

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (06/24):**

BUTTER: Grade AA closed at \$2.0600. The weekly average for Grade AA is \$2.1010 (-.0390).

CHEESE: Barrels closed at \$2.0775 and 40# blocks at \$2.1300. The weekly average for barrels is \$2.0695 (-.0030) and blocks, \$2.1300 (+.0175).

BUTTER HIGHLIGHTS: The CME Group cash butter price held steady at \$2.1400 for seven consecutive trading sessions, but started to weaken at midweek and settled at \$2.0600 at weeks' end. Traders and handlers have mixed opinions on what is occurring and are unsure what is in store for trading in the near future. Churning activity across the country remains active, although lighter as increasing cream volumes are clearing through Class II operations, especially ice cream. Butter producers are often churning to fill current needs and remaining cautious about butter inventory enhancement. In many instances, butter producers remain cautious with their inventory management strategies with inventory levels often lighter than desired. Although the cash price is significantly higher than usual for this time of year, sales have been good. Buyers are cautious, but continue to buy.

CHEESE HIGHLIGHTS: The cheese market is about steady. Some packagers and processors have been using overtime to fill holiday orders (often process) or to build finished product inventory due to reduced holiday week schedules. A few operations note heavier shipments this week as a result. Many buyers are building inventory ahead of the higher monthly averages expected on July shipments. It appears the recent "problem cheese" from a large operation has been replaced, though current natural American offerings remain limited. Between slower summer pizza sales and current prices, mozzarella interest is lighter seasonally. Cheese production is near peak levels though trending lower as summer weather impacts milk receipts seasonally. Cheese yields are also steady to lower.

FLUID MILK: Milk receipts are generally past the annual peak throughout the country with appreciable declines prevalent in the Southeast, Arizona, and New Mexico. California temperatures broke 100 degrees, so handlers expect receipts may decline soon. Fluid demand remains at lower summer levels. Cream demand has improved as warmer temperatures stimulate ice cream sales. Also, production of dips, sour, and whipped cream are steady to stronger ahead of the upcoming holiday. Cream is getting shipped from region to region to supplement local offerings.

DRY PRODUCTS: Whey prices are steady to higher, particularly on export sales. Spot sales remain limited with most deliveries made to cover previous contracts. Drying is steady to lighter seasonally. The WPC market is mixed with pressure on the highest prices. Competition from NDM is increasing as the prices approach each other. Lactose prices are steady with spot activity limited. Commitments already cover the anticipated 3rd quarter production at some producers. The NDM market is mixed with prices unchanged to occasionally higher. Current domestic interest is lighter as

drying schedules are steady to slower seasonally. Most interest is just for short term coverage rather than inventory building. Buttermilk is mixed with buyers waiting for possible NDM price weakness to reduce buttermilk prices. Ice cream demand has been lower than normal due to the cool spring weather through much of the country. Churning is slowing as ice cream and other cream users absorb a larger share of the available offerings.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in most parts of **Western Europe** is now past peak levels and declines from high levels are being noted. Lack of moisture over recent weeks has basically come to an end and much needed rainfall has and continues to occur. Pastures are once again greening up, although recovery from damaged grain crops is still unknown. Milk production declines during the drought period are not expected to be recovered, but at least the potentially sharp decline in milk output on the downside of the season has eased. Milk handlers are stating that they are seeing milk receipts somewhat stabilizing at this point. At a June 8 Management Committee meeting, the committee agreed to a Commission proposal to suspend further skim milk powder tenders. The balance of intervention powder, about 50,000 MT, would be assigned to the deprived people scheme. Midweek, Russia announced that it would bar the importation of some German meat and dairy products just as the EU said it had struck a deal to allow the resumption of EU vegetable shipments. Russia barred imports of fresh EU vegetables in early June after a deadly outbreak of E coli in Germany. The announced ban, effective June 27, would initially affect 10 dairy products that currently are exported from Germany to Russia. Outside of this ban, Russian buyer interest in European produced dairy products has eased, but manufacturers and handlers are speculating that buyer interest will resume this fall. Traders and handlers are indicating that stocks are available and market conditions are stable. Milk production in the Oceania region is nearing seasonal low levels. The end of the 2010 - 2011 milk production season was positive in both New Zealand and Australia with herd health and conditioning also positive which will hopefully carry through the winter months and provide a strong start to the new production season. In **New Zealand**, the new milk production fiscal year is underway. Milk handlers are reporting that output during the 2010 - 2011 season was on the positive side by 2 - 3% when compared to the previous year. The outlook for the 2011 - 2012 season remains strong with some estimates in the 5 - 6% range. In **Australia**, the 2010 - 2011 fiscal year milk production season comes to a close at the end of June. At this point, milk handlers are estimating that annual output will be about 1% heavier than last year and project the 2011 - 2012 year to be slightly higher. Australian milk producers are ending the current season on a positive level and are optimistic about the 2011 - 2012

