DAIRY PRODUCTS - The latest NASS Dairy Products report shows production of dry whey for human consumption for April 2011, in the Atlantic area totaled 19.2 million pounds, or 22.4% of the nation's total for April of 85.9 million pounds. The Atlantic area's production is 10.3% below March, but 2.3% above production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5000 - .5375

DRY WHEY - WEST

Western dry whey prices are steady to firm overall. The full range is steady, while the mostly series adjusted higher. Contract price adjustments based on various indices moved the market marginally higher. Spot sales of whey from manufacturers remain very tight as most production is geared to contract fulfillment. Demand is said to be picking up as ice cream accounts are beginning to increase production. Resale loads of whey are reported above the current market. According to the NASS Dairy Products report, total dry whey production in April totaled 92.2 million pounds, up 5.0% or 4.4 million pounds compared to April 2010. The Western region produced 28.5 million pounds of human dry whey in April, up 28.7% or 6.3 million pounds from last year. The West produced 33.2% of the human dry whey in the U.S. in April. Cumulative total dry whey production for the year in the U.S. is 359.3 million pounds, up 4.4% or 15.1 million pounds from 2010. Manufacturers' stocks at the end of April for total dry whey are 56.3 million pounds, up 5.7% or 3.0 million pounds from last year.

NONHYGROSCOPIC: .4925 - .5500 MOSTLY: .5075 - .5450

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**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The steady to firm market for dairy proteins in general and whey protein concentrate 34% in particular provided support for higher WPC 34% prices this week. Adjustments to contract pricing based on various indices translated into higher prices on those contract loads and spot loads also garnered higher prices compared to last week. The extended holiday weekend offered additional farm milk to a few cheese plants, sparking proportional increases in WPC 34% production at those locations. Most plants indicate they are now on time with contract load deliveries. Resale offers are reportedly clearing in the mid to high \$1.60's to active interest. Both the edible and feed sectors continue to seek out WPC 34%, although some buyers in the feed sector have benefited from offerings of off-spec WPC 34% and other whey protein concentrates with higher protein profiles. This has eased some of the pressure on the WPC 34% market from the feed sector. Manufacturers indicate, though, the interest from the edible market continues to grow from both domestic and international buyers. That steady to higher edible market interest and a trend of decreasing year over year production is keeping the market firm.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during April 2011 totaled 18.8 million pounds, 10.6% less than one month ago and 6.5% lower than production of one year ago. Cumulative WPC 34% production for 2011 totals 77.4 million pounds, 4.9% lower than 2010 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 14.5 million pounds, 5.3% more than March 2011 but 36.3% less than April 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4700 - 1.6500 MOSTLY: 1.5100 - 1.5700

LACTOSE - CENTRAL AND WEST

June monthly pricing became active for some lactose manufacturers this week. Spot sale prices and adjustments to contract pricing, based on various indices, resulted in higher prices on the top of the lactose range price series. Interest for all mesh sizes of lactose is active. Third quarter contract offers are floating between manufacturers and buyers, with a few contracts completed. The firm market, as described by both buyers and sellers, is supportive of steady to higher 3rd quarter pricing. Lactose production is increasing seasonally at many facilities in step with improved availability of farm milk to cheese plants.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during April 2011 decreased 5.4% compared to March 2011 to 80.3 million pounds and was 9.5% higher than April 2010 production. Cumulative 2011 lactose production totals 321.3 million pounds, 14.8% more than during the same time span in 2010. Month ending stocks, at 77.4 million pounds, are 4.0% more than one month ago and 4.4% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3600 - .5700 MOSTLY: .4300 - .5100

CASEIN - NATIONAL

Domestic casein markets and prices remain firm. Buyers continue to voice their concerns about supply availability. In most instances, suppliers remain optimistic about their commitments. Although a casein operation was recently re-activated in New Zealand due to late season milk volumes, the increased production will not lead to any surplus supply as volumes are minor and are able to be readily placed against existing demand. Oceania producer stocks remain balanced to tight now that the production season has ended and new production is not scheduled to commence for at least another 3 months. In Europe, the milk and casein production season continues to develop. At the present time, most casein operations are on track with projections, but limited moisture and drought conditions in some areas, could impact milk production and the milk flow through manufacturing facilities, including casein operations in the near future.

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

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during April 2011 totaled 39.5 million pounds, a 16.0% decrease in production from March 2011 but 3.2% higher than April 2010. Manufacturers' end-of-month stocks totaled 60.6 million pounds, 13.3% higher than last month but 32.2% lower than one year ago.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 30 – JUNE 3			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 05/27/11	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 05/14/11 & 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	7.6	2.8	18.2	3.5	N.A.	N.A.	14.5	3.2	52.1	1,176.6	43.0	47.7
2010-Dairy	N.A.	0.6	6.9	2.1	19.1	3.6	0.2	N.A.	15.5	3.0	52.4	1,093.7	41.1	44.7
2011-All cows	0.1	0.7	9.5	12.6	31.4	27.2	N.A.	N.A.	17.3	6.6	121.2	2,465.9		
2010-All cows	N.A.	0.7	8.7	13.9	34.0	22.9	15.3	N.A.	21.2	6.9	127.6	2,444.9		

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

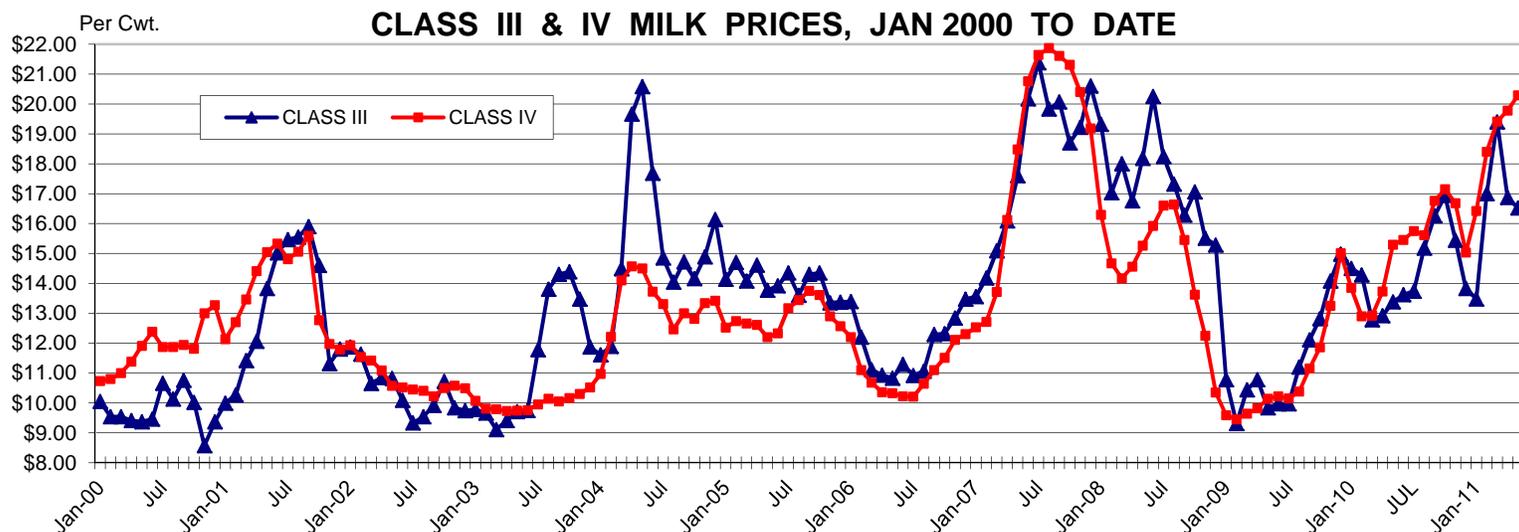
CLASS IV MILK PRICES, (3.5% BF)

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	20.63							
III	13.48	17.00	19.40	16.87	16.52							
IV	16.42	18.40	19.41	19.78	20.29							

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



ORGANIC DAIRY MARKET NEWS

Information gathered May 21 - June 3, 2011

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

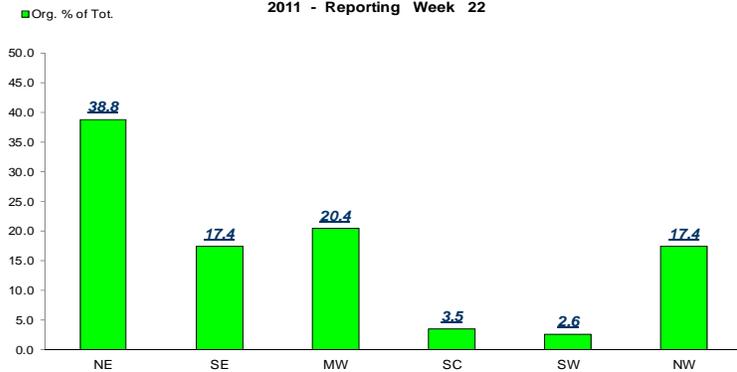
Overview. Organic dairy weekly supermarket newspaper advertising fell back to the second lowest level of 2011 this reporting period, following the second highest level two weeks ago. There were 1,849 stores running organic dairy newspaper supermarket ads this two week period. While second lowest of 2011, this was twice the level of the lowest period and within 400 to 500 of several other periods. A total of 9,210 ads were surveyed.

