

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (06/17):**

**BUTTER:** Grade AA closed at \$2.1400. The weekly average for Grade AA is \$2.1400 (+.0225).

**CHEESE:** Barrels closed at \$2.0675 and 40# blocks at \$2.1200. The weekly average for barrels is \$2.0725 (+.0120) and blocks, \$2.1125 (+.0020).

**BUTTER HIGHLIGHTS:** The CME Group cash butter price firmed early in the week and remained steady for the balance, closing the week at \$2.1400. Churning schedules are trending seasonally lower as cream volumes decline. Cream pricing multiples generally firmed this week as competition for available cream volumes increases. Class II needs are increasing seasonally, especially for ice cream, thus pulling cream away from butter production. This is a typical trend for this time of the season, thus churning schedules are often declining from recent levels. Butter demand is holding steady at fairly good levels. Current churning activity is providing fully sufficient volumes of butter for current needs with some surplus clearing to inventory. In most instances, butter inventories are lighter than desired for this time of the season. Many butter producers are indicating that current butter sales at current price levels are not all that bad. Many do continue to voice their concerns about butter stocks for future needs.

**CHEESE HIGHLIGHTS:** The cheese market is about steady, though with an unsettled undertone. Buyers ordering under monthly average systems are steady while orders from buyers using weekly averages are both higher and lower at current price levels. Reports indicate some bulk buyers are interested in purchasing product with some age from inventory rather than pay current CME Group cash prices. The sellers are clearing pre-Memorial Day product for a nice profit. Milk availability continues to impact cheese production. In Northern states, heat and humidity caused intakes to slide though a slight rebound occurred this week as weather cooled. Components and cheese yields declined and are unlikely to rebound much, if any, until fall.

**FLUID MILK:** Milk production across the country is at or on both sides of seasonal high levels. Hot/humid weather patterns, especially in the Southern tier of states from Florida to Arizona, are significantly influencing a down tick in milk volumes. In some areas further north, hot/humid weather patterns of recent days have moderated, but milk volumes lost during that period are having difficulty in recovery. Class I demand across the country is settling into a summer mode. Most schools have closed for the summer months, thus bottling schedules are geared toward retail needs. Cream market trends are firming. Butter prices are trending slightly higher with cream pricing multiples and premiums increasing. Cream demand is showing gains from ice cream accounts with increasing interest noted. Offerings are moderate to heavy for this time of the season and holding up rather well.

**DRY PRODUCTS:** Domestic dry product markets are basically firm with prices steady to generally higher, although buttermilk powder prices are mixed. The nonfat dry milk powder market is firm with prices steady to

generally higher across the country. Pricing indices are often higher and seemingly are affecting the current market trend more so than new sales. Drying schedules are generally at capacity levels with some manufacturers reporting some room for additional milk volumes. Nonfat production in the East increased this week as an electrical fire at an Eastern balancing plant, caused milk shipments to be reallocated to various plants, resulting in increased volumes of condensed skim being channeled to alternate dryers. Slightly firmer market trends are unaggressive with current spot sales limited. Buttermilk powder markets and prices are firm. Drying schedules are often lighter as butter production is trending lower, thus generating lighter buttermilk volumes. Overall buttermilk powder demand is lighter than projected by many manufacturers and supplies are moderate to heavier. Whey powder markets and prices are firm. Cheese production is seasonally active, although varying milk volumes across the country are causing cheese output to also vary, thus whey volumes for some are lighter. Little powder is available for the spot market as most is fulfilling contract needs.

**ORGANIA DAIRY MARKET NEWS (DMN):** AMS reports Total Organic Milk Products sales for April 2011, 170 million pounds, were up 19.9% from April 2010 sales. Organic Whole Milk sales for April 2011, 41 million pounds, were up 23.0% compared with April 2010. Organic dairy weekly supermarket newspaper advertising set a record for the highest number of ads since this data series began in the fall of 2009. This record setting pace of retail advertising was driven by ads for both organic milk in half gallon containers and organic yogurt. Each also set records for the highest level of ads since the fall of 2009. This was also the first time that each set all-time records during the same two week period. The vast majority of organic yogurt ad placements are for 6 ounce yogurt, 2,338, about seven times as many as for 5.3 ounce Greek Yogurt, 333. While organic milk ads are heavily weighted toward private label or store brands rather than national brands, the opposite is true for yogurt, where all ads are for national brands. Advertised pricing for organic milk in half gallons decreased this period from the highest weighted average advertised price since the fall of 2009, to \$3.04, a decrease of 94 cents in the weighted average advertised price. Newspaper ads for gallon containers of organic milk occurred only in the Northwest region. All ads listed a price of \$4.99. Organic yogurt in 6 ounce containers has a weighted average advertised price of 81 cents, 21 cents above two weeks ago.

**INTERNATIONAL UPDATE (DMN):** The June 15 g/DT session 46 results showed basically weaker average prices for all contracting periods and products traded except the near term casein contract and all three contracting periods of whole milk powder. For the nearby August 2011 contracts, prices and changes from the previous session are: anhydrous milk fat, \$5,363/MT, -

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY JUN 13	TUESDAY JUN 14	WEDNESDAY JUN 15	THURSDAY JUN 16	FRIDAY JUN 17	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$2.0700 (+.0025)	\$2.0725 (+.0025)	\$2.0750 (+.0025)	\$2.0775 (+.0025)	\$2.0675 (-.0100)	:: :: (N.C.)	:: :: \$2.0725 :: (+.0120)
40# BLOCKS	\$2.1100 (N.C.)	\$2.1100 (N.C.)	\$2.1100 (N.C.)	\$2.1125 (+.0025)	\$2.1200 (+.0075)	:: :: (+.0100)	:: :: \$2.1125 :: (+.0020)
<b>NONFAT DRY MILK</b>							
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 :: (N.C.)
GRADE A	\$1.6500 (N.C.)	\$1.6550 (+.0050)	\$1.6550 (N.C.)	\$1.6550 (N.C.)	\$1.6525 (-.0025)	:: :: (+.0025)	:: :: \$1.6535 :: (+.0090)
<b>BUTTER</b>							
GRADE AA	\$2.1400 (+.0100)	\$2.1400 (N.C.)	\$2.1400 (N.C.)	\$2.1400 (N.C.)	\$2.1400 (N.C.)	:: :: (+.0100)	:: :: \$2.1400 :: (+.0225)

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6.9%; skim milk powder, \$4,364/MT, -4.2%; whole milk powder, \$3,886, +2.6%, milk protein concentrate \$6,495/MT +0.2% and rennet casein \$9,900/MT -3.7%.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the Class I base price for July 2011 is \$21.03 per cwt. This price is derived from the Class IV skim milk pricing factor of \$13.17 and the advanced butterfat pricing factor of \$2.3770. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to June 2011, the Class I base price increased \$0.71 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.69 per cwt., \$0.059 per gallon; reduced fat milk (2%), \$0.56 per cwt., \$0.56 per cwt., \$0.048 per gallon; fat-free (skim milk), \$0.40 per cwt., \$0.035 per gallon. The advanced Class IV skim milk pricing factor is \$13.17. Thus, the Class II skim milk price for July is \$13.87 per cwt., and the Class II nonfat solids price is \$1.5411. The two-week product price averages for July are: butter \$2.1343, nonfat dry milk \$1.6462, cheese \$1.7934, and dry whey \$0.5201.

**APRIL FLUID MILK SALES (AMS):** During April, over 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.2% lower than April 2010. After adjusting for calendar composition, sales in April 2011 were 2.3% lower than April 2010. Estimated sales of total conventional fluid milk products decreased 2.9% from April 2010 and estimated sales of total organic fluid milk products increased 19.9% from a year earlier.

**MARCH MAILBOX PRICES (AMS & CDF):** In March 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.50, up \$1.57 from the previous month average and up \$5.58 from March 2010. The component tests of producer milk in March 2011 were: butterfat, 3.75%; protein, 3.09%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in March 2011 ranged from \$21.58 in Florida to \$19.07 in New Mexico.

**MAY PRICE AND POOL (AMS):** During May, more than 11.0 billion pounds of milk were received from producers. This volume of milk is 0.5% lower than the May 2010 volume. In May 2010 and May 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.6 billion pounds of producer milk were used in Class I products, 0.5% higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 33%, Class II = 10%, Class III = 48%, and Class IV = 9%. The weighted average statistical uniform price was \$19.44 per cwt., \$0.08 higher than last month and \$4.42 higher than last year.

## CME GROUP

MONDAY, JUNE 13, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0700; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6500; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.1400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.1500

TUESDAY, JUNE 14, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0725; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6550; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$2.1400

WEDNESDAY, JUNE 15, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$2.0750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$2.1225, 1 @ \$2.1400; LAST BID UNFILLED: 5 CARS GRADE AA @ \$2.1200; LAST OFFER UNCOVERED: NONE

THURSDAY, JUNE 16, 2011

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$2.0800, 1 @ \$2.0775; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.1125; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.1400; LAST OFFER UNCOVERED: NONE

FRIDAY, JUNE 17, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$2.0675; 1 CAR 40# BLOCKS @ \$2.1200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6525  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1400; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$2.1400. Butter prices have increased \$.0375 in the last 5 trading sessions. Butter production declined this week as a major butter making plant experienced an electrical fire, which shut down production with no specific timeline as to when production will resume. Other plants are making butter for mostly current orders with very little being added to inventories. Demand for cream has turned very strong this week from ice cream and cream cheese concerns. Multiples moved higher and range from 130-140 with some sales above the upper end of the range. Current production and inventories are being monitored closely as butter makers continue to walk the line between too little for the fall season and too much at current prices. Domestic demand for butter has slowed, but export interest remains good. Prices for bulk butter 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 4 cents to \$2.1400 at midweek, but is 4 cents lower than the \$2.1800 high of 3 weeks ago. The CME cash price remains unsettled with 2 cars of AA butter sold as low as \$2.1225 at midweek. Last year at this time, the cash butter price was \$1.6150 and began a gradual increase until late September when the cash price reached \$2.2350. Churning schedules in the Central part of the country remain seasonally active, but inventories are not building as quickly as many butter producers and handlers anticipated. Some butter producers that have been getting cream volumes from supplementary sources are indicating that these volumes are declining, and in some instances have ceased, especially as Class II demand increases. Although it is mid-June, some butter producers are indicating that cream supplies appear to be tightening sooner than in recent years. Overall butter orders are good, thus much of current production is clearing through current demand. Butter producers are very pleased with current orders, especially with prices at the retail level often higher than usual for this time of the year. Retailers are stating that it appears that consumers are not as hesitant to purchase needed butter volumes, even though prices are firm when compared to previous years. Food service orders are steady, but are slightly lighter than previous summer periods. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