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUN 20	TUESDAY JUN 21	WEDNESDAY JUN 22	THURSDAY JUN 23	FRIDAY JUN 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.0675 (N.C.)	\$2.0675 (N.C.)	\$2.0675 (N.C.)	\$2.0675 (N.C.)	\$2.0775 (+.0100)	:: :: (+.0100)	:: :: \$2.0695 :: (-.0030)
40# BLOCKS	\$2.1300 (+.0100)	\$2.1300 (N.C.)	\$2.1300 (N.C.)	\$2.1300 (N.C.)	\$2.1300 (N.C.)	:: :: (+.0100)	:: :: \$2.1300 :: (+.0175)
NONFAT DRY MILK							
EXTRA GRADE	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	:: :: (N.C.)	:: :: \$1.6100 :: (N.C.)
GRADE A	\$1.6500 (-.0025)	\$1.6400 (-.0100)	\$1.6375 (-.0025)	\$1.6350 (-.0025)	\$1.6250 (-.0100)	:: :: (-.0275)	:: :: \$1.6375 :: (-.0160)
BUTTER							
GRADE AA	\$2.1400 (N.C.)	\$2.1400 (N.C.)	\$2.0850 (-.0550)	\$2.0800 (-.0050)	\$2.0600 (-.0200)	:: :: (-.0800)	:: :: \$2.1010 :: (-.0390)

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year. Oceania traders and handlers are reporting that stocks are reasonably balanced for this time of the season and that buyers are taking a wait and see attitude about future availabilities. At the June 15 g/DT auction, average prices were mostly lower, with the exception of whole milk powder which was higher. These trends were the complete opposite of what occurred during the June 1 event. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$5,346 per MT, -5.9%; skim milk powder \$3,994, -7.1%; whole milk powder, \$3,888, +2.6%; milk protein concentrate, \$6,409, -0.3%; and rennet casein, \$10,003, -2.4%.

COLD STORAGE (NASS): The May 31 U.S. cold storage holdings of butter totaled 170.4 million pounds, 20% more April, but 20% less than May 2010. Natural American cheese holdings total 620.5 million pounds, nearly unchanged from a month ago, and 1% more than a year ago. Total cheese stocks were 1.049 billion pounds, 1% more than last month, and 2% more than May 2009.

MAY MILK PRODUCTION (NASS): Milk production in the 23 major states during May totaled 16.0 billion pounds, up 1.5% from May 2010. April revised production at 15.5 billion pounds, was up 1.7% from April 2010. The April revision represented an increase of 3 million pounds or less than 0.1% from last month's preliminary production estimate. Production per cow in the 23 major states averaged 1,899 pounds for May, 6 pounds (0.3%) above May 2010. The number of cows on farms in the 23 major states was 8.45 million head, 103,000 head (1.2%) more than May 2010, and 15,000 head more than April 2011.

OVER ORDER CHARGES ON PRODUCER MILK IN FMOS (DAIRY PROGRAMS): For April 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.15, up \$0.06 from the March 2011 average. Eighty-nine percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.77 in the Pacific Northwest to \$3.09 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.22, up \$0.07 from the March 2011 average. Eighty-one percent of the producer milk used in Class II carried an over-order charge.

ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES (DAIRY PROGRAMS): For July 2011, the all-city average announced cooperative Class I price was \$26.22, \$2.55 higher than the Federal milk order (FMO) Class I price average for these cities. The July 2011 cooperative Class I price was \$0.68 higher than the June 2011 price. The July 2011 Federal order Class I price was \$0.71 higher than the June 2011 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.21 in Miami, FL. For July 2010, the all-city average announced cooperative Class I price was \$20.81, \$2.51 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

CME GROUP

MONDAY, JUNE 20, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6500
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.1400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1400; LAST OFFER UNCOVERED: NONE

TUESDAY, JUNE 21, 2011

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

WEDNESDAY, JUNE 22, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$2.1300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.1300
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6375
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.1100, 1 @ \$2.1000, 3 @ \$2.0950, 1 @ \$2.0850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JUNE 23, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6350
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.0800

FRIDAY, JUNE 24, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1300; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0775; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6250
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price held steady Tuesday and closed at \$2.1400. Butter prices have remained unchanged since reaching the \$2.1400 level on June 13. Trading has been light with only 3 loads transacted in the last 5 trading sessions. Butter production remains at reduced levels, partly due to continuing repairs at a plant that experienced an electrical fire last week, but also due to good demand for cream from ice cream and cream cheese manufacturers. Plants making butter are churning for immediate needs with very little being added to inventories. Demand for cream is steady to firm with the best demand occurring early in the week. Multiples moved higher and range from 133-142. Current production and inventories continue to be monitored closely as butter makers are hesitant to increase inventory levels 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

The CME cash butter price held steady for nearly a week but declined 5 1/2 cents at midweek. In cash trading, AA butter was offered down with 6 sales occurring along the way before settling at \$2.0850. This is the lowest cash price since late May and compares to \$1.7100 last year at this time and \$1.2050 in 2009. Traders and handlers have mixed opinions on what occurred on Wednesday and are unsure what is in store for trading in the near future. Churning activity in the Central part of the country is lighter as increasing volumes of available cream are absorbed into Class II operations. Current churning activity is sufficient to fulfill demand with minimal volumes clearing to inventory. In many instances, butter producers remain cautious with their inventory management strategies with inventory levels often lighter than desired. Butter producers and handlers remain quite pleased with commercial butter sales. Although overall retail butter sales are lower, consumers continue to purchase butter at higher than usual prices for this time of the season. Some retail buyers are speculating that consumers might be adjusting their buying patterns to the higher cash prices by purchasing smaller quantities, but continuing to include butter, versus a substitute, on their grocery shopping list. Food service orders are generally holding steady, but some buyers are cutting back. Some food service buyers are stating that the traffic flow through restaurants is lighter during the week, but holding at good level on weekends. 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 down \$.0550 at \$2.0850. Sales of butter were active with six loads trading and a total of seven loads so far this week. The current price is the lowest since May 23. Western butter manufacturers are busy clearing cream supplies while keeping a close eye on inventories. Although the market is significantly higher than usual for this time of year, sales have been good. Buyers are cautious, but continue to purchase. Ice cream interest is picking up for excess cream and churns are selling some cream rather than build butter inventories. The ice cream demand is slower than typical with current high ingredient prices. Butter stocks are lower than most years, but sufficient for current demand. Prices for bulk butter range from 1 cent over to 3 1/2 cents under the market, based on the CME with various time frames and averages used. According to the FAS, quota imports of butter for January-May 2011 total 3 million pounds, 16.1% more than the same period in 2010. Imports for 2011 account for 19.4% of the total quota for 2011. Imports of High-Tier butter (above quota and with a penalty) are 0.5 million pounds, 170.7% above last year's amount in the same time period.

U.S. Butter Imports (USDA-FAS)	2011 Imports (Million Lb.)	% Change From	
		1 Year Ago	% of Yearly Quota
Jan. - May			
High Tier	.50	+170.7	N.A.
Quota	3.00	+ 16.1	19.4
May Quota	0.34	- 23.2	-

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
June 18	1.9514 10,845,691	1.9924 9,041,082	1.6562 16,033,290	2.1188 3,672,709	0.5256 7,951,834