This was the first two week cycle since the fall of 2009 when data collection for this Report began, when the only organic milk ads were for organic half gallons; with no ads for organic gallons or organic 8 ounce milk.

Information presented is compiled from newspaper supermarket ads for the period May 21, 2011, to June 3, 2011, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of supermarket cooler prices.

Regional Organic Dairy Ad Trends – Current Period. The Northeast has been a region with strong organic advertising for eight weeks. The Northeast led all regions as a percentage of total surveyed national organic dairy ads this period and for two of the other three periods. It was within the top three the remaining period. For the current period, the percentage of organic dairy ads in the Northeast, 38.8%, was nearly twice the level of the next highest region, the Midwest, 20.4%. The other regions are the Southeast and Northwest, tied with 17.4%; the South Central Region, 3.5%; and the Southwest, 2.6%.

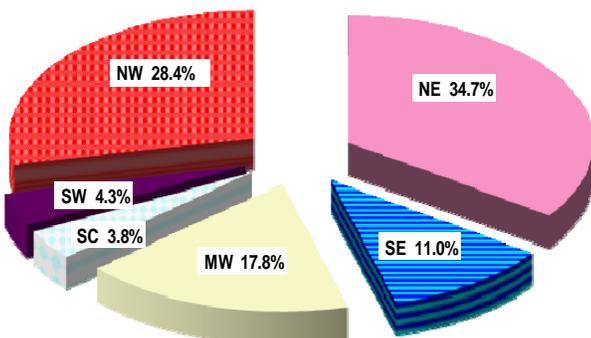
Regional Organic Dairy Ads As A Percentage of Total Surveyed National Organic Dairy Ads 2011 - Reporting Week 22



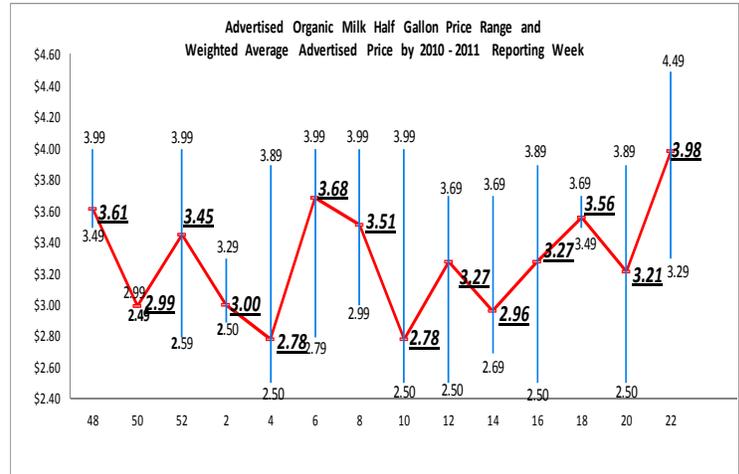
Product Emphasis. Organic dairy ads are almost evenly split between organic yogurt and half gallons of organic milk. Organic yogurt ads are about one-half the level of two weeks ago, which was the 2011 record, but this two week period is the third highest level of 2011.

Milk. Organic milk ads appeared in every region. Each of the two national brands was represented by ads and there were no organic milk ads for store brands. No ads appeared for either organic gallons, or organic milk in 8 ounce containers. Just as the Northeast led total organic dairy advertising, it leads the organic milk category, with 34.7% of ads. The remaining regional totals include the Northwest, 28.4%; Midwest, 17.8%; Southeast, 11.0%; Southwest, 4.3%; and South Central, 3.8

ORGANIC MILK FEATURES
Regional % of Nationally Surveyed Supermarket Ads Report - Week 22, 2011



Half Gallons. Advertised pricing for organic milk in half gallons increased this period to the highest weighted average advertised price since the fall of 2009, \$3.98, an increase of 77 cents. The top of the price range reached \$4.49, a 60 cent increase and the highest top of range price since week 2 of 2010. The bottom of the range increased 79 cents to \$3.29.



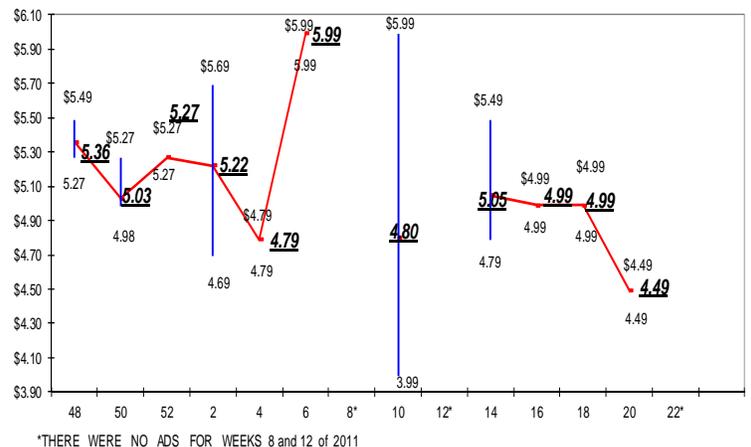
The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	38.8	3.89
SE	12.3	3.99
MW	19.9	4.49
SC	04.3	3.99
SW	04.8	3.99
NW	20.0	3.75
US		3.98

Gallons. Ad placements for organic gallons, declined from the second highest of 2011 four weeks ago, to among the lowest of 2011 two weeks ago, to no ads this two week period.

Advertised Organic Milk Gallon Range and Weighted Average Advertised Price by 2010-2011 Reporting Week*



*THERE WERE NO ADS FOR WEEKS 8 and 12 of 2011

8 Ounce Milk. There were no ads for organic milk in 8 ounce containers this period. It is the second consecutive two week period of 2011 with no ads for 8 ounce organic milk.

Yogurt. Organic yogurt ad numbers are nearly equal with organic milk and are the third highest level of 2011.

CONTINUED ON PAGE 8A

ORGANIC DAIRY MARKET NEWS

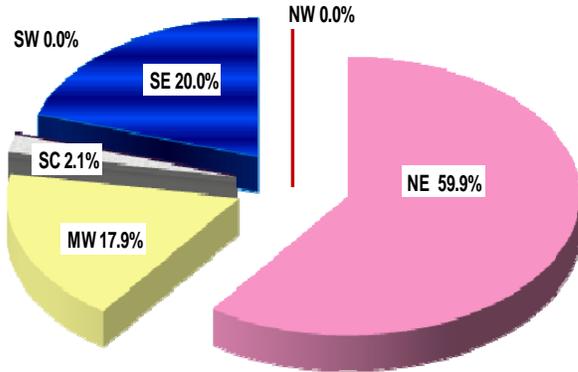
Information gathered May 21 - June 3, 2011

CONTINUED FROM PAGE 8

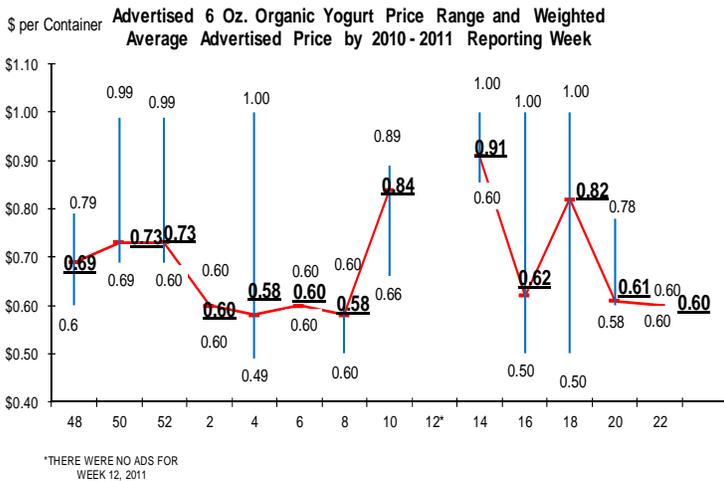
The vast majority of organic yogurt ads are for 6 ounce yogurt, 652 ads, about three times as many as for 5.3 ounce Greek Yogurt. This reverses the relative emphasis of two weeks ago, when Greek Yogurt dominated.