## WEST

In the last five trading sessions at the CME Group, butter prices have increased 4 cents to stand at \$2.14 at midweek. Five cars have been sold this week. The CME price on June 15, 2010, was \$1.6150 and the price in 2009 was \$1.22. Most butter contacts in the West are reporting lower stocks than historically is the norm for this time of the production year, but as the numbers above indicate, prices are not this high normally during the spring flush. More contacts are indicating that they are more than happy to continue selling current production at these prices versus having to make the decision related to whether they should store it for future, fall needs. Less cream is heading to the churns this week as other cream users ramp up production seasonally. Ice cream plants are reacting to some warmer weather and ramping up production. Multiples seem to be moving higher. 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 Foreign Agricultural Service, exports of butter and milkfat for January-April 2011 total 60.5 million pounds, up 104%, or 30.8 million pounds, from January-April 2010. Saudi Arabia is the largest importer with a 64% increase (+4.6 million pounds) above last year's amount. The total exports account for 9.5% of butter production in the U.S. for January-April 2011.

## U.S. Butter and Milkfat Exports, (USDA-FAS)

	2011 Exports	% Change From
	Monthly Exports	1 Year Ago
April	8.6	+ 115
	Jan.- Apr. (Million Lb.)	1 Year Ago
World	60.5	+ 104
Saudi Arabia	11.8	+ 64
Mexico	6.1	+ 405
Morocco	5.2	+ 79
Denmark	4.9	+ 1,314
Canada	4.4	+ 70

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
June 11	1.7901 11,639,915	1.8565 9,687,661	1.6524 19,584,647	2.1453 3,381,902	0.5239 9,264,659

## CHEESE MARKETS

## NORTHEAST

Cheese prices on the CME Group Tuesday, saw barrels increase \$.0025 and close at \$2.0725, while blocks were unchanged and closed at \$2.1100. Barrel prices have shown the most strength in the last 5 trading sessions, increasing \$.0225, while blocks were unchanged during the same period. Weekly average prices moved higher, reflecting recent CME Group price increases and resulted in higher wholesale prices. Process 5# Sliced cheese increased \$.1625, while Cheddar 40# Block and Muenster increased \$.1675. Wholesale prices for Swiss Cuts were unchanged. Cheese production is mixed with some production declines, due to lower milk intakes, being offset with increased production from cream cheese makers. Orders for mozzarella, provolone and aged cheddar continue to be steady. Some cheese makers have expressed concern that the higher CME Group cheese prices will decrease domestic demand. Export demand for cheese continues to be good.

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

Cheddar 40# Block	:	2.4275-2.7025
Process 5# Sliced	:	2.1675-2.4775
Muenster	:	2.4475-2.6525
Grade A Swiss Cuts 10 - 14#	:	3.3875-3.7100

## MIDWEST

The cheese market is steady, though with an unsettled undertone. Basically, as "hold" cheese gets replaced, new interest in additional cheese at current prices is more limited. Customers are starting to wonder if cheese is this tight around spring flush, what will it be like this fall when milk and cheese volumes decline and Class I requires a larger share of the total milk supply? Bulk cheese buyers are highly resistant to current prices and prefer to purchase older product at generally lower prices (below \$2.00) from inventory. Some planned inventories are being emptied as buyers take a profit on product stored before Memorial Day. Buyers on monthly average pricing programs have been insulated from the post-Memorial Day increases and are adding inventory to work off in July. Heat and humidity last week caused milk volumes to decline though more seasonal temperatures may allow a rebound to occur. Milk components also declined in the heat and are unlikely to rebound until fall, reducing cheese yields.

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

Process American 5# Loaf	:	2.2400-2.6100
Brick And/Or Muenster 5#	:	2.3300-2.6200
Cheddar 40# Block	:	2.1700-2.8650
Monterey Jack 10#	:	2.2800-2.8650
Blue 5#	:	2.9375-3.0500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2400-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.7900-3.3300

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

BUTTER	:	CHEESE
	:	
06/13/11	8,472	: 127,470
06/01/11	8,187	: 124,401
CHANGE	285	: 3,069
% CHANGE	3	: 2

## WEST

Prices for block cheese at the CME Group have held steady for the last five trading sessions to close at \$2.11 at midweek. Barrel cheese prices have increased 3/4 cent, in the same period, to close at \$2.0750. For comparison purposes, the block price on June 15, 2010, was \$1.39 and the price in 2009 was \$1.15. Contacts continue to state that current cheese remains on the tight side. Buyers are not happy with current price levels, but if they have to have cheese now they are paying up. Those that are on monthly price contracts have not been impacted nearly as much as other buyers. The major increase has occurred in just the last two weeks. In fact, some of them are buying ahead of possible increases. Milk supplies in the northern section of the region are still scaling up as there has not been any negative weather stress yet. In the south, California is still doing fine, but further east, conditions are more seasonal and milk is declining. Swiss sales activity is rated as very good for this time of year. According to FAS, exports of cheese and curd for January-April 2011 total 175.4 million pounds, up 68% (+71.1 million pounds) from January-April 2010. The exports account for 5% of total cheese production in the U.S. for the period. Mexico was the largest importer of cheese with 39 million pounds or 22.2% of U.S. cheese exports.

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

Process 5# Loaf	:	2.1850-2.4425
Cheddar 40# Block	:	2.2400-2.5925
Cheddar 10# Cuts	:	2.4200-2.6400
Monterey Jack 10#	:	2.4300-2.5900
Grade A Swiss Cuts 6 - 9#	:	2.9650-3.3950

## FOREIGN

The weekly average CME Group block cheese price moved significantly higher for the second straight week, causing wholesale prices to increase \$.1675 for all domestic varieties. Prices for Swiss cuts and imported varieties were unchanged. Cheese importers are preparing for August 1, when they will be required to pay the dairy import assessment, a fee equivalent to 7.5 cents per hundredweight of milk solids for imported products.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		:
Blue	:	2.6400-4.6900	: 2.5675-4.0550*
Gorgonzola	:	3.6900-6.3900	: 3.0700-3.3300*
Parmesan (Italy)	:	-0-	: 3.6850-4.1000*
Provolone (Italy)	:	3.4400-6.2900	: 2.6100-2.7675*
Romano (Cows Milk)	:	-0-	: 3.7575-5.9000*
Sardo Romano (Argentine)	:	2.8500-3.6900	: -0-
Reggianito (Argentine)	:	3.2900-3.8300	: -0-
Jarlsberg-(Brand)	:	2.9500-4.8900	: -0-
Swiss Cuts Switzerland	:	-0-	: 3.4800-3.8025
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-

## CHEESE MARKETS

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## U.S. Cheese and Curd Exports, (USDA-FAS)

	2011 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
April	40.7	+ 28
Cumulative World	Jan.- Apr. 175.4	1 Year Ago + 68
Mexico	39.0	+ 25
South Korea	31.0	+ 172
Japan	15.7	+ 64
Egypt	8.5	+ 187
Saudi Arabia	7.7	+ 131

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	260	0	325	0	349
SOUTHEAST STATES	0	0	0	0	0	0

An electrical fire at a major balancing plant in the East, causing manufacturing shut downs, resulted in milk being reallocated to other plants. Some production delays and rerouting of milk may continue as the plant makes the necessary repairs. Good industry cooperation in this matter has limited milk shipment and processing delays. In the Northeast, milk production has leveled off with some areas noting some marginal declines after heat and humidity covered portions of the region last week. Most hay and alfalfa conditions are good to excellent with harvest activities in full swing. Temperatures and humidity levels have declined in the Mid-Atlantic region, but milk production is at a lower level after the recent extended period of hot weather. Milk production declines have become significant in the Southeast after hot humid weather also blanketed the region. Class I demand has increased as numerous stores have increased gallon jug sales via features and promotions. Transport and temperature issues are less of a problem this week, due to moderating weather patterns in the region. Florida continues to be hot and dry with high's over 100 degrees and low's in the mid 70's. Higher humidity levels are lessening cow comfort levels and milk production is dropping relatively fast. Class I demand has picked up from recent levels, also due to features and promotions. Demand for cream has turned very strong this week, due to increased ice cream and cream cheese production. Multiples moved higher and range from 130-140 with some sales above the upper end of the range. Berry harvests continue in numerous Eastern states, which have increased whipping cream production and add to cream demand. Condensed skim availability is limited as milk production is declining in most Eastern regions, with most supplies moving through contracts and/or being channeled to dryers with very few spot sales.

## 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 -	2.7528-2.9645
F.O.B. producing plants: Upper Midwest -	2.7528-2.8375

## 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 - 1.20

## MIDWEST

Class I interest continues at lighter summer levels. Most remaining schools will close for the summer this week. Ice cream production is light to seasonal as consumer demand continues to react to warmer weather. Other Class II product interest, depending on product, is still strong for the June wedding/graduation season. Churning is generally lighter and often centered on weekends when other users are closed. Declines in fat tests and less standardized cream from bottlers have tightened the supply and multiples are steady to often higher. Some cream from the West continues to supplement local offerings but finding an available truck/trucker is limiting some deals. Comments from handlers and buyers in the upper Midwest concern current and fall milk availability. For spot manufacturing milk buyers, reports indicate that the best prices most can expect is around flat class with premiums becoming more often. After the heat abated last week, cooler temperatures have caused some plant milk receipts to rebound slightly. Whether the levels will be higher than before the heat or if the spring peak intakes hit a

delayed annual peak may take another week to determine in northern states. Regardless, milk components are lower and are unlikely to recover until fall. Further south, continued heat has impacted production less severely as heat abatement equipment is common. Most first crop hay/haylage has been harvested with the quality affected by rain in many locations. Reports indicate that most spring planted crops are in. Concerns about how much cropland may get flooded in the Missouri River basin could affect winter feed stocks in affected areas.