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group Tuesday, saw barrels and blocks both hold steady and closed with barrels at \$2.0675 and blocks at \$2.1300. Weekly average prices moved marginally higher with barrels advancing \$.0120 and blocks \$.0020. These increases are minor when compared to the three previous week's changes, which saw increases ranging from \$.0910-\$.1630 for barrels and \$.0960-\$.1778 for blocks. As a result of the weekly price increases, wholesale prices moved higher with Process 5# Sliced cheese increasing \$.0125, while Cheddar 40# Block and Muenster increased \$.0025. Wholesale prices for Swiss Cuts were unchanged. Cheese production continues to be mixed with some production declines, due to lower milk intakes, being offset with increased cream cheese production. Orders for mozzarella, provolone and aged cheddar remain steady. The continued higher CME Group cheese prices have heightened concerns of cheese makers that domestic demand will suffer due to the higher prices. Export demand for cheese continues to be good.

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

Cheddar 40# Block	:	2.4300-2.7050
Process 5# Sliced	:	2.1800-2.4900
Muenster	:	2.4500-2.6550
Grade A Swiss Cuts 10 - 14#	:	3.3875-3.7100

MIDWEST

The cheese market is relatively steady as spot natural American offerings seem limited. While a number of traders think cheese prices could possibly fall in the short term, the likely "window of opportunity" for having extra loads of current cheddar to sell and possibly lower cash cheese prices on the CME Group cash cheese market is shrinking. Cheese manufacturers and buyers are preparing for lower milk and cheese production, particularly when school meal programs require additional milk in August and September. Also, summer temperatures are typically higher, impacting both milk receipts and cheese yields. The other part of the demand equation is the current CME Group cash prices, if unchanged or possibly higher through June 30, would lead to a sharp increase (around 40 cents if the month ended 6/21) in the June monthly average over May. This provides buyers using monthly averages the incentive to make purchases in June and cut back in July. Some bulk mozzarella is reported as available for less than \$2.00 per pound as orders have slowed seasonally along with current cheese prices. Interest in hard Italian varieties for aging programs has also slowed at current prices. Some operations are seeing good natural orders. Process has slowed for some while others have had big July 4th process promos to fill. The peak annual milk intake level is probably past in the upper Midwest.

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

Process American 5# Loaf	:	2.4325-2.6225
Brick And/Or Muenster 5#	:	2.6225-2.6300
Cheddar 40# Block	:	2.4700-2.8650
Monterey Jack 10#	:	2.5800-2.8650
Blue 5#	:	2.9400-3.3500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4550-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.7900-3.3300

WEST

Cheddar barrels on Wednesday at the CME Group are unchanged at \$2.0675. 40 pound blocks are also unchanged at \$2.1300. Barrels are unchanged for the week following a \$.0100 decrease last Friday. Except for that one price reduction, barrels have been steady or higher at every session since May 16. Blocks are \$.0100 higher for the week and have followed a similar pattern to barrels over the same period. Sales activity was limited to blocks with three sales reported so far this week. Cheese prices in the West are steady to firm. Contract cheese sales are accounting for the bulk of business. Cheese plants in the Northwest are operating busy schedules as milk supplies are heavy in the region. The Southwest is experiencing hot weather and reducing volumes of milk for manufacturing. Demand is sufficient to clear most inventories with some volumes going to export markets with CWT assistance. Sales of mozzarella are slower as most schools are out of session and pizza demand slows into the summer. According to FAS, quota imports of cheese for January-May 2011 total 64.8 million pounds, up 21.4% from a year ago. The imports stand at 21.7% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 10.1 million pounds, compared to 3.7 million pounds imported for January-May of 2010. Imports of quota Swiss cheese for January-May 2011 total 19.1 million pounds, up 10.8% from last year. The two main countries for the Swiss imports are Norway and Finland, and they account for 11.8 million pounds or 61.5% of the year's total import of Swiss.