Organic yogurt ads ran in five of the six regions. The region with the highest percentage of ads is the Northeast, with 59.9%. Other regions with organic yogurt ads are the Southeast, 20.0%; Midwest, 17.9%; and South Central, 2.1%.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 22, 2011



Organic yogurt in 6 ounce containers has a weighted average advertised price of 60 cents, 1 cent below two weeks ago, with all ads showing a 60 cent price. This is in contrast with two weeks ago, with a range of 58 cents to 78 cents.



The following table shows the percentage of national organic 6 ounce yogurt ads by region and the regional weighted average advertised price.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	69.8	0.60
SE	30.2	0.60
MW	00.0	----
SC	00.0	----
SW	00.0	----
NW	06.4	----
US		0.60

Most ads for 5.3 ounce Greek yogurt reflected the typical price of \$1.25 with the exception of a relatively small number of ads in the South Central Region priced at 88 cents.

5.3 OUNCE ORGANIC GREEK YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	89.3	1.25
SC	10.7	0.88
SW	00.0	----
NW	00.0	----
US		1.21

In the Northeast, there were also 67 ads for 6 ounce organic smoothies priced at \$1.00, as well as 67 Northeast ads for 4 ounce organic baby yogurt priced at \$1.00.

No other organic dairy products were advertised in the surveyed newspapers this two week period.

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results follows:

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2011 REPORTING WEEK 22

	MADISON, WI LOW HIGH RANGE (In Dollars)		
GALLONS:			
Whole	5.89*	6.49	0.60
Reduced Fat (2%)	5.89*	6.49	0.60
Low Fat (1%)	5.89*	6.49	0.60
Nonfat (Skim)	5.89*	6.49	0.60
HALF GALLONS:			
Whole	2.99*	4.19	1.20
Reduced Fat (2%)	2.99*	4.19	1.20
Low Fat (1%)	2.99*	4.19	1.20
Nonfat (Skim)	2.99*	4.19	1.20
CHOCOLATE HALF GALLON:	3.39	5.69	2.30
YOGURT	.50	1.59	1.09
CHEESE – 8 OUNCE BLOCKS:			
Mozzarella	3.59	5.75	2.16
Mild Cheddar	3.89	5.99	2.11
Monterey Jack	4.99	5.99	1.00
Pepper Jack	3.59	5.99	2.40
CHEESE – 6 OUNCE STRING			
Mozzarella	3.00	5.09	2.09
Colby Jack	3.89	5.39	1.40
BUTTER – 1 POUND	4.50	6.19	1.69

*=Price change from prior reporting period

ORGANIC DAIRY MARKET NEWSInformation gathered May 21 - June 3, 2011

CONTINUED FROM PAGE 8A

This report, the low price for half gallons of milk increased 50 cents to \$2.99, due to the expiration of a price feature which had brought prices to the low for the year. The low price for organic gallons also increased, by 70 cents, also due to the ending of a feature price promotion. Other price changes occurred within the ranges, but not so as to change the ranges.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were mostly steady to firm. Offerings were light, with light to moderate demand reported throughout the nation due largely in part to field work activities and high corn prices demanded by those with corn inventories. Barley prices in the Eastern Cornbelt versus the Upper Midwest were lower, but remain in demand as an alternative to corn. According to the recent crop progress report, many states remain at low planting progression rates for conventional commodities. Corn supplies reportedly remain tight throughout the Midwest which is forcing organic livestock operations to weigh the options of lowering production or purchasing larger quantities of alternative grains for feed use.

Eastern organic grain and feedstuff prices were steady to firm with moderate demand and light offerings. Corn plantings in Ohio were reportedly at 11% this week, but producers have stated that with the recent favorable weather, field progress is rapidly improving. Supplies of corn remain tight, according to producers and grain buyers alike, while beans remain in fair supply. Concerns regarding moisture issues are weighing heavily on the minds of many, and many producers across the region must soon make a decision to plant corn or make other arrangements.

Upper Midwest organic grain and feedstuffs were steady to firm with very light to light demand and light offerings. Some areas of the Upper Midwest have favorable planting weather, but North Dakota has been dealing with moisture and temperature issues that are severely hampering organic crop planting. Corn trading was reportedly limited this period due to reported limited supply, planting, and farmers demanding higher corn prices than the current market can actively support.

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

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

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2011	2010
	MAY 02 - 06	MAY 09 - 13	MAY 16 - 20	MAY 23 - 27	MAY 30 - 31	or Total	or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.9525 - 2.2400	:: 1.9975 - 2.2400	:: 2.0125 - 2.2400	:: 2.0325 - 2.2400	:: 2.1225 - 2.3125	:: 2.1240	: 1.8466
-- Brick And/Or Muenster 5#	:: 2.1150 - 2.3300	:: 2.1500 - 2.3300	:: 2.1425 - 2.3300	:: 2.1800 - 2.3300	:: 2.2750 - 2.3300	:: 2.2415	: 1.9541
-- Cheddar 40# Block	:: 2.1150 - 2.8650	:: 2.1500 - 2.8650	:: 2.1425 - 2.8650	:: 2.1700 - 2.8650	:: 2.1700 - 2.8650	:: 2.5053	: 2.1938
-- Monterey Jack 10#	:: 2.0775 - 2.8650	:: 2.1125 - 2.8650	:: 2.1050 - 2.8650	:: 2.1425 - 2.8650	:: 2.2375 - 2.8650	:: 2.4902	: 2.2231
-- Blue 5#	:: 2.4325 - 3.0500	:: 2.4675 - 3.0500	:: 2.4600 - 3.0500	:: 2.4975 - 3.0500	:: 2.5925 - 3.0500	:: 2.7602	: 2.4775
-- Mozzarella 5 - 6#	:: 1.9475 - 2.9650	:: 1.9825 - 2.9650	:: 1.9750 - 2.9650	:: 2.0125 - 2.9650	:: 2.1075 - 2.9650	:: 2.4752	: 2.2125
-- Grade A Swiss Cuts 6 - 9#	:: 2.9500 - 3.3550	:: 2.9500 - 3.3550	:: 2.9500 - 3.3550	:: 2.9500 - 3.3550	:: 2.9500 - 3.3550	:: 3.1525	: 2.8350
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	:: 1.9225 - 2.1975	:: 1.9575 - 2.2325	:: 1.9500 - 2.2250	:: 1.9875 - 2.2625	:: 2.0825 - 2.3575	:: 2.0980	: 1.8800
-- Process 5# Sliced	:: 1.7000 - 2.0100	:: 1.7450 - 2.0550	:: 1.7600 - 2.0700	:: 1.7800 - 2.0900	:: 1.8700 - 2.1800	:: 1.9071	: 1.6444
-- Muenster	:: 1.9425 - 2.1475	:: 1.9775 - 2.1825	:: 1.9700 - 2.1750	:: 2.0075 - 2.2125	:: 2.1025 - 2.3075	:: 2.0830	: 1.8613
-- Grade A Swiss Cuts 10 - 14#	:: 3.6675 - 3.9900	:: 3.6675 - 3.9900	:: 3.6675 - 3.9900	:: 3.6675 - 3.9900	:: 3.6675 - 3.9900	:: 3.8288	: 3.1288
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.7175 - 1.9750	:: 1.7625 - 2.0200	:: 1.7775 - 2.0350	:: 1.7975 - 2.0550	:: 1.8875 - 2.1450	:: 1.8984	: 1.6506
-- Cheddar 40# Block	:: 1.7325 - 2.0850	:: 1.7675 - 2.1200	:: 1.7600 - 2.1125	:: 1.7975 - 2.1500	:: 1.8950 - 2.2475	:: 1.9468	: 1.7238
-- Cheddar 10# Cuts	:: 1.9125 - 2.1325	:: 1.9475 - 2.1675	:: 1.9400 - 2.1600	:: 1.9775 - 2.1975	:: 2.0750 - 2.2950	:: 2.0606	: 1.8375
-- Monterey Jack 10#	:: 1.9225 - 2.0825	:: 1.9575 - 2.1175	:: 1.9500 - 2.1100	:: 1.9875 - 2.1475	:: 2.0850 - 2.2450	:: 2.0406	: 1.8175
-- Grade A Swiss Cuts 6 - 9#	:: 3.2450 - 3.6750	:: 3.2450 - 3.6750	:: 3.2450 - 3.6750	:: 3.2450 - 3.6750	:: 3.2450 - 3.6750	:: 3.4600	: 2.7300
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 2.4550 - 2.7188	:: 2.5700 - 2.7790	:: 2.4676 - 2.6666	:: 2.5095 - 2.7564	:: 2.6480 - 2.9256	:: 2.6235	: 2.1646
-- Upper Midwest - f.o.b	:: 2.4551 - 2.5363	:: 2.5701 - 2.6119	:: 2.4471 - 2.5565	:: 2.5095 - 2.6535	:: 2.6267 - 2.7334	:: 2.5491	: 2.0926
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.61 - 1.68	:: 1.61 - 1.68	:: 1.61 - 1.68	:: 1.65 - 1.72	:: 1.65 - 1.72	:: 1.6564	: 1.2163
-- Class III	:: 1.20 - 1.27	:: 1.20 - 1.27	:: 1.20 - 1.27	:: 1.20 - 1.27	:: 1.15 - 1.25	:: 1.2333	: 1.0250