## WEST

The July 2011 Class 1 prices in CALIFORNIA range from \$22.38 in the north to \$22.65 in the south. The statewide average Class 1 price based on production is \$22.40. The average is \$0.97 higher than June 2011 and \$5.23 more than July 2010. CALIFORNIA milk output is mostly steady at sustained high levels, holding below the seasonal peak levels. Temperatures and weather conditions remain favorable for milk cows and conducive for sustaining the milk volumes. Processing plants are operating at or near full levels, especially where some milk has been moved out of cheese plants. Milk, condensed skim, and cream continue to move around within the state and to out of state plants to find processing help and keep supplies balanced. Higher milk prices are being seen and giving producers more incentive to make milk, in spite of the higher feed input costs. Class 1 milk demand is uneven. The trade is speculating what affect the largest school district in the state banning flavored milk after July 1 will have on milk consumption and if similar bans or restrictions will replicate in other districts. ARIZONA milk production is dipping with the hotter weather condition occurring across the state. Temperatures are reaching over 110 degrees, and starting the "monsoon" season. Humidity levels remain low and are forecast to not increase for several weeks. The lack of humidity allows misting and other heat abatement measures to work more efficiently. Processing plants are running on active schedules to process local milk and due to taking in outside milk and condensed skim. Class I demand is flat at seasonally low levels. NEW MEXICO milk production levels are steady to slightly lower. Processing plants are running on active schedules and are at levels above expectations for mid-June. Favorable weather conditions and higher milk prices are two of the positive factors helping sustain milk levels. Class I interest is light. CREAM market trends are firming. Butter prices are trending slightly higher with multiples and premiums increasing. Cream demand is showing gains from ice cream accounts with increasing interest noted. Offerings are moderate to heavy for this time of the season and holding up rather well. Cream shipments out of the region are increasing and filling needs in other regions. The CME butter price closed at \$2.1400 at midweek, up 4 cents from a week ago. Cream multiples are higher, range from 113-135, and vary based on class usage and basing point. Conditions continue to warm up slowly in the PACIFIC NORTHWEST this June. Some progress is being made on the first cutting of hay. The harvest is often 7-10 days later than normal. Demand for any new crop hay supplies is excellent as stocks are basically gone. Prices are very firm, but at this point, that is irrelevant. The milk supply is being called strong in the region and plants are operating on normal, spring flush extended schedules. Currently, talk about financial stress has died down a bit with some new crop feed available and relatively strong milk prices. Summer weather is very slow to develop in IDAHO and UTAH. Some growers are still planting corn at the same time that they are cutting the first crop of hay. Skiing and baling hay are able to take place on the same day. Tonnage and acres in alfalfa are both down this spring. No carryover stocks means that prices are high and probably not backing off much later. Rained on hay and straw are both in high demand for blending into rations. Milk supplies continue to increase slowly and are being handled very well by plants in the region. Very little milk is moving around within the region. Everyone seems to be happy with what milk they have and are not interested in solving the issues of getting more.

## NONFAT DRY MILK, BUTTERMILK &amp; 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 unchanged to higher on a mixed market. Changes in milk intakes are described as minimal at several processing locations despite the recent stretch of heat and humidity during the last week. Cow comfort was maintained on operations with misters and fans, which helped keep milk production steady. Nonfat dry milk production is close to capacity at some locations because of the steady milk intakes, but equipment problems hampered drying for 1-2 days at some locations. Some plants are actively seeking out additional spot loads of milk to fully utilize dryers. Condensed skim sales into ice cream plants are active, though not quite at peak demand. A few manufacturers sought out extra-regional condensed skim loads to help fill Central region contract commitments on condensed skim, leading to some Western condensed skim clearing to the Central. Spot market demand for nonfat dry milk loads is slower for the week, and some attribute that to attendance at an industry conference. Sellers reiterated the tentative feel to the market has buyers hesitant to commit to long term need fulfillment on low/medium heat NDM. Various manufacturers, though, indicate their near and mid-term NDM plans include building low/medium NDM inventories with confidence. Interest in high heat NDM is low.

**EAST:** Prices for low heat nonfat dry milk moved higher, while high heat prices held steady in the East this past week. Nonfat dry milk production increased this week as an electrical fire at an Eastern balancing plant, caused milk shipments to be reallocated to various plants, resulting in increased volumes of condensed skim being channeled to dryers. Manufacturing plants receiving additional milk volumes were happy to increase their nonfat dry milk production, due to their concerns regarding future milk supplies and their ability to fill future nonfat dry milk commitments. Manufacturers focused on low heat production in order to handle the additional milk volumes. Current production is filling current orders and building inventories for future commitments. Domestic demand has increased as ice cream and culture product production has increased. Export demand remains good and is providing a firm undertone to the market. Supplies are more available in the Western region of the country, but high trucking rates and the seasonal movement of West coast produce are limiting the feasibility of moving nonfat dry milk from the West. Most brokers continue to have a bullish view of the market and are hesitant to sell product at current price levels.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.6400 - 1.7200 MOSTLY: 1.6600 - 1.7000  
 HIGH HEAT: 1.7300 - 1.8000

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are slightly higher. The market tone is steady to slightly firm. The market trends are unaggressive with current spot sales limited. The trends of the pricing indices are higher and seemingly affect the current market trends more than new sales. Resale offerings are being made and some are trading below comparable direct offering levels. Domestic spot demand is light. Export interest is evident in the marketplace with new orders being negotiated for 3rd quarter 2011 needs. Sales of condensed skim remain active and loads are moving both within and out of the region to processing homes. Drying schedules

remains active and heavy, as milk volumes are high in most of the region. Milk production is often at or slightly off the seasonal peak levels with weather conditions favorable. Low heat NDM stocks are at light to moderate levels and have grown for several processors in recent weeks during the period of the holiday, the drop in fluid milk demand, and moderate weather conditions, to have more milk available for processors. High heat NDM prices are steady to slightly higher. The market trend is mostly steady. Demand is seasonally fair. Production is sporadic as processors often are seeking throughput of low heat versus other products. Stocks of high heat are light and remain available for all current trade needs. FAS export data for NDM/SMP show April 2011 exports at 73.6 million pounds, up 23% from April 2010. January-April 2011 exports total 321.0 million pounds, up 79% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.6000 - 1.7000 MOSTLY: 1.6200 - 1.6500  
 HIGH HEAT: 1.6700 - 1.8250

## U.S. NDM Exports, H.S. Code 040210000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - APR	321.0	+ 79
1 Mexico	98.6	+ 94
2 Vietnam	43.6	+225
3 Indonesia	42.9	+ 78
4 Philippines	39.9	+ 45
5 Malaysia	20.4	+ 86
April Total	73.6	+ 23

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** The Central dry buttermilk price range widened slightly. Cream sales into Class II accounts are moving higher as frozen dessert season advances. Some churning is taking place and buttermilk is clearing through both condensed buttermilk sales and into manufacturers' dry buttermilk inventories. However, demand for other cream-based products, such as anhydrous milkfat, is reported as active. This is channeling some cream away from butter and cancelling out production of dry buttermilk from those cream volumes.

**EAST:** Dry buttermilk prices were marginally lower on the low end of the range this week in light trading. Butter and dry buttermilk production declined this week as a major butter maker in the East experienced an electrical fire shutting down churning operations. It is unclear as to how much time is needed to make the necessary repairs and for butter production to resume. Other factors limiting buttermilk production are increased condensed buttermilk sales and increased cream demand from ice cream, whipping cream and cream cheese manufacturers. Dry buttermilk interest increased as users of whey protein concentrate and nonfat dry milk consider dry buttermilk as a lower priced alternative. Current dry buttermilk supplies are moving through contracts with limited additions to inventories.

F.O.B. CENTRAL/EAST: 1.4900 - 1.6300

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 BUTTERMILK - WEST

Dry buttermilk prices in the West are mixed for the entire price range, while slightly higher for the mostly series. The market tone is unsettled. Offerings vary from light to moderate and are available from most sources. Demand is often lighter than projections and slower from the ice cream trade. There is more export interest occurring and more buttermilk is being committed for future sales. Drying remains seasonally active to process solids from the butter churns. Stocks range from moderate to heavier than desired levels.

F.O.B. WEST: 1.4800 - 1.5400 MOSTLY: 1.4800 - 1.5150

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 10	\$1.6370	13,467,999	0
June 3	\$1.6288	11,081,945	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 - NATIONAL

Dry whole milk prices are higher on a firm market. Production at most locations is dependent on milk supplies and dryer schedules that dictate either clearing condensed skim or drying whole milk. Production at one or two plants was temporarily disrupted by equipment malfunctions. Dry whole milk demand is active, with a few producers indicating interest is outstripping near term production projections. According to the latest Foreign Agricultural Service report, quota imports of dry whole milk during January – May 2011 total about .6 million pounds, about 70% lower than during the same time span of 2010. Total quota imports represent less than 10% of the allowable annual import quantities under licensing requirements. All 2011 quota import dry whole milk originated in Australia, France, the Netherlands, or New Zealand.