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

Process 5# Loaf	:	2.1975-2.4550
Cheddar 40# Block	:	2.2425-2.5950
Cheddar 10# Cuts	:	2.4225-2.6425
Monterey Jack 10#	:	2.4325-2.5925
Grade A Swiss Cuts 6 - 9#	:	2.9650-3.3950

FOREIGN

The weekly average CME Group block cheese price moved marginally higher, causing wholesale prices to increase \$.00025 for all domestic varieties. Prices for Swiss cuts and imported varieties were unchanged. According to FAS, quota imports of Swiss/Emmenthaler varieties from January through May 2011 totaled 19.2 million pounds, 10.8% more than the same period last year. Norway and Finland, the two top sources, account for 61.5% of Swiss/Emmenthaler imports January through May 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.5700-4.0575*
Gorgonzola	: 3.6900-6.3900	: 3.0725-3.3325*
Parmesan (Italy)	: -0-	: 3.6875-4.1025*
Provolone (Italy)	: 3.4400-6.2900	: 2.6125-2.7700*
Romano (Cows Milk)	: -0-	: 3.7600-5.9025*
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-

* = Price change.

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CHEESE MARKETS

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
06/20/11	9,018	:	126,832
06/01/11	8,187	:	124,401
CHANGE	831	:	2,431
% CHANGE	10	:	2

U.S. Cheese Imports (USDA-FAS)

	2011 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Jan. - May			
High Tier	10.1	+177.6	N.A.
Quota	64.8	+ 21.4	21.7
May Quota	11.7	- 6.9	-

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	199	0	260	0	216
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies in the East continue to be reallocated, in varying volumes, as a result of last week's electrical fire at a major balancing plant. A majority of the regular production schedule has resumed as the plant continues to make the necessary repairs. Northeast milk production is steady with some areas noting a rebound in production as cooler weather moved into the region. Pasture conditions are mostly good to excellent with alfalfa and hay harvest activities at or ahead of last year's pace. Temperatures and humidity levels have declined in the Mid-Atlantic region with milk production holding fairly steady at reduced levels. Milk production declines are continuing in the Southeast, but at a slower rate of decline as weather conditions have also moderated. Class I demand remains steady at increased levels following last week's features and promotions. Transport and temperature issues continue to be a problem for long haul loads. Florida's Governor has declared a State of Emergency due to the continuing drought and wildfires. The U.S. Drought Monitor, updated June 14, had 86% of the state rated as in moderate to exceptionally dry drought conditions. Some pastures improved marginally this past week as scattered rains fell in portions of the state. Most pastures, 77%, are rated as either poor or fair. Class I demand is holding steady. Milk production is declining at an increased rate as extended heat and humidity are lowering cow comfort levels. Demand for cream is steady to firm with early week demand trending stronger than later in the week. The fluctuating demand trend is an indication that ice cream manufacturers are trending towards hand to mouth production with limited additions to inventories. Cream cheese production however, remains steady filling current orders and building inventories for later in the year. Multiples moved higher and range from 133-142. Strong pulls from Class II manufacturers combined with seasonal milk production declines are limiting spot sale activity for condensed skim. Most supplies continue to move through contracts with a majority of the balance being channeled to nonfat dry milk production. According to NASS, milk production for May 2011 in the 23 reported states totaled 16.0 billion pounds, up 1.5% from May, 2010. Milk production decreased in 3 of the 5 listed states in the Eastern region and as a region, decreased production 0.7% over the same period last year at 2,632 million pounds. The 5 states showed the following percentage changes in milk production from May 2010 to May 2011 and total milk production this May: Florida, +3.6%, 203 million pounds; New York, -1.4%, 1,113 million pounds; Pennsylvania, -0.8%, 939 million pounds; Vermont, unchanged, 223 million pounds; and Virginia, -1.3%, 154 million pounds. Milk cow numbers for May 2011 increased in 3 of the 5 listed states of the Eastern region with 1 state declining and 1 state unchanged. The region increased by 4,000 head or 0.3% compared to the same period last year. Individual state cow numbers compared to May 2010 and cows remaining as of this May are: Florida, 3,000 increase, 118,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 2,000 increase, 543,000 remaining; Vermont, 2,000 decrease, 135,000 remaining; and Virginia, 1,000 increase, 96,000 remaining.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast -	2.8462-3.0388
F.O.B. producing plants: Upper Midwest -	2.7820-2.8890

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.69 - 1.74
Northeast - Class III - spot prices -	1.15 - 1.20