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

COMMODITY	:::REPORT NUMBER 18	:::REPORT NUMBER 19	:::REPORT NUMBER 20	:::REPORT NUMBER 21	:::REPORT NUMBER 22:::	2011	:	2010
	:::-----	:::-----	:::-----	:::-----	:::-----	Average	:	Average
	::: MAY 02 - 06	::: MAY 09 - 13	::: MAY 16 - 20	::: MAY 23 - 27	::: MAY 30 - 31	or Total	:	or Total

DRY PRODUCTS

NONFAT DRY MILK

-- Central And East (f.o.b.)								
-- Low/Medium Heat	::: 1.5900 - 1.7000	::: 1.6000 - 1.7000	::: 1.6200 - 1.7000	::: 1.6200 - 1.7100	::: 1.6500 - 1.7100	::: 1.6562	:	1.3184
-- Mostly	::: 1.5900 - 1.6400	::: 1.6100 - 1.6800	::: 1.6400 - 1.6800	::: 1.6400 - 1.6800	::: 1.6600 - 1.6900	::: 1.6464	:	1.3175
-- High Heat	::: 1.6500 - 1.7500	::: 1.6800 - 1.7700	::: 1.7100 - 1.8000	::: 1.7100 - 1.8000	::: 1.7300 - 1.8000	::: 1.7352	:	1.4063
-- West (f.o.b.)								
-- Low/Medium Heat	::: 1.5400 - 1.6500	::: 1.5400 - 1.6600	::: 1.5600 - 1.6600	::: 1.5500 - 1.6750	::: 1.5800 - 1.6800	::: 1.6056	:	1.2938
-- Mostly	::: 1.5900 - 1.6100	::: 1.5900 - 1.6200	::: 1.6000 - 1.6250	::: 1.6000 - 1.6350	::: 1.6100 - 1.6400	::: 1.6095	:	1.2825
-- High Heat	::: 1.6000 - 1.8100	::: 1.6200 - 1.8100	::: 1.6300 - 1.8200	::: 1.6400 - 1.8200	::: 1.6500 - 1.8200	::: 1.7195	:	1.3088

WHEY POWDER (Nonhygroscopic)

-- Central (f.o.b.)	::: 0.4500 - 0.5150	::: 0.4500 - 0.5150	::: 0.4600 - 0.5300	::: 0.4700 - 0.5300	::: 0.4700 - 0.5300	::: 0.4905	:	0.3400
-- Mostly	::: 0.4550 - 0.5100	::: 0.4550 - 0.5100	::: 0.4700 - 0.5200	::: 0.4750 - 0.5200	::: 0.4750 - 0.5200	::: 0.4898	:	0.3450
-- West (f.o.b.)	::: 0.4800 - 0.5600	::: 0.4800 - 0.5500	::: 0.4800 - 0.5500	::: 0.4925 - 0.5500	::: 0.4925 - 0.5500	::: 0.5180	:	0.3866
-- Mostly	::: 0.4875 - 0.5275	::: 0.4800 - 0.5325	::: 0.4925 - 0.5350	::: 0.5050 - 0.5375	::: 0.5075 - 0.5450	::: 0.5129	:	0.3963
-- Northeast (f.o.b.)	::: 0.4925 - 0.5775	::: 0.4975 - 0.5500	::: 0.4975 - 0.5400	::: 0.4975 - 0.5400	::: 0.5000 - 0.5375	::: 0.5238	:	0.3734

WHEY PROTEIN CONCENTRATE

-- Central And West (f.o.b.)								
-- Extra Grade 34% Protein	::: 1.4200 - 1.7500	::: 1.4500 - 1.6300	::: 1.4500 - 1.6300	::: 1.4700 - 1.6450	::: 1.4700 - 1.6500	::: 1.5558	:	0.9325
-- Mostly	::: 1.4300 - 1.5100	::: 1.4700 - 1.5500	::: 1.4700 - 1.5500	::: 1.4900 - 1.5500	::: 1.5100 - 1.5700	::: 1.5043	:	0.9238

ANIMAL FEED - WHEY

-- Central (f.o.b.)								
-- Milk Replacer	::: 0.3500 - 0.4800	::: 0.3500 - 0.4800	::: 0.3600 - 0.5200	::: 0.3700 - 0.5200	::: 0.3700 - 0.4900	::: 0.4288	:	0.2838

BUTTERMILK (Min. 30% protein)

-- Central And East (f.o.b.)	::: 1.4400 - 1.6200	::: 1.4400 - 1.6200	::: 1.4600 - 1.6200	::: 1.4600 - 1.6300	::: 1.4600 - 1.6300	::: 1.5367	:	1.2363
-- West (f.o.b.)	::: 1.5000 - 1.5675	::: 1.4500 - 1.5675	::: 1.4700 - 1.5300	::: 1.4650 - 1.5400	::: 1.4800 - 1.5500	::: 1.5114	:	1.2363
-- Mostly	::: 1.5100 - 1.5400	::: 1.4500 - 1.5450	::: 1.4700 - 1.5100	::: 1.4700 - 1.5100	::: 1.4900 - 1.5100	::: 1.5006	:	1.1975

WHOLE MILK POWDER

-- National (f.o.b.)	::: 1.9000 - 1.9700	::: 1.9000 - 1.9900	::: 1.9000 - 1.9900	::: 1.9000 - 2.0000	::: 1.9000 - 2.0000	::: 1.9440	:	1.5725
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LACTOSE

-- Central And West (f.o.b.)	::: 0.3600 - 0.5600	::: 0.3600 - 0.5600	::: 0.3600 - 0.5600	::: 0.3600 - 0.5600	::: 0.3600 - 0.5700	::: 0.4602	:	0.3131
-- Mostly	::: 0.4300 - 0.4800	::: 0.4300 - 0.5000	::: 0.4300 - 0.5000	::: 0.4300 - 0.5100	::: 0.4300 - 0.5100	::: 0.4640	:	0.3313

CASEIN - Edible - National (f.o.b.)

-- Nonrestricted - Rennet	::: 4.7600 - 5.1400	::: 4.7600 - 5.1400	::: 4.7600 - 5.1400	::: 4.7600 - 5.1400	::: 4.7600 - 5.1400	::: 4.9500	:	3.9000
-- Nonrestricted - Acid	::: 4.7000 - 5.1200	::: 4.7000 - 5.1200	::: 4.7000 - 5.1200	::: 4.7000 - 5.1200	::: 4.7000 - 5.1200	::: 4.9100	:	3.8750