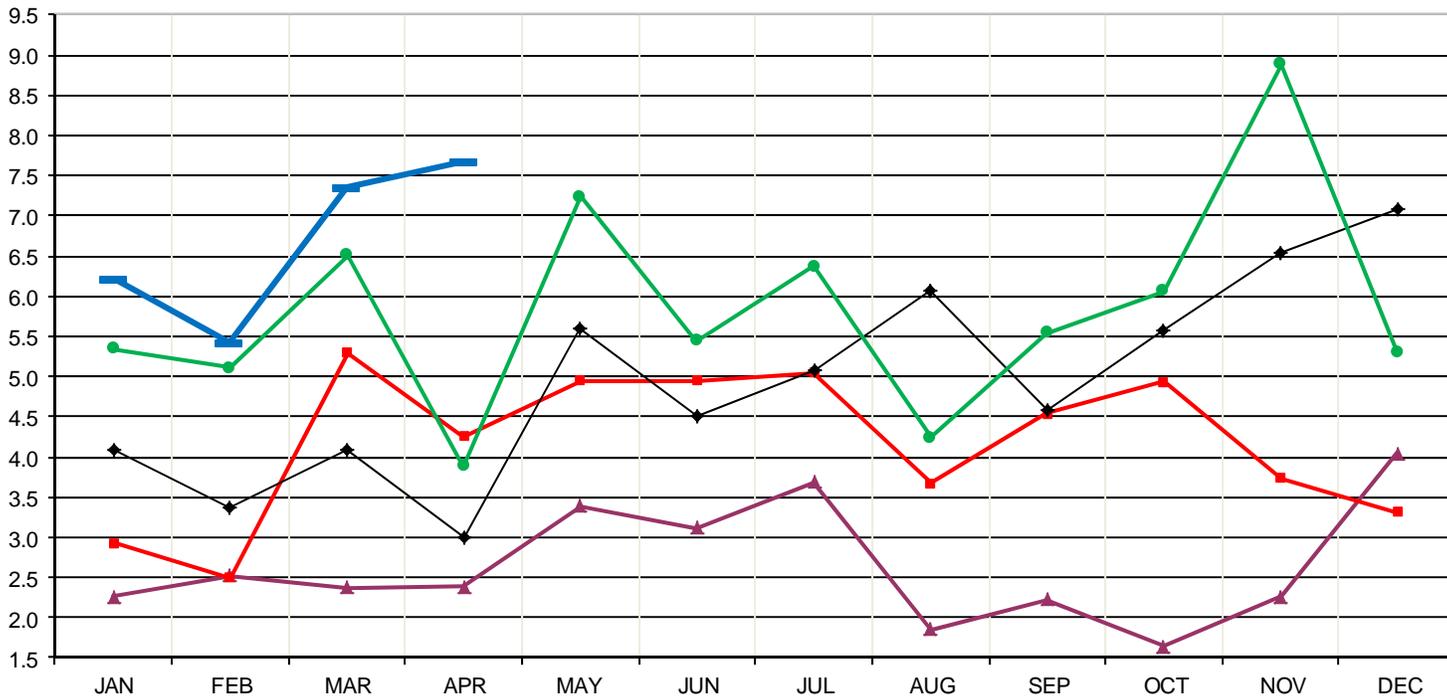
F.O.B. PRODUCING PLANT: 1.9400 - 2.0600

U.S. Dry Whole Milk Exports, H.S. Code 0402210000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - APR	12.2	- 56
1 Mexico	5.1	- 41
2 Israel	2.5	+139
3 Egypt	2.2	+213
4 Canada	.6	- 35
5 The Bahamas	.3	+ 62
April Total	3.2	- 70

Million Pounds

U.S. Dry Whole Milk Production



**WHEY, WPC 34%, LACTOSE & CASEIN**

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

**DRY WHEY - CENTRAL**

The prices on Central dry whey are higher on a firm market. Various plants in the region indicate milk intakes are steady to lower, with the variability stemming from how milking herds handled the recent spate of heat and humidity. Cheese production is lower at those plants where milk intakes fell in response to the heat. Dry whey production decreased accordingly. This is expected to curtail spot market offerings in the near term as it is unknown whether dairy herds will rebound from the heat-related milk production declines. Manufacturers' inventories are mostly steady. A few end users report delivery on contract loads of dry whey is lagging by up to one month, thrusting those end users into the spot market to acquire inputs. Spot loads from a few manufacturers cleared readily, and some resellers noted that a handful of end users are also offering inventory holdings to the spot market. ANIMAL FEED DRY WHEY prices are higher, although more resale offers were noted in the market. Lower overall demand for blended animal feed is reported by many manufacturers. Veal calf operations are reportedly slow to refill barns. Some heifer calf raising operations are using some combinations of hospital milk and/or reclaimed fluid milk to decrease their dependence on purchased blended feed. Animal feed blending operations in several locations have decreased hours of operation to mesh with current end product demand.

F.O.B. CENTRAL: .4800 - .5550 MOSTLY: .4900 - .5250  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3800 - .5150

**DRY WHEY - NORTHEAST**

The dry whey price range narrowed again this week in the Northeast on contract formulations with increases on both ends of the range. Supplies continue to be very tight. Cheese production declines, due to lower milk intakes, resulted in marginal declines in dry whey production. Resale prices strengthened, ranging from \$.62 - \$.67. Current production is moving through contracts with very little showing up on the spot market. End users looking for additional product are considering nonfat dry milk or buttermilk as an alternative protein source. Solid domestic demand from ice cream makers and bakeries along with good export interest and tight supplies provides the dry whey market with a firm undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5200 - .5400

**DRY WHEY - WEST**

Prices continue to strengthen for Western whey powder. Offerings are clearing easily. Little powder is available for the spot market as most is fulfilling contract needs. Stocks at the producer level are rated as tight and they are not expected to change much in the near future. Milk is near the seasonal peak, so that as it disappears, less whey will be produced. Also, currently, there is very stout competition for milk supplies from butter/powder operations. Returns are better there, so that if they have plant capacity, they can

be very competitive in acquiring milk. There is a firm undertone to the market. According to the Foreign Agricultural Service, exports of dried whey for January-April 2011 total 178.8 million pounds, up 4% from January-April 2010. The exports account for 49.8% of the total dry whey production in the U.S. for January-April. The top five importing countries accounted for 102.3 million pounds or 57.2% of the exports for January-April 2011.

NONHYGROSCOPIC: .5100 - .5650 MOSTLY: .5300 - .5550

U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)		
	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - APR	178.8	+ 4
1 China	31.3	- 20
2 Mexico	20.7	+ 1
3 Malaysia	17.9	+ 36
4 Indonesia	16.6	+ 105
5 Japan	15.8	- 9
April Total	40.9	- 13

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The WPC 34% range price series widened in response to spot sales and the mostly price series moved higher. Production varies from plant to plant. Some plants are gaining condensed WPC 34% loads from other plants and drying more actively. Other plants are selling more loads of condensed WPC 34% to baking/snack industry end uses and decreasing weekly dry WPC 34% output. Availability of resale loads of WPC 34% improved at the end of last week. Resale offers met with some price resistance, though, and finalized sale prices reportedly remained within the F.O.B. range price series of report 23. A few plants report scheduled contract shipments are lagging by one to two weeks, which is limiting spot market activity. Dry buttermilk is fulfilling some of the needs of end users in place of WPC 34%. A few resellers indicate availability of spot loads through the third quarter will be lower, based on information from their plant-based suppliers. Industry participants expressed some concerns about the WPC 34% market pricing itself out of formulations, as the dry buttermilk and nonfat dry milk markets imply a "ceiling" for the WPC 34% market. The top of the WPC 34% range price series moved through that implied ceiling this week.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5000 - 1.7900 MOSTLY: 1.5400 - 1.5900

U.S. WPC 34% Exports, H.S. Code 0404100500(FAS)		
	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - APR	73.8	- 25
1 China	26.6	- 28
2 Mexico	12.5	- 57
3 Canada	12.3	+ 3
4 Japan	6.4	- 1
April Total	16.7	- 32

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

LACTOSE - CENTRAL AND WEST

Prices on the lactose range and mostly price series are unchanged. A few producers indicate they are notching up current lactose production schedules to allow for inventory buildup, as long as milk supplies and cheese orders support that higher lactose production. It is expected this will cover lactose contract fulfillment while annual equipment refurbishing takes place. Strong lactose demand continues, with both international and domestic interests vying for lactose of all mesh sizes for Q3 contracts. Some manufacturers indicate their contracting activities are complete for the upcoming quarter. A few Q3 contracts will begin shipping during the last two weeks of June. Some manufacturers also noted that buyers in Southeast Asia are more interested in securing contracts than in previous years.

Including spot sales and up to 3 month contracts.  
F.O.B. EDIBLE, NON PHARMACEUTICAL .3600 - .6600 MOSTLY: .4300 - .5100

U.S. Lactose Exports, H.S. Code 1702110000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - APR	148.8	+ 58
1 China	27.1	+ 224
2 New Zealand	23.8	+ 263
3 Mexico	17.5	+ 36
4 Japan	12.9	+ 13
5 Brazil	9.4	+ 13
April Total	37.1	+ 31