MIDWEST

Class I demand remains at lighter summer levels. Class II interest for non-ice cream products was steady to improved where customers are preparing supplies for July 4th celebrations using high fat items like dips and sour cream. Ice cream demand was steady to stronger. Current cream prices keep ice cream manufacturers watching inventory and production levels closely. If more consistent summer weather stimulates consumer demand, some operations may be hard pressed to keep up with orders. A few manufacturers have mentioned that spring ice cream sales were below normal. Cheese milk interest is good and buyers are unable to secure desired volumes through much of the upper Midwest. Many handlers simply are unable to find the milk. Premiums on actual sales, though limited in number, seem to be increasing. Some buyers are hoping that the upcoming holiday weekend may increase the supply. Annual plant peak intakes in the Upper Midwest have occurred in recent weeks and volumes are steady to slightly lower. Components are steady to slightly lower, reducing manufactured product yields. Corn maturity is lagging due to late planting because of the cool and wet spring weather with a lot of it likely hard pressed to make "knee high by the 4th" without ideal weather. Second cutting alfalfa regrowth has been aided by the weather. Estimated May milk production in selected Midwestern states compared with May 2010 is: Wisconsin, 2,279 million pounds, -41 million pounds (-1.8%); Texas, 839 million pounds, +68 million pounds (8.8%); Minnesota, 789 million pounds, -22 million pounds (-2.7%); Michigan, 743 million pounds, +2 million pounds (0.3%); Iowa, 387 million pounds, +1 million pounds (0.3%); and Ohio, 450 million pounds, -28 million pounds (-5.9%).

WEST

CALIFORNIA experienced triple digit temperatures this week. Milk production levels are still above year ago. The higher temperatures are expected to slow production as summer begins. Processing plants are busy handling current milk volumes and milk is being moved around the state to available facilities. Milk, condensed skim and cream are also being offered to out of state plants. Transportation costs and truck availability are of concern in some cases. Class I demand is flat. ARIZONA milk production is past the peak with high temperatures slowing production. Although temperatures are well into the 100's, humidity levels are manageable and cows can find some respite from the heat with fans and misters. Some milk and condensed skim is being imported from California into production facilities to fill shifts. NEW MEXICO milk production is past its peak. Increased cow numbers have added to production levels over the past year. With most schools out, Class I demand has slowed. CREAM markets are mostly steady to firm. Butter prices had been holding steady until midweek when the market dropped 5 1/2 cents to \$2.0850. Cream shipments out of the region to the Midwest continue to clear supplies. Cream multiples are steady to firm and range from 113-135, and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST continues to increase with peak production said to be close. First crop hay has been harvested in the region and is helping to boost production. The late harvest and cool spring have both contributed to hay price increases in the region. Milk handlers are busy moving fluid supplies to plants for processing. Few plant disruptions are being reported, but managers are keeping a close eye on milk shipments. UTAH and IDAHO milk production is increased from year ago levels as Idaho has added to their cow herds over the last year. Processing capacity in the region is sufficient to handle the increased supply. Cream sales to the Midwest are taking some excess cream from local butter churns. High feed costs continue to limit expansion for smaller milk producers.

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

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According to NASS, May Milk Production for the 23 surveyed states totals 16 billion pounds, up 1.5% from last year. Monthly milk production per cow for the 23 surveyed states was 6 pounds (+0.3%) more than May 2010. May milk production for selected Western states is as follows: Arizona +6.4%, California +3.7%, Colorado +6.7%; Idaho +5.4%, New Mexico +1.9%, Oregon +4.4%, Utah unchanged, and Washington +5.3%. Compared to May 2010, the Arizona herd is up 13,000 head, California +17,000, Colorado +9,000; Idaho +18,000, New Mexico +3,000, Oregon +4,000, Utah +2,000, and Washington +11,000. These 8 states are up 77,000 and the 23 surveyed states are up 103,000. May cow numbers in these 8 states were 10,000 more than last month.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices are unchanged to slightly higher on a mixed market. Interest is slow according to many industry representatives, but some competitively priced resale spot loads were garnering interest and perhaps deflecting some interest from fresh product offerings. Overall buyer interest has entered the summer doldrums, according to some industry participants. Buyers seem to be able to fill near term needs and expect some softening in the marketplace to enhance buying options in the weeks to come. NDM producers note that milk production in Wisconsin, the second largest producer of milk in the nation, decreased in May compared to one year ago. This was the first decrease in production for that month, on a year to previous year comparison, since 2003. Some plants in the Central are scouring the region for spot loads of milk, or ramping up loads being supplied under existing supply contracts. This is helping plants operate more efficiently by bringing production closer to plant capacity. Nonfat dry milk inventories are steady to building slowly.