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 MAY 2011

COMMODITY	REPORT NUMBER 18	REPORT NUMBER 19	REPORT NUMBER 20	REPORT NUMBER 21	REPORT NUMBER 22	2011 * Monthly Average	2010 * Monthly Average
	MAY 2 - 6	MAY 9 - 13	MAY 16 - 20	MAY 23 - 27	MAY 31		
BUTTER*							
-- GRADE AA							
--Monday	2.0750	2.0500	2.0000	2.0725	1/		
--Tuesday	2.0875	2.0400	2.0750	2.1225	2.1625		
--Wednesday	2.0950	1.9825	2.0700	2.1225			
--Thursday	2.0950	1.9250	2.0700	2.1800			
--Friday	2.0950	1.9500	2.0700	2.1800		2.0724	1.5896
--Weekly Average**	2.0895	1.9895	2.0570	2.1355			
CHEESE*							
-- BARRELS							
--Monday	1.6175	1.6600	1.6450	1.7125	1/		
--Tuesday	1.6175	1.6600	1.6525	1.7400	1.8700		
--Wednesday	1.6400	1.6525	1.6625	1.7550			
--Thursday	1.6525	1.6475	1.6900	1.7900			
--Friday	1.6600	1.6425	1.7100	1.8175		1.6902	1.4195
--Weekly Average**	1.6375	1.6525	1.6720	1.7630			
-- 40# BLOCKS							
--Monday	1.6225	1.6475	1.6300	1.7125	1/		
--Tuesday	1.6350	1.6475	1.6550	1.7400	1.8700		
--Wednesday	1.6400	1.6200	1.6675	1.7800			
--Thursday	1.6500	1.6200	1.6900	1.7875			
--Friday	1.6475	1.6225	1.7075	1.8100		1.6858	1.4420
--Weekly Average**	1.6390	1.6315	1.6700	1.7660			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.8000	1.6400	1.6350	1.6100	1/		
--Tuesday	1.8000	1.6400	1.6350	1.6100	1.6100		
--Wednesday	1.7200	1.6400	1.6350	1.6100			
--Thursday	1.6800	1.6350	1.6200	1.6100			
--Friday	1.6400	1.6350	1.6100	1.6100		1.6488	1.2930
--Weekly Average**	1.7280	1.6380	1.6270	1.6100			
-- GRADE A							
--Monday	1.6450	1.6400	1.6300	1.6200	1/		
--Tuesday	1.6450	1.6350	1.6300	1.6250	1.6400		
--Wednesday	1.6400	1.6350	1.6200	1.6400			
--Thursday	1.6400	1.6350	1.6200	1.6400			
--Friday	1.6400	1.6300	1.6200	1.6400		1.6338	1.3179
--Weekly Average**	1.6420	1.6350	1.6240	1.6330			

* 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

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2011 advanced 1 point to 204. Compared with May 2010, the index was up 23 points (12.7 percent). The index of prices received by farmers for dairy products declined 1 point during the month of May 2011 to 149. Compared with May 2010, the index was up 34 points (29.6 percent).

The All Milk price received by farmers in May was \$19.40, down \$0.20 from April.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 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	
	APRIL		MAY		MAY		MAY		MAY	
	2011	2010	2011 <u>5/</u>	2010	2011 <u>5/</u>	2010	2011	2010	2011 <u>5/</u>	2010
CA	18.19	13.31	17.40	13.60	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		---	59.40	239.00	123.00
ID	17.70	13.70	17.50	14.30			---	63.60	192.00	97.00
MI	20.60	15.00	20.80	15.60			---	58.00	110.00	135.00
MN	19.10	14.60	19.20	14.90			---	62.80	115.00	115.00
NM	19.20	14.10	19.30	14.50			---	66.00	220.00	153.00
NY	21.20	15.50	21.10	16.00			---	---	150.00	120.00
PA	21.50	16.30	21.40	16.90			---	55.50	155.00	130.00
TX	20.40	15.40	20.60	15.70			---	54.00	200.00	183.00
WA	20.30	14.30	20.40	15.00			---	---	155.00	125.00
WI	19.20	14.50	19.10	14.90			---	58.80	100.00	120.00
U.S.	19.60	14.60	19.40	15.00			79.10	59.00	186.00	121.00

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., MAY 2011 WITH COMPARISONS

ITEM	MAY 2010	APRIL 2011	MAY 2011 <u>1/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test: <u>2/</u>			
All milk	14.80	19.60	19.40
Fluid grade milk <u>3/</u>	---	---	---
Manufacturing grade milk <u>3/</u>	---	---	---
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	138	175	174
Prices received by farmers for dairy products	115	150	149
Prices paid by farmers for commodities and services, interest taxes, and wage rates	181	203	204
Prices paid by farmers for production items	186	215	216
Prices paid by farmers for feed	172	222	228
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.17	1.83	1.74

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 hay.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, May 2011.*

APRIL 2011 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 158.8 million pounds in April, 19.4 percent above April 2010 but 3.7 below March 2011. **AMERICAN TYPE CHEESE** production totaled 356.6 million pounds, 1.0 percent below April 2010 and 2.6 percent below March 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 882.0 million pounds, 2.1 percent above April 2010 but 3.2 percent below March 2011. **NONFAT DRY MILK** production, for human food, totaled 146.2 million pounds, 4.4 percent below April 2010 but 16.2 percent above March 2011. **DRY WHEY** production, for human food, was 85.9 million pounds, 4.0 percent above April 2010 but 6.8 percent below March 2011. **ICE CREAM** (hard) production totaled 75.5 million gallons, 3.7 percent below April 2010 but 1.1 percent above March 2011.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	APR 2011	PERCENT CHANGE FROM:			PRODUCT	APR 2011	PERCENT CHANGE FROM:		
	1,000 LBS.	APR 2010	MAR 2011	YEAR TO DATE 1/		1,000 LBS.	APR 2010	MAR 2011	YEAR TO DATE 1/
BUTTER	158,819	19.4	-3.7	11.2	SOUR CREAM	104,027	11.2	-6.2	2.6
CHEESE					YOGURT (PLAIN AND FLAVORED)	357,705	4.7	-9.9	3.9
AMERICAN TYPES 2/	356,552	-1.0	-2.6	1.1	DRY WHEY, HUMAN FOOD	85,873	4.0	-6.8	---
CHEDDAR	263,376	-3.3	-1.4	-2.0	DRY WHEY, ANIMAL FEED	6,284	21.8	185.9	---
OTHER AMERICAN	93,176	5.9	-5.7	---	DRY WHEY, TOTAL 8/	92,157	5.0	-2.3	4.4
BRICK & MUENSTER	11,071	7.1	-8.1	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	54,370	-3.4	-5.1	---	HUMAN FOOD	2,154	4.8	24.1	---
HISPANIC	18,513	3.5	-9.5	---	ANIMAL FEED	4,710	9.0	-5.2	---
TOTAL ITALIAN TYPES	384,872	5.0	-3.7	5.9	LACTOSE, HUMAN FOOD & ANIMAL FEED	80,250	9.5	-5.4	14.8
MOZZARELLA	300,015	4.1	-3.3	5.4	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	84,857	8.1	-5.0	---	HUMAN FOOD 9/	31,554	-6.5	-8.2	---
SWISS	27,633	-3.2	-1.5	---	ANIMAL FEED 9/	2,537	0.4	-12.7	---
ALL OTHER TYPES	28,982	20.0	3.4	---	TOTAL 9/	34,091	-6.0	-8.5	-1.5
TOTAL	881,993	2.1	-3.2	3.2	25.0-49.9 PERCENT 10/	18,829	-6.5	-10.6	---
COTTAGE CHEESE, CURD 3/	35,894	-1.4	-6.9	---	50.0-89.9 PERCENT 10/	15,262	-5.4	-5.7	---
COTTAGE CHEESE, CREAM 4/	27,401	0.1	-5.4	-0.5	PROTEIN ISOLATES 11/	4,680	2.6	-6.8	---
COTTAGE CHEESE, LOWFAT 5/	33,410	1.2	-9.0	1.0	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	39,536	3.2	-16.0	---	ICE CREAM (HARD)	75,467	-3.7	1.1	-2.5
DRY BUTTERMILK	7,863	19.6	-10.2	---	ICE CREAM, LOWFAT (HARD)	13,840	2.7	-4.4	---
DRY WHOLE MILK	7,681	98.0	4.3	---	ICE CREAM, LOWFAT (SOFT)	22,297	-4.0	1.1	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	11,577	-4.4	22.1	---	ICE CREAM, LOWFAT (TOTAL)	36,137	-1.5	-1.1	2.8
NONFAT DRY MILK (NDM), HUMAN	146,242	-4.4	16.2	-7.5	SHERBET, HARD	3,786	-24.3	-14.6	-14.8
SKIM MILK POWDERS (SMP) 7/	27,008	86.7	-35.4	70.9	YOGURT (TOTAL)	4,325	-5.1	-7.9	7.7

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	APR 2011	PERCENT OF:		PRODUCT	APR 2011	PERCENT OF:	
	1,000 LBS.	APR 2010	MAR 2011		1,000 LBS.	APR 2010	MAR 2011
DRY WHEY, HUMAN FOOD	54,431	4.9	11.2	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	1,877	34.8	-6.2	HUMAN FOOD 9/	30,595	-15.0	6.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	3,800	-61.3	5.0	ANIMAL FEED 9/	1,775	-29.1	16.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	77,404	4.4	4.0	TOTAL 9/	32,370	-16.0	6.8
CANNED EVAP & CONDSO WHOLE MILK	60,565	-32.2	13.3	25.0-49.9 PERCENT 10/	14,452	-36.3	5.3
DRY BUTTERMILK	16,828	113.5	3.9	50.0-89.9 PERCENT 10/	17,918	13.1	8.0
NONFAT DRY MILK (NDM), HUMAN FOOD	149,872	3.1	21.1	PROTEIN ISOLATES 11/	4,291	-57.1	4.5