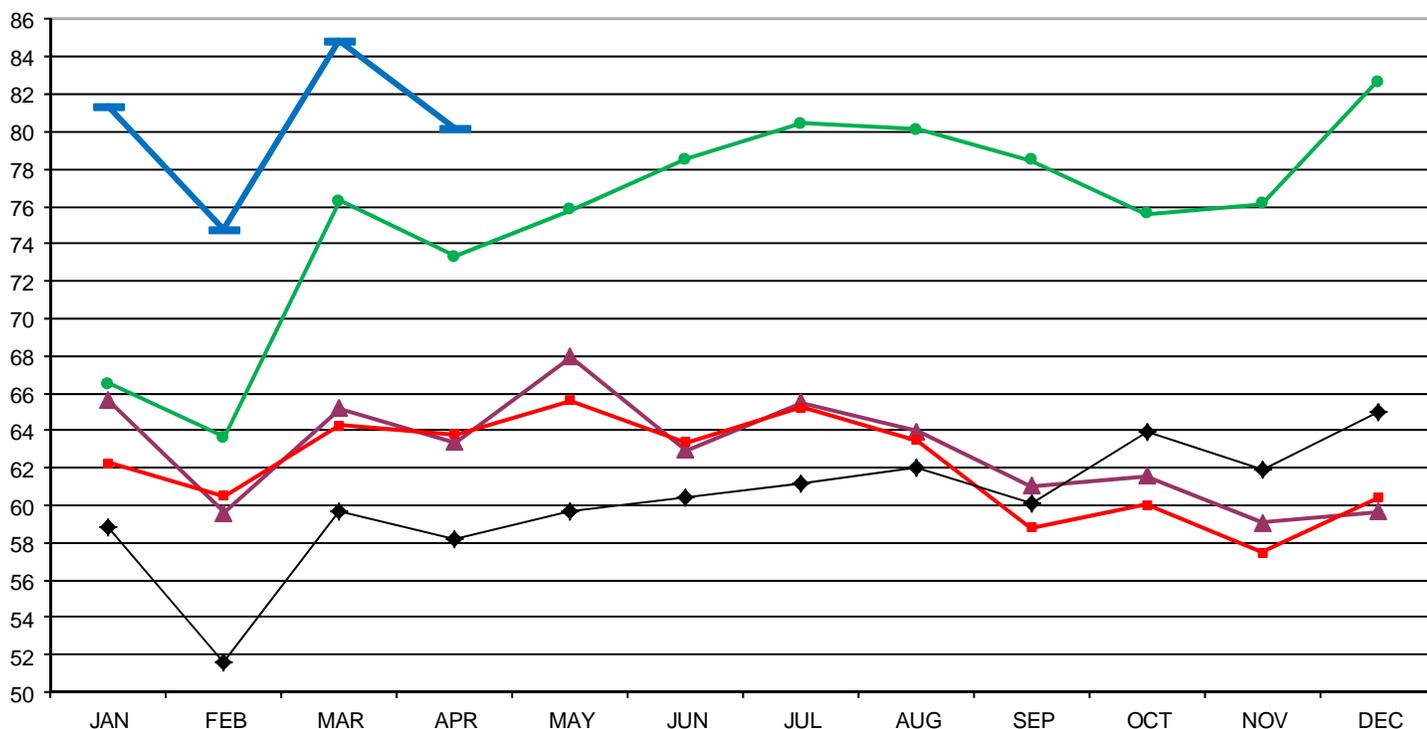
CASEIN - NATIONAL

Casein markets and prices remain firm. Domestic buyers are stating that they are getting their needs filled on a timely basis, but continue to question suppliers about future deliveries. At the present time, Oceania sources are filling commitments from inventoried stocks while European suppliers are generally filling commitments with new production. Lack of moisture in Europe continues to be a concern for dairy producers, thus milk volumes in many areas are lower than earlier projected. Lower milk volumes could impact casein output as milk may be pulled away from this product and re-directed toward other manufactured dairy products of more need or greater return. At this point, casein output remains strong and is basically in line with projections for mid June. At the June 15th g/DT event, rennet casein averaged \$10,003/MT, down 2.4% from the previous all contract average. Near term contract #1 (August) averaged \$9,900/MT, down 3.7% from the previous August contract. For contract #2 (September - November), the average price was \$10,135/MT, down 0.8% and there were no Contract #3 (December - February) volumes offered or sold.

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

Million Pounds U.S. DRY LACTOSE PRODUCTION, HUMAN & ANIMAL



Graph: DMN - Source: NASS

2007 2008 2009 2010 2011

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

	FOR THE WEEK OF JUNE 13 - 17, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 06/10/11	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfat	-0-	-0-	-0-	-0-	132,276	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	132,276	-0-	-0-

**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 05/28/11 & 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.	0.7	7.5	3.0	18.4	3.4	N.A.	N.A.	14.8	3.0	52.5	1,280.8	42.5	47.2
2010-Dairy	N.A.	0.5	6.5	2.4	17.0	2.9	0.2	N.A.	15.6	2.8	49.3	1,194.5	40.5	44.4
2011-All cows	0.0	0.8	9.5	13.0	32.4	24.8	N.A.	N.A.	18.9	6.0	123.5	2,714.6		
2010-All cows	N.A.	0.6	8.2	14.0	31.7	22.6	13.3	N.A.	20.8	6.8	121.6	2,692.1		

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

**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)**

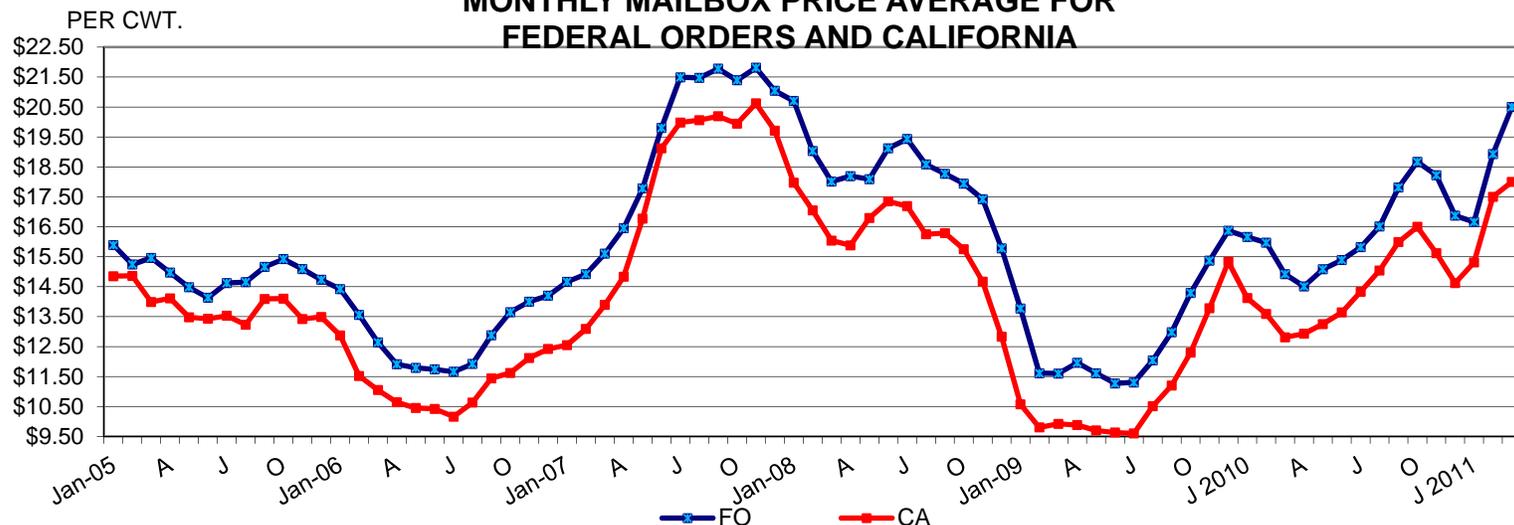
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	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	21.03					
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](http://www.ams.usda.gov/DairyMarketingStatistics); then select "Prices"; and then select "Principal Pricing Points." \$ Revised

**MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA**



ORGANIC DAIRY MARKET NEWS

Information gathered June 4 - June 17, 2011

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Total Organic Milk Products sales for April 2011, 170 million pounds, were up 19.9% from April 2010 sales.

Organic Whole Milk sales for April 2011, 41 million pounds, were up 23.0% compared with April 2010.

This contrasts with a 2.3% April 2011 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with one year ago. This total Fluid Milk products data is adjusted for calendar year composition.

Itemized data compared with prior reporting periods is not yet available for organic categories reduced fat milk, low fat milk, fat-free milk, flavored milk or fat-reduced milk because data analysis recently expanded these categories and data for a full year has not yet accumulated.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, APRIL 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	April Mil. Lbs.	Y-T-D	Prev Yr. Percent	Y-T-D
Whole Milk	1,120	4,573	-3.3	-3.0
Flavored Whole Milk	44	177	-3.2	-5.3
Reduced Fat Milk (2%)	1,500	6,087	-2.1	-2.4
Low Fat Milk (1%)	588	2,393	-0.8	-0.1
Fat-Free Milk (Skim)	648	2,631	-3.6	-3.3
Flavored Fat-Reduced Milk	361	1,482	-6.0	0.2
Buttermilk	38	158	0.2	2.7
Tot. Conv. Milk Products	4,301	17,514	-2.9	-2.2
Organic Whole Milk	41	165	23.0	27.3
Organic Reduced Fat Milk	47	192	3/	3/
Organic Low Fat Milk	33	132	3/	3/
Organic Fat-Free Milk (Skim)	39	156	3/	3/
Organic Flavored Milk	10	37	3/	3/
Organic Fat-Reduced Milk 4/	129	516	19.0	20.4
Tot. Organic Milk Products.	170	681	19.9	22.0
Tot. Fluid Milk Prod. 5/	4,471	18,196	-2.2	-1.5
Tot Fluid Milk Prod Adj 5/6/	4,411	18,186	-2.3	-1.3

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

<http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

AMS has corrected previously reported percentages of change for March 2011 Organic Whole Milk and Total Organic Milk Products sales. Corrected percentages include: March 2011 Organic Whole Milk sales increased 27.0% from the previous year and increased 28.7% year to date; March 2011 Total Organic Milk Products sales increased 21.4% from the previous year and increased 22.7% year to date.

There is no change in the previously reported underlying March 2011 volume of sales data in pounds, only percentages of change. See page 9 of this Report for the entire corrected March 2011 data table.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

**Overview.** Organic dairy weekly supermarket newspaper advertising set a record for the highest number of ads since this data series began in the fall of 2009. Of 9,210 surveyed newspaper supermarket ads across the United States, 5,761 contained organic dairy advertising. This contrasts with the last survey two weeks ago, which recorded the second lowest level of organic dairy

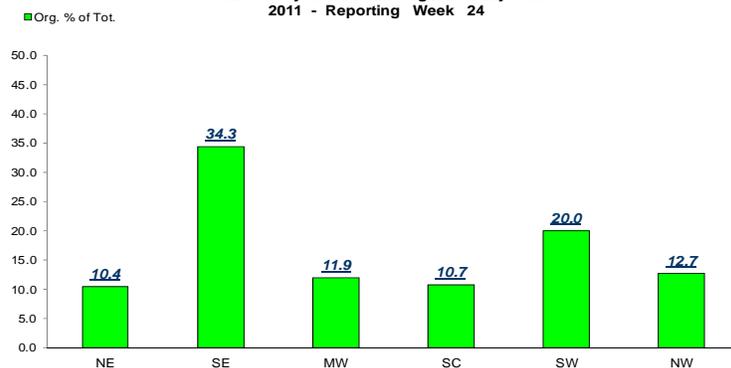
advertising during 2011, 1,847 organic dairy ads.

This record setting pace of retail advertising was driven by ads for both organic milk in half gallon containers and organic yogurt. Each also set records for the highest level of ads since the fall of 2009. This was also the first time that each set all-time records during the same two week period.

Information presented is compiled from newspaper supermarket ads for the period June 4, 2011, to June 17, 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 Southeast moved strongly into first place in organic dairy newspaper advertising relative to all six regions, achieving 34.3% of organic dairy ads. Yogurt advertising in the Southeast drove this result. The Northeast, which had strong organic dairy advertising for the previous eight weeks, fell to last among the regions with 10.4% of ads. Other regions and percentages are the Southwest, 20.0%; Northwest, 12.7%; Midwest, 11.9%; and South Central, 10.7%.

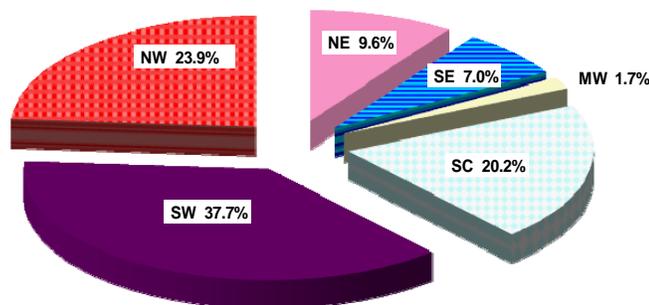
Regional Organic Dairy Ads As A Percentage of Total Surveyed National Organic Dairy Ads 2011 - Reporting Week 24



**Product Emphasis.** Organic dairy ads are again almost evenly split between organic yogurt and half gallons of organic milk – but at far more substantial numbers than recently. While organic milk led in total ad placements with 3,055 to yogurt's 2,729, it is noteworthy that the organic milk total was achieved by ad placements in all six regions while yogurt ad placements occurred in only three of six regions. While organic milk ads are heavily weighted toward private label or store brands rather than national brands, the opposite is true for yogurt, where all ads are for national brands.

**Milk.** Organic milk ads appeared in every region and half gallon ads significantly dominate organic milk ads. Of 3,055 total organic milk ad placements, 2,937 were for half gallons and 118 were for gallons. Although each of the two national brands were represented, 93.8% of half gallon ads were for store brands or private label organic milk and all of those store or private label brands were advertised by national supermarket chains. No ads appeared for organic milk in 8 ounce containers. The Southwest leads the organic milk category, with 37.7% of ads. The remaining regional totals include the Northwest, 23.9%; South Central with 20.2%; Northeast, 9.6%; Southeast, 7.0%; and Midwest, 1.7%.

ORGANIC MILK FEATURES  
Regional % of Nationally Surveyed Supermarket Ads  
Report - Week 24, 2011



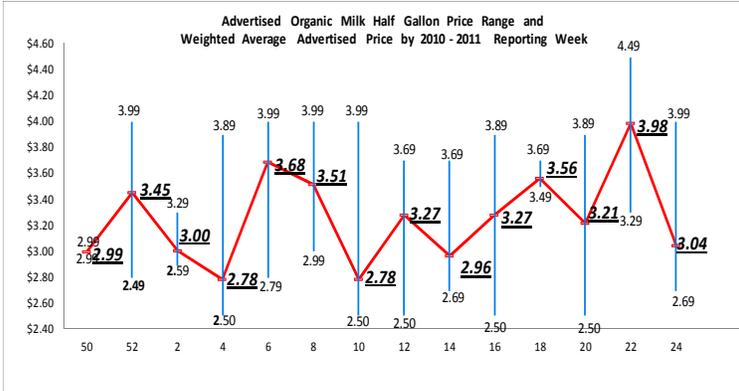
CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered June 4 - June 17, 2011

CONTINUED FROM PAGE 8

**Half Gallons.** Advertised pricing for organic milk in half gallons decreased this period from the highest weighted average advertised price since the fall of 2009, to \$3.04, a decrease of 94 cents in the weighted average advertised price. The top of the price range also declined, by 50 cents, to \$3.99 and the range bottom declined 60 cents to \$2.69.

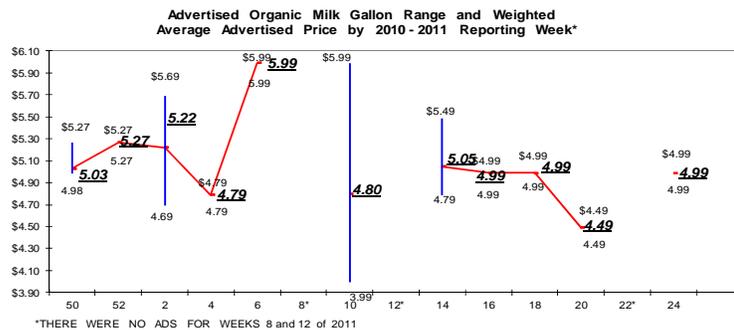


The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	09.9	3.23
SE	07.3	3.35
MW	01.8	3.63
SC	21.0	2.84
SW	39.2	2.97
NW	20.8	3.13
US		3.04

**Gallons.** Newspaper advertising for gallon containers of organic milk occurred only in the Northwest region. All ads listed a price of \$4.99. While there were no ads for organic gallons two weeks ago, this price is 50 cents higher than four weeks ago when all newspaper ads for organic gallons were priced \$4.49.



GALLON ORGANIC MILK ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

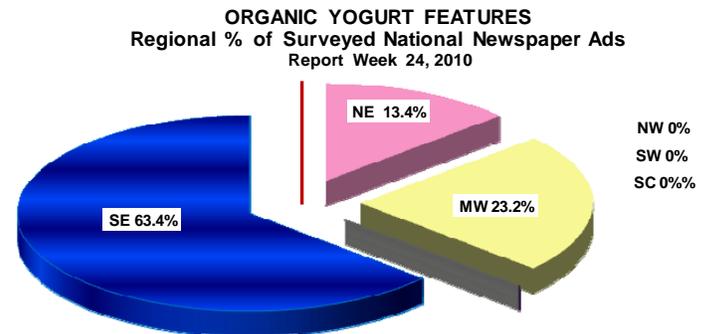
REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	00.0	----
SC	00.0	----
SW	00.0	----
NW	100.0	4.99
US		4.99

**8 Ounce Milk.** There were no ads for organic milk in 8 ounce containers this period. It is the third consecutive two week period of 2011 with no ads for 8 ounce organic milk and ties the record for the longest consecutive period with no newspaper ads for organic milk in 8 ounce containers since 2010 began.

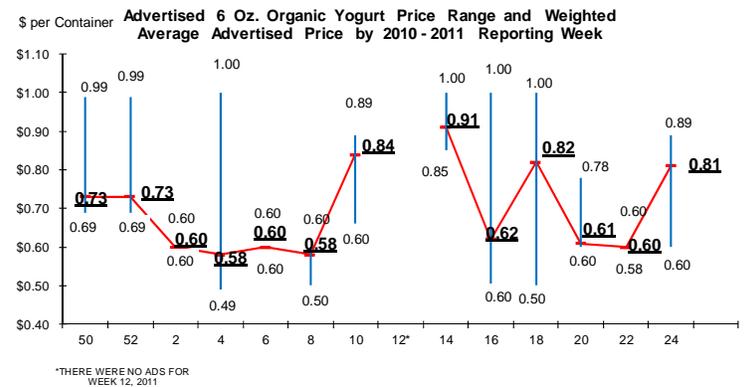
**Yogurt.** Organic yogurt ad numbers are nearly equal with organic milk and are the highest level ever since this data series began during the fall of 2009.

The vast majority of organic yogurt ad placements are for 6 ounce yogurt, 2,338, about seven times as many as for 5.3 ounce Greek Yogurt, 333. There were also 58 ad placements for baby yogurt in 4 ounce containers.

Organic yogurt ads ran in three of the six regions. The region with the highest percentage of ads is the Southeast, with 63.4%. Other regions with organic yogurt ads are the Midwest, 23.2%; and Northeast, 13.4%.



Organic yogurt in 6 ounce containers has a weighted average advertised price of 81 cents, 21 cents above two weeks ago. The range is from 60 cents to 89 cents in contrast with two weeks ago when all ad placements were priced at 60 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	06.6	0.82
SE	73.9	0.79
MW	19.5	0.89
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		0.81

All 333 ad placements for 5.3 ounce Greek yogurt reflected a price of \$1.25.

ORGANIC DAIRY MARKET NEWS

Information gathered June 4 - June 17, 2011

CONTINUED FROM PAGE 8-A

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	46.9	1.25
SE	00.2	1.25
MW	52.9	1.25
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		1.25

In the Northeast, there were also 58 ads for 4 ounce organic baby yogurt priced at 50 cents.

**Butter.** All organic butter ad placements stated a price of \$3.99. There were 79 in the Southeast and 24 in the Midwest, totaling 103. All organic butter ads were for a private label brand.

**Half and Half.** Half and half ads appeared in 24 Midwest newspaper supermarket ads. The price was \$2.59 for a 16 ounce size.

**Cheese.** Of 140 organic cheese ads, 116 appeared in the Northeast and 24 in the Midwest. 6 ounce organic string cheese was priced \$3.50 in 58 Northeast ads and \$4.39 in the Midwest ads. Each region featured one or the other of the two national organic dairy brands. There were also 58 ad placements in the Northeast for 8 ounce organic sliced American Cheese.