1/ 2011 cumulative as percent change of 2010 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: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. Dairy Products, June 2011.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MAY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for May 2011 is \$2.2497 per pound. Thus, the Class II butterfat price is \$2.2567. The protein and other solids prices for May are \$2.3133 and \$0.3026 per pound, respectively. These component prices set the Class III skim milk price at \$8.96 per cwt. The May Class IV skim milk price is \$12.87 which is derived from the nonfat solids price of \$1.4298 per pound. **Product Price Averages:** The product price averages for May are: butter \$2.0292, nonfat dry milk \$1.6120, cheese \$1.6534, and dry whey \$0.4929.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	MAY 2011				JUNE 2011
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	23.00	20.63	16.52	20.29	23.57
Appalachian (Charlotte) ^{5/} _{6/}	005	23.15	20.63	16.52	20.29	23.72
Southeast (Atlanta) ^{6/} _{7/}	007	23.55	20.63	16.52	20.29	24.12
Florida (Tampa) ^{6/} _{8/}	006	25.15	20.63	16.52	20.29	25.72
Midwest (Cleveland) ^{9/}	033	21.75	20.63	16.52	20.29	22.32
Upper Midwest (Chicago) ^{10/}	030	21.55	20.63	16.52	20.29	22.12
Central (Kansas City) ^{11/}	032	21.75	20.63	16.52	20.29	22.32
Southwest (Dallas) ^{12/}	126	22.75	20.63	16.52	20.29	23.32
Arizona (Phoenix)	131	22.10	20.63	16.52	20.29	22.67
Pacific Northwest (Seattle) ^{13/}	124	21.65	20.63	16.52	20.29	22.22
All-Market Average	---	22.64	20.63	16.52	20.29	23.21

^{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.

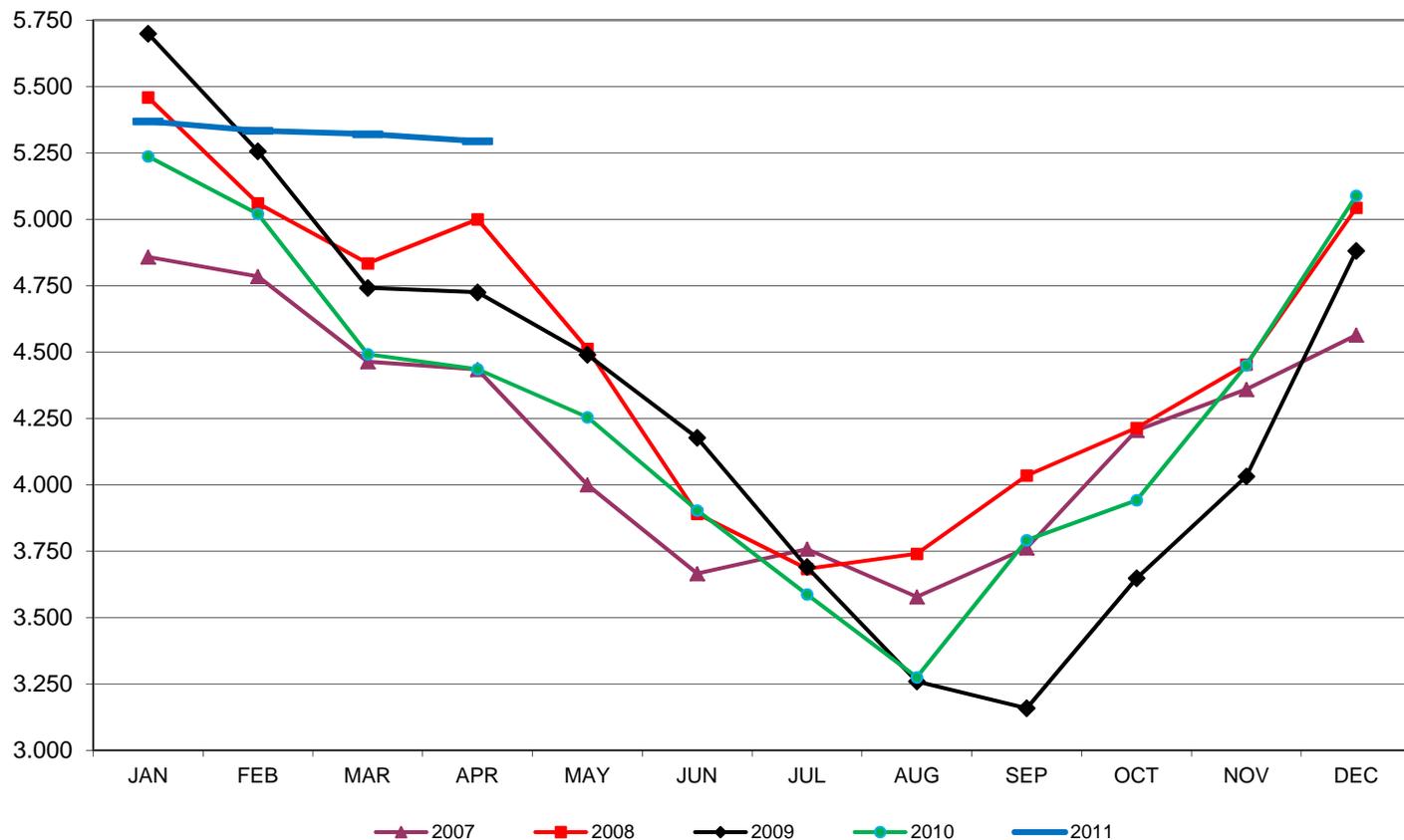
^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

^{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.

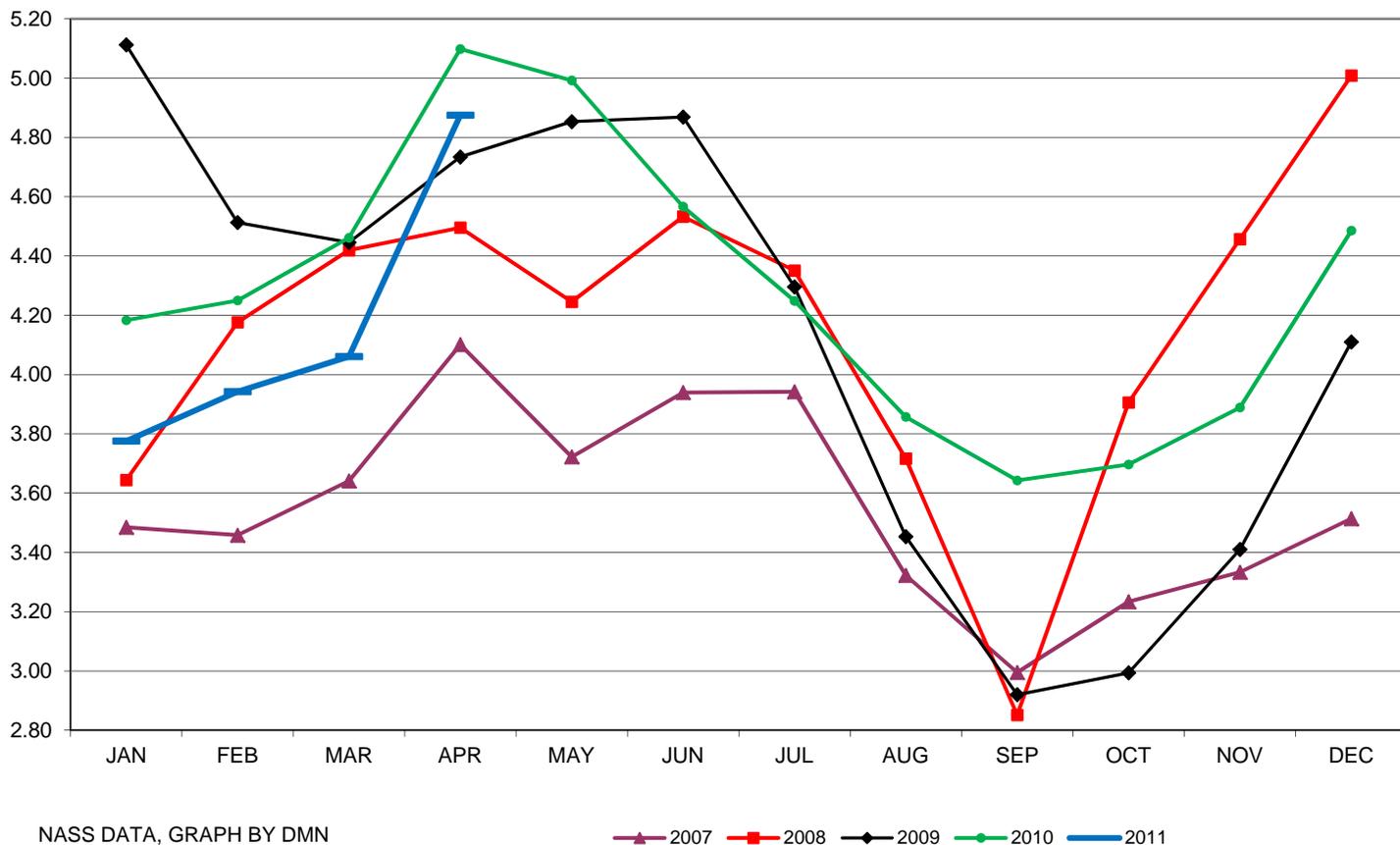
MILLION POUNDS

DAILY AVERAGE U.S. BUTTER PRODUCTION



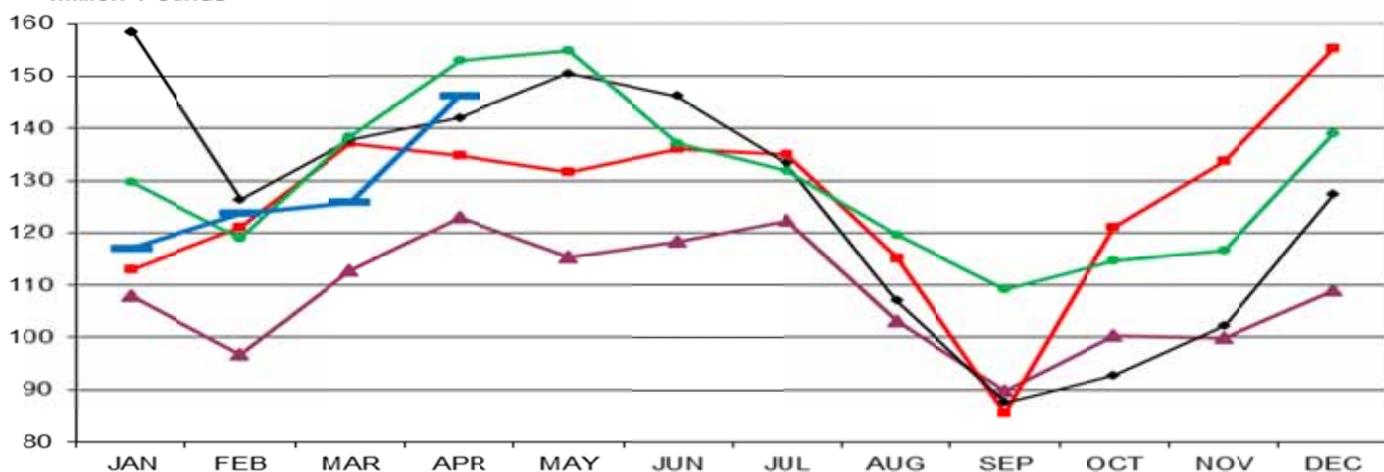
MILLION POUNDS

DAILY AVERAGE U.S. NDM PRODUCTION



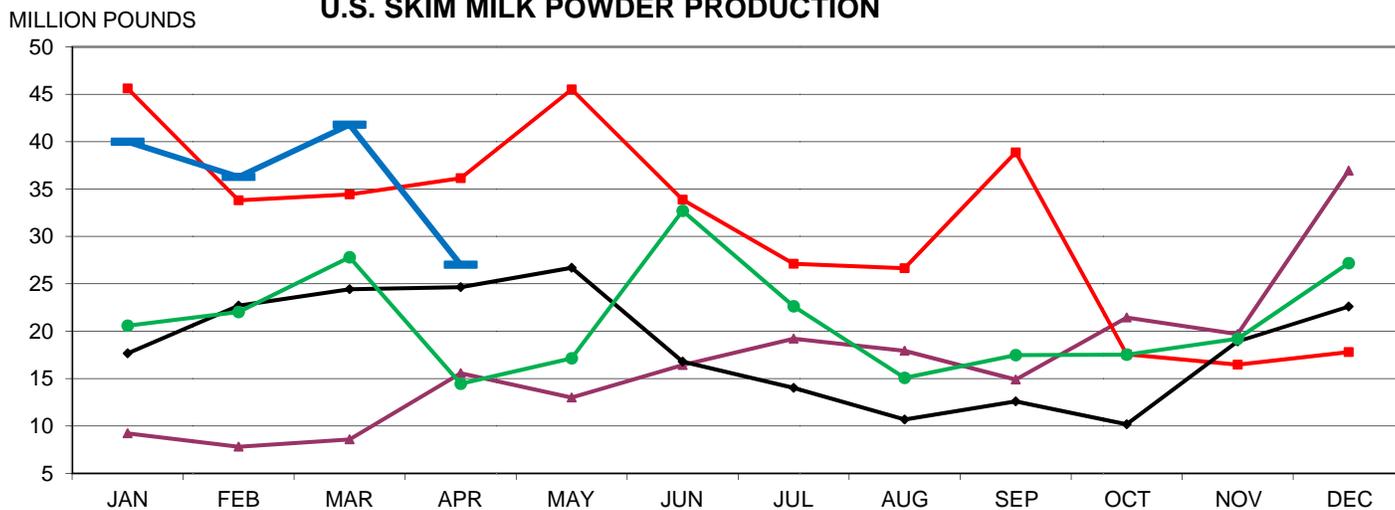
NASS DATA, GRAPH BY DMN

U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN



06/01/2011 - Graph USDA, DMN; Source: NASS Data ▲ 2007 ■ 2008 ◆ 2009 ● 2010 ■ 2011