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 24**

	LOW	HIGH	RANGE
	(In Dollars)		
<b>MADISON, WI</b>			
<b>GALLONS:</b>			
Whole	5.29*	6.49	1.20
Reduced Fat (2%)	5.29*	6.49	1.20
Low Fat (1%)	5.29*	6.49	1.20
Nonfat (Skim)	5.29*	6.49	1.20
<b>HALF GALLONS:</b>			
Whole	3.49*	4.19	0.70
Reduced Fat (2%)	3.49*	4.19	0.70
Low Fat (1%)	3.49*	4.19	0.70
Nonfat (Skim)	3.49*	4.19	0.70
<b>CHOCOLATE HALF GALLON:</b>			
	3.39	5.69	2.30
<b>YOGURT</b>			
	0.50	1.25*	0.75

**LOW HIGH RANGE**  
(In Dollars)

**CHEESE – 8 OUNCE BLOCKS:**

Mozzarella	3.59	5.75	2.16
Mild Cheddar	3.79*	5.99	2.20
Monterey Jack	4.99	5.99	1.00
Pepper Jack	3.59	5.99	2.40

**CHEESE – 6 OUNCE STRING**

Mozzarella	3.49*	5.09	1.60
Colby Jack	3.89	5.39	1.40

**BUTTER – 1 POUND**

	4.19*	6.19	2.00
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\*=Price change from prior reporting period

This report, there were a number of changes up and down in every category of organic dairy product reported. It is unusual to have this extent of range price change across so many products in a single two week period. The low price for half gallons of milk increased 50 cents to \$3.49 as a promotion ended. The low price for organic gallons decreased by 60 cents. Organic yogurt's top price declined 34 cents and the lowest price for organic butter declined 31 cents to \$4.19. The low price for organic string mozzarella cheese increased 49 cents to \$3.49 while the low price for Mild Cheddar declined 10 cents to \$3.79. Other price changes occurred at various stores within the ranges, but not so as to change the ranges.

**ORGANIC GRAIN AND FEEDSTUFF MARKETS:**

National organic grain and feedstuff prices were mostly higher with good demand for feed corn, moderate to good demand for feed barley, and light to moderate demand for all other grains. Offerings of grain this period were light as corn supplies continue to dwindle. Feed corn was sharply higher, with the Upper Midwest and Eastern Cornbelt reaching a high of \$12.00-\$12.25/bushel compared with \$13.00-\$15.00 /bushel for feed corn in the Northeastern United States and along the East coast. Feed grade barley was higher on a light test. Grain trade activity was light to moderate this period, with many farmers still planting and many farming regions plagued with moisture issues.

Eastern organic grain and feedstuffs were mostly higher. Feed corn was sharply higher with good demand, given the limited supplies that have been reported. Planting remains underway in the Eastern Cornbelt and moisture concerns and wet conditions continue to plague some organic farming operations, as do high corn prices. With rising feed costs, poultry and dairy operations are reportedly scaling back production in light of feed costs prior to this year's harvest.

Upper Midwest organic feed grade corn was higher, with good demand and dwindling supplies. Organic feed grade soybeans were steady to firm, with the lower end of the range slightly higher this reporting period. Food grade soybean trade was noted, but light volumes paired with lackluster demand were not indicative of the market as of publish time. Flooding and cool temperatures continue to hamper conventional crop production in the Upper Midwest and worry many organic farmers, as organic crops are generally planted later in the season.

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

## CORRECTED MARCH FLUID MILK SALES

During March, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.7 percent lower than March 2010. After adjusting for calendar composition, sales in March 2011 were 1.0 percent lower than March 2010. Estimated sales of total conventional fluid milk products decreased 2.4 percent from March 2010 and estimated sales of total organic fluid milk products increased 21.4 percent from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
MARCH 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,165	3,453	-3.4	-2.9
Flavored Whole Milk	48	133	-12.5	-5.9
Reduced Fat Milk (2%)	1,555	4,587	-3.0	-2.5
Low Fat Milk (1%)	622	1,805	<b>0.1</b>	0.2
Fat-Free Milk (Skim)	677	1,983	-3.5	-3.1
Flavored Fat-Reduced Milk	400	1,121	2.6	2.3
Buttermilk	43	121	5.3	3.5
Total Conventional Milk Products 5/	4,513	13,213	-2.4*	-2.0*
Organic Whole Milk	44	124	27.0*	28.7*
Organic Reduced Fat Milk	51	145	3/	3/
Organic Low Fat Milk	35	99	3/	3/
Organic Fat-Free Milk (Skim)	42	117	3/	3/
Organic Flavored Milk	12	27	3/	3/
Organic Fat-Reduced Milk 4/	139	388	19.7	20.9
Total Organic Milk Products	183	512	21.4*	22.7*
Total Fluid Milk Products 5/	4,696	13,725	-1.7	-1.3
Total Fluid Milk Products Adjusted 5/ 6/	4,683	13,775	-1.0	-1.0

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

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, MARCH 2011, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	March	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	797	2,308	-1.4	-1.6
Appalachian (005)	315	910	-0.5	-1.3
Southeast (007)	428	1,262	-2.8	-1.8
Florida (006)	258	757	-4.1	-2.8
Mideast (033)	522	1,528	-2.3	-3.0
Upper Midwest (030)	370	1,087	-2.4	-1.1
Central (032)	391	1,156	-2.6	-0.8
Southwest (126)	386	1,145	-0.5	0.2
Arizona (131)	101	304	-2.7	0.7
Pacific Northwest (124)	193	559	1.4	1.4
California (---)	560	1,611	-0.8	-0.8

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

**Source:** U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, March, 2011.

## APRIL FLUID MILK SALES

During April, over 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.2 percent lower than April 2010. After adjusting for calendar composition, sales in April 2011 were 2.3 percent lower than April 2010. Estimated sales of total conventional fluid milk products decreased 2.9 percent from April 2010 and estimated sales of total organic fluid milk products increased 19.9 percent from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/AMSv1.0/FluidMilkSalesDataMonthlyandYearToDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
APRIL 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,120	4,573	-3.3	-3.0
Flavored Whole Milk	44	177	-3.2	-5.3
Reduced Fat Milk (2%)	1,500	6,087	-2.1	-2.4
Low Fat Milk (1%)	588	2,393	-0.8	-0.1
Fat-Free Milk (Skim)	648	2,631	-3.6	-3.3
Flavored Fat-Reduced Milk	361	1,482	-6.0	0.2
Buttermilk	38	158	0.2	2.7
Total Conventional Milk Products 5/	4,301	17,514	-2.9	-2.2
Organic Whole Milk	41	165	23.0	27.3
Organic Reduced Fat Milk	47	192	3/	3/
Organic Low Fat Milk	33	132	3/	3/
Organic Fat-Free Milk (Skim)	39	156	3/	3/
Organic Flavored Milk	10	37	3/	3/
Organic Fat-Reduced Milk 4/	129	516	19.0	20.4
Total Organic Milk Products	170	681	19.9	22.0
Total Fluid Milk Products 5/	4,471	18,196	-2.2	-1.5
Total Fluid Milk Products Adjusted 5/ 6/	4,411	18,186	-2.3	-1.3

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Volume figures are not available for the previous year. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, APRIL 2011, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	748	3,055	-2.5	-1.8
Appalachian (005)	294	1,204	-1.2	-1.3
Southeast (007)	403	1,664	-3.9	-2.3
Florida (006)	245	1,002	-1.6	-2.5
Mideast (033)	504	2,033	-0.8	-2.5
Upper Midwest (030)	360	1,447	-0.3	-0.9
Central (032)	382	1,538	-0.2	-0.6
Southwest (126)	373	1,518	-1.9	-0.3
Arizona (131)	100	404	-1.7	0.1
Pacific Northwest (124)	184	743	-2.9	0.3
California (---)	520	2,131	-5.4	-1.9

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

**Source:** U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, April, 2011.

### MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 2011, WITH COMPARISONS

In March 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.50 per cwt., up \$1.57 from the previous month average, and up \$5.58 from March 2010. The component tests of producer milk in March 2011 were: butterfat, 3.75%; protein, 3.09%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in March 2011 ranged from \$21.58 in Florida to \$19.07 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	March 2010	February 2011	March 2011
	Dollars per hundredweight		
New England States <u>3/</u>	16.16	19.91	21.33
New York	15.08	18.56	20.01
Eastern Pennsylvania <u>4/</u>	15.74	19.41	20.80
Appalachian States <u>5/</u>	16.78	19.87	21.13
Southeast States <u>6/</u>	17.27	19.89	21.07
Southern Missouri <u>7/</u>	15.05	18.30	19.85
Florida	18.10	20.57	21.58
Western Pennsylvania <u>8/</u>	15.78	19.60	21.28
Ohio	15.92	19.57	20.97
Indiana	15.38	19.14	20.44
Michigan	15.00	18.69	20.14
Wisconsin	14.39	18.91	20.78
Minnesota	14.18	19.01	20.36
Iowa	15.00	19.03	20.76
Illinois	15.02	19.24	21.20
Corn Belt States <u>9/</u>	14.66	18.89	20.47
Western Texas <u>10/</u>	14.43	18.43	20.10
New Mexico	13.50	17.46	19.07
Northwest States <u>11/</u>	14.05	18.55*	20.32
All Federal Order Areas <u>12/</u>	14.92	18.93	20.50
California <u>13/</u>	12.81	17.50	18.00

\* Revised.

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

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, MAY 2011

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for May have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During May, more than 11.0 billion pounds of milk were received from producers. This volume of milk is 0.5 percent lower than the May 2010 volume. In May 2010 and May 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.6 billion pounds of producer milk were used in Class I products, 0.5 percent higher than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 33%, Class II = 10%, Class III = 48% and Class IV = 9%. The weighted average statistical uniform price was \$19.44 per cwt., \$0.08 higher than last month and \$4.42 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 2011										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,210.9	1.5	835.8	-3.4	38	22	27	13	20.79
Appalachian (Charlotte)	005	548.5	7.3	359.5	8.5	66	14	10	10	22.10
Southeast (Atlanta)	007	621.3	-0.2	372.3	-0.2	60	8	27	5	21.65
Florida (Tampa)	006	248.9	3.7	199.0	-2.3	80	9	6	5	24.18
Mideast (Cleveland)	033 3/	1,232.6	-12.7	518.6	-1.3	42	8	42	8	19.34
Upper Midwest (Chicago)	030 3/	2,895.5	-4.0	343.5	-4.1	12	2	85	1	17.26
Central (Kansas City)	032 3/	1,235.1	18.1	361.9	9.6	29	11	53	7	18.66
Southwest (Dallas)	126 3/	1,049.3	-0.3	361.0	4.1	34	7	44	15	19.94
Arizona (Phoenix)	131	408.5	6.6	114.6	-1.0	28	8	27	37	19.88
Pacific Northwest (Seattle)	124 3/	630.4	-7.3	188.0	1.6	30	6	46	18	19.02
<b>ALL MARKET AVERAGE OR TOTAL</b>	3/	11,080.9	-0.5	3,654.1	0.5	33	10	48	9	19.44

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

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 594 million pounds of milk that normally would have been associated with these markets. In May 2010, the estimated not pooled volume of milk was 377 million pounds, occurring in order numbers 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is -1.3%.

## FEDERAL MILK ORDER ADVANCE PRICES, JULY

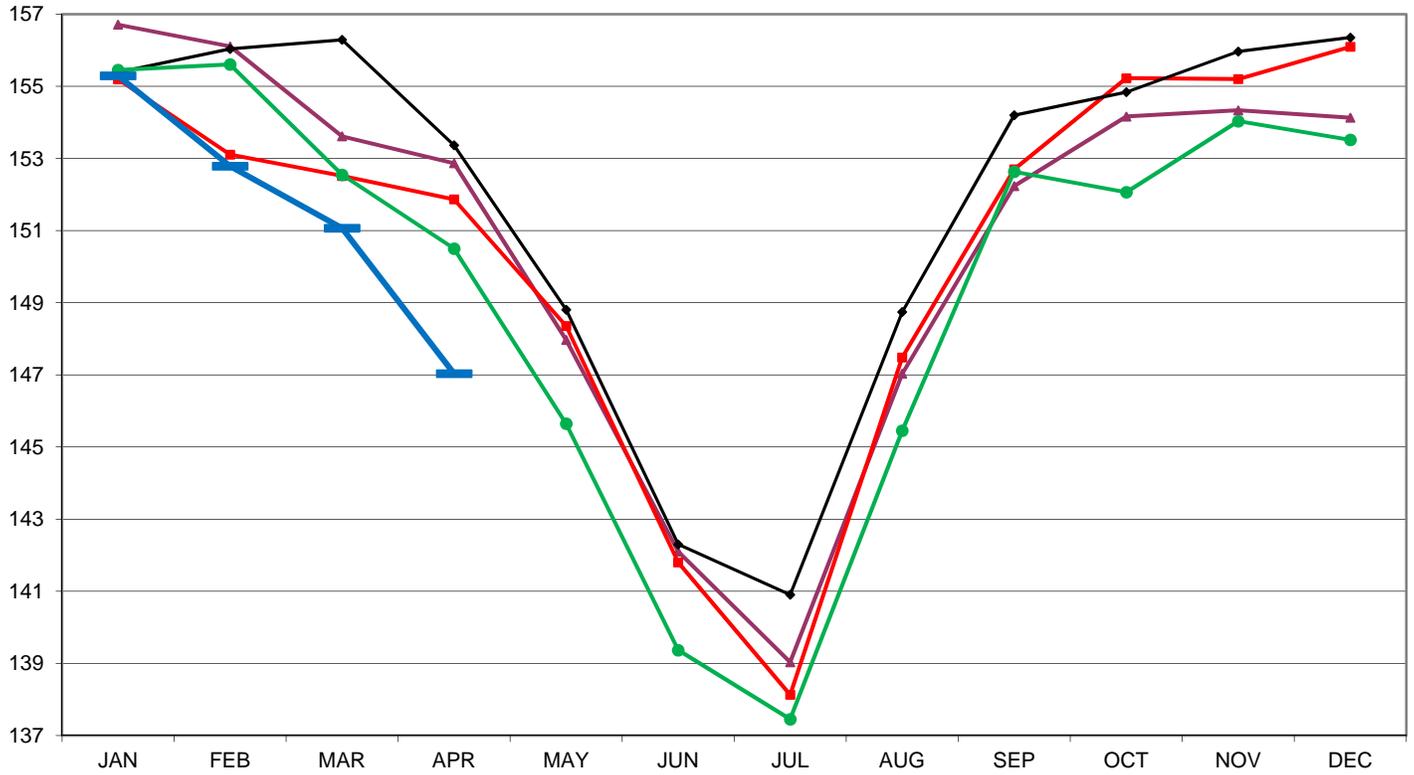
**Class I Base Price.** Under the Federal milk order pricing system, the Class I base price for July 2011 is \$21.03 per cwt. This price is derived from the Class IV skim milk pricing factor of \$13.17 and the advanced butterfat pricing factor of \$2.3770. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to June 2011, the Class I base price increased \$0.71 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.69 per cwt., \$0.059 per gallon; reduced fat milk (2%), \$0.56 per cwt., \$0.048 per gallon; fat-free (skim milk), \$0.40 per cwt., \$0.035 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$13.17. Thus, the Class II skim milk price for July is \$13.87 per cwt., and the Class II nonfat solids price is \$1.5411. **Product Price Averages.** The two-week product price averages for July are: butter \$2.1343, nonfat dry milk \$1.6462, cheese \$1.7934, and dry whey \$0.5201.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
July 2011				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	24.28	16.42	2.4095
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	24.43	16.57	2.4110
Southeast (Atlanta) <sup>6/ 7/</sup>	007	24.83	16.97	2.4150
Florida (Tampa) <sup>6/ 8/</sup>	006	26.43	18.57	2.4310
Midwest (Cleveland) <sup>9/</sup>	033	23.03	15.17	2.3970
Upper Midwest (Chicago) <sup>10/</sup>	030	22.83	14.97	2.3950
Central (Kansas City) <sup>11/</sup>	032	23.03	15.17	2.3970
Southwest (Dallas) <sup>12/</sup>	126	24.03	16.17	2.4070
Arizona (Phoenix)	131	23.38	15.52	2.4005
Pacific Northwest (Seattle) <sup>13/</sup>	124	22.93	15.07	2.3960
All-Market Average		23.92	16.06	2.4059

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. <sup>2/</sup> 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. <sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>4/</sup> 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. <sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. <sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. <sup>7/</sup> Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. <sup>8/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. <sup>9/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>11/</sup> 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. <sup>12/</sup> 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. <sup>13/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

**ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES**

MILLION POUNDS

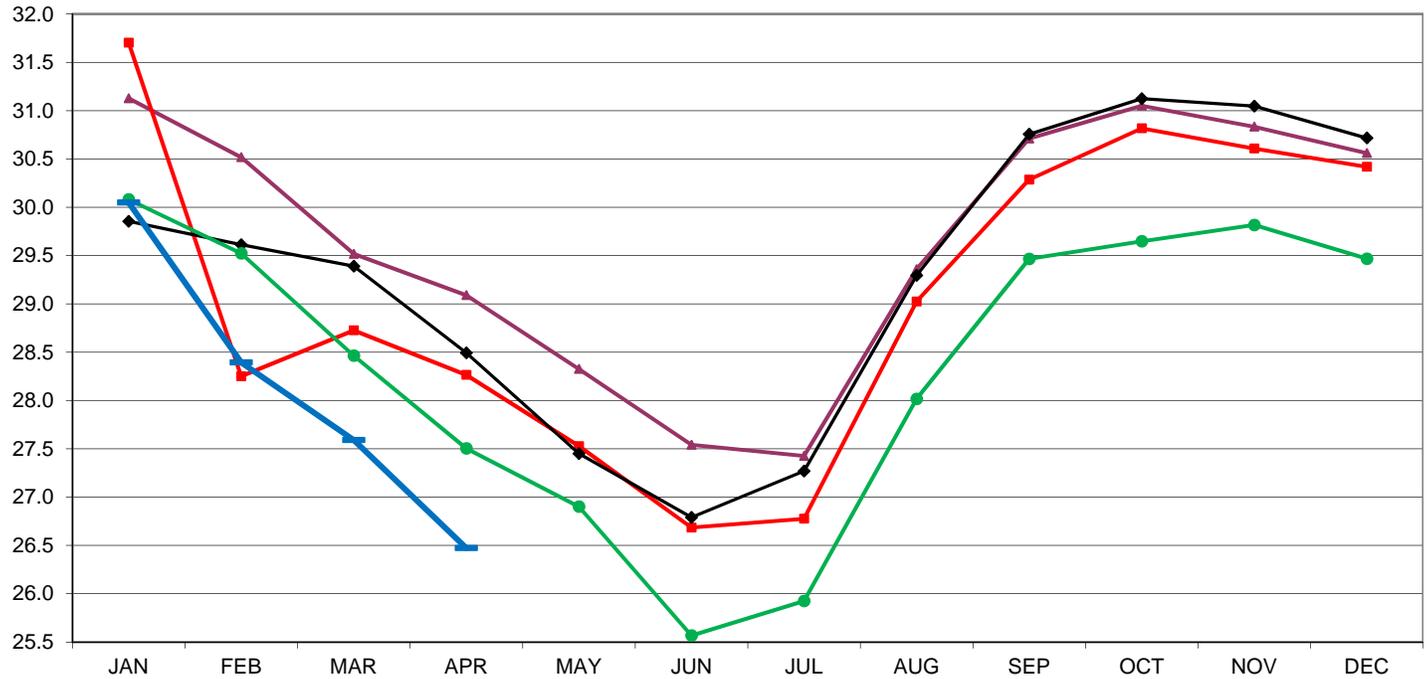


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

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

# DAIRY MARKET NEWS

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