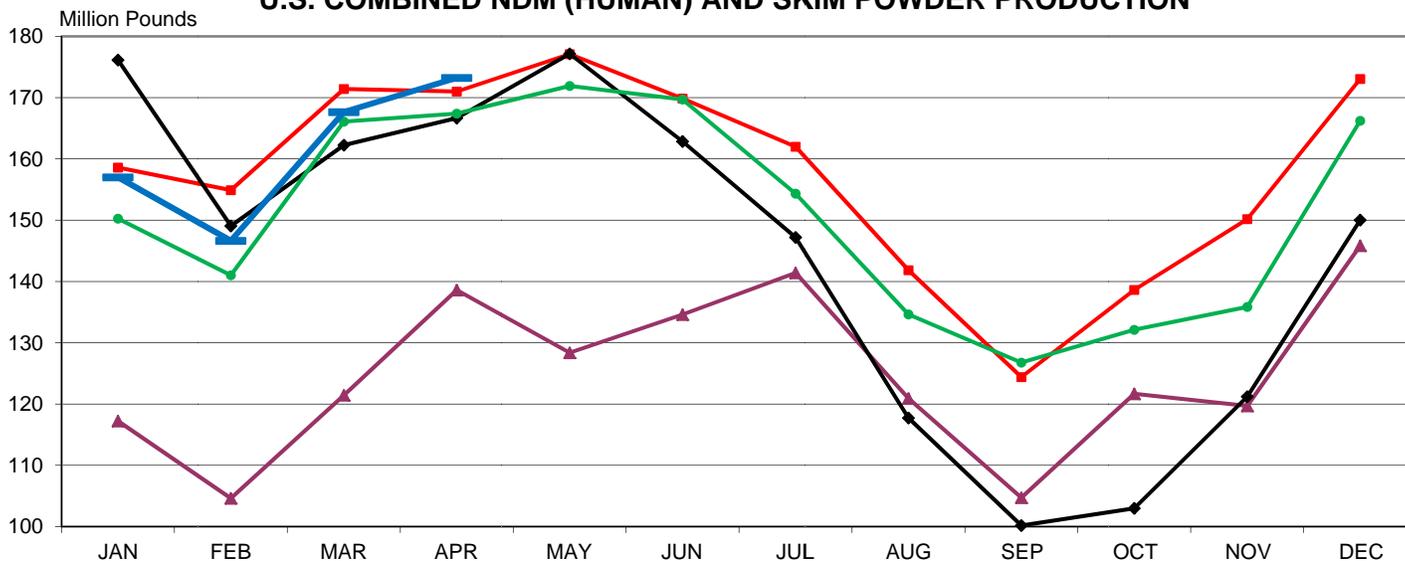
U.S. SKIM MILK POWDER PRODUCTION



NASS DATA, GRAPH BY DMN

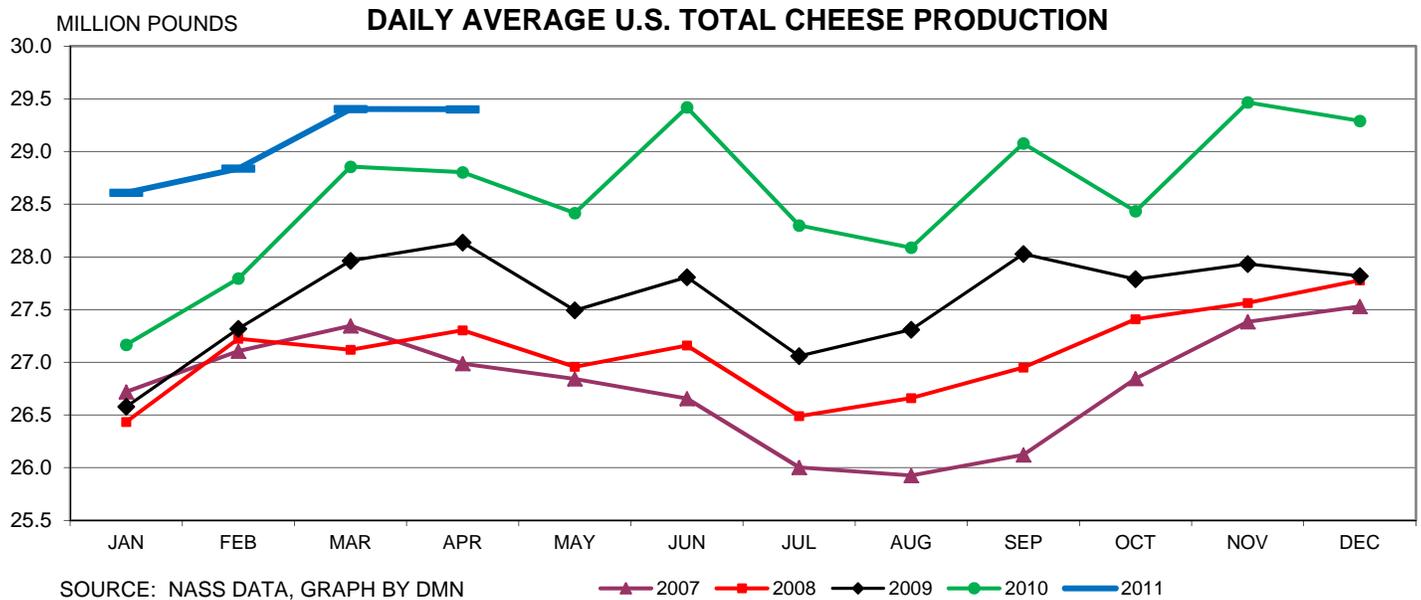
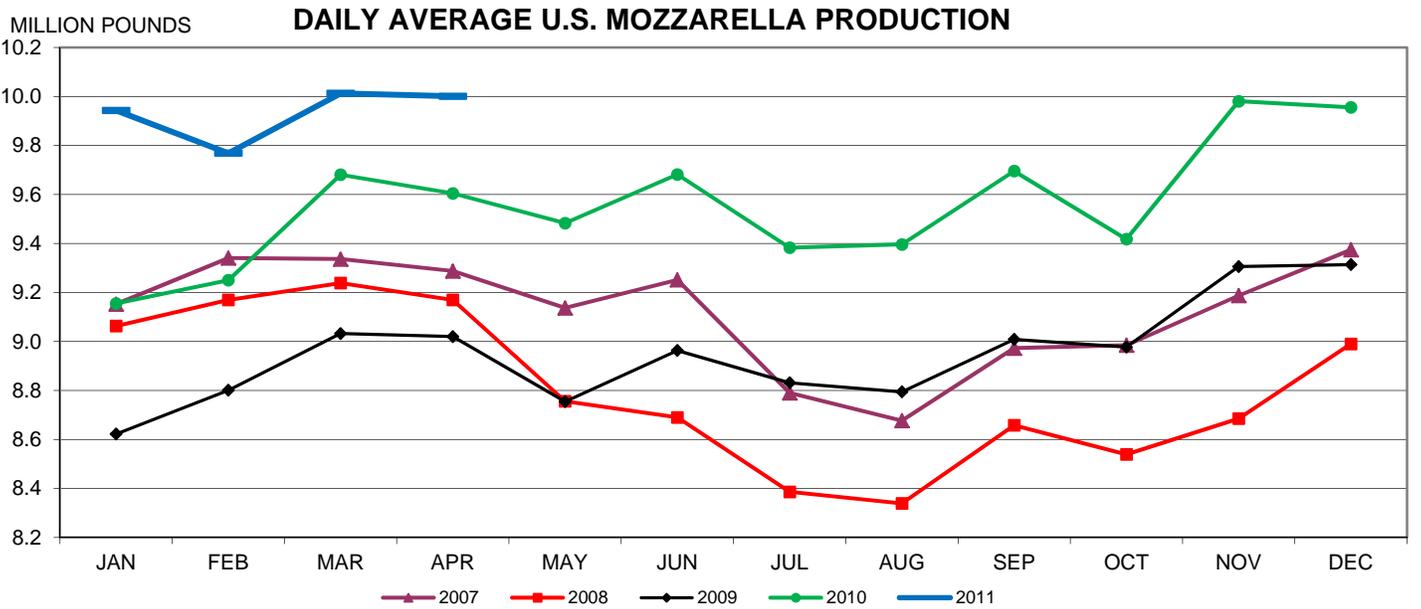
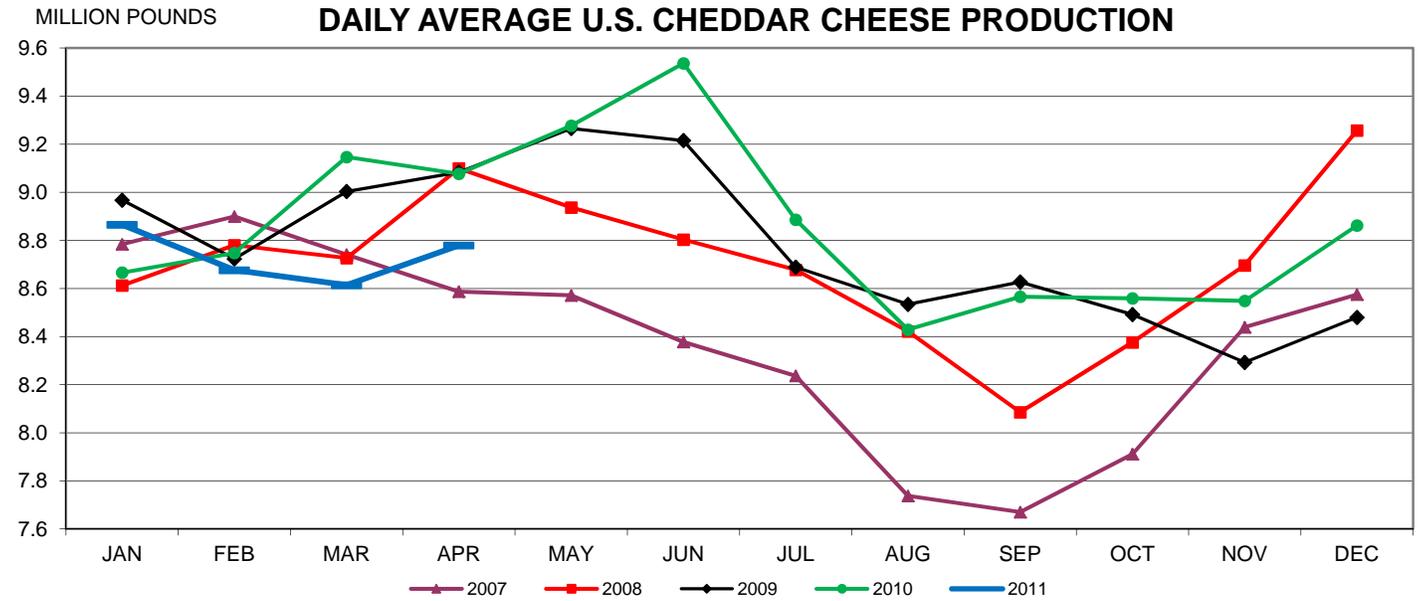
▲ 2007 ■ 2008 ◆ 2009 ● 2010 ■ 2011

U.S. COMBINED NDM (HUMAN) AND SKIM POWDER PRODUCTION



GRAPH BY DMN: NASS DATA

▲ 2007 ■ 2008 ◆ 2009 ● 2010 ■ 2011



SOURCE: NASS DATA, GRAPH BY DMN

2007 2008 2009 2010 2011

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