EAST: Prices for low heat nonfat dry milk moved higher on the full range, while high heat prices held steady in the East this past week. Nonfat dry milk production declined this week as the plant that experienced an electrical fire last week resumed a major portion of their production schedule, which resulted in less milk being channeled to dryers via reallocation of milk to other plants. Strong milk pulls from Class II manufacturers are also limiting nonfat dry milk production. Most nonfat dry milk manufacturers are producing low heat coming off the weekend and into the early part of the week, while high heat is generally produced in the middle of the week. There is a developing disconnect between buyers and sellers of nonfat dry milk with buyers waiting for prices to break, while sellers are viewing declining milk production and good export demand as reasons to hold prices at current levels. Spot sales of nonfat dry milk were limited. Some Eastern manufacturing plant managers continue to express concerns regarding future milk supplies and their ability to meet their nonfat dry milk commitments. Domestic demand is good coming from ice cream manufacturers, but generally flat and hand to mouth from other end users. 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 produce are limiting the feasibility of moving nonfat dry milk from West to East.

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

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are higher across the price range as contract prices follow various price indices. The mostly series is steady to marginally higher. Western manufacturers are operating busy schedules as milk intakes continue to push drying facilities. Increased heat in the Southwest and into California are beginning to slow production levels somewhat. The Northwest is still building to peak production and is stressing some producers. Supplies of nonfat dry milk are building in many cases, but producers are comfortable with current inventories. Buyers are reported to be looking for some lower prices, but spot offerings at a discount are hard to find. The market tone is felt to be weaker with

increased production, but little evidence of price weakness is being exhibited. Manufacturers are able to fill orders in a timely manner and are holding prices firm in most cases. End user demand is adequate, although the slow start to the ice cream season has slowed some sales. With supplies available, buyers are purchasing more on an as needed schedule rather than building their own inventories. High heat NDM prices are mostly steady to slightly higher. Supplies are adequate for immediate needs and production of low and medium heat is taking up most of the dryer time. Export interest for the 3rd quarter has provided a firm undertone to the market. Western NDM supplies are seeing increased transportation costs into the Central and Eastern markets.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6100 - 1.7125 MOSTLY: 1.6200 - 1.6550
 HIGH HEAT: 1.6750 - 1.8250

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged on the top, one cent higher on the bottom of the range. The market tone is somewhat mixed as buyers seem to be waiting for the nonfat dry milk market to set the pace. Additional milk is flowing into butter/powder plants as school district meal needs loosen their grip on fluid milk supplies for the summer. Additional cream from the West is clearing into the Central, but most reports indicate that cream is destined for Class II and III uses versus butter and buttermilk production. Several regional producers report churning is active at their locations as those plants jump on the opportunity to fill current and near term butter needs before farm milk components decrease seasonally. Central manufacturers' inventories of dry buttermilk are adequate to meet contract needs in the near term.

EAST: Dry buttermilk prices moved marginally higher on the low end of the range this week in continued light trading. Butter and dry buttermilk remained at lower production levels as a result of last week's electrical fire at an Eastern plant. Butter production at the plant will be limited until the necessary repairs are completed. Other factors limiting dry buttermilk production are increased condensed buttermilk sales and increased cream demand from ice cream and cream cheese manufacturers. Some brokers have indicated increased interest in dry buttermilk as end users explore reformulation possibilities of using lower priced dry buttermilk in lieu of nonfat dry milk or whey protein concentrates. Current dry buttermilk supplies are moving through contracts with limited additions to inventories.

F.O.B. CENTRAL/EAST: 1.5000 - 1.6300

DRY BUTTERMILK - WEST

Western dry buttermilk prices are steady over the range and marginally higher on the mostly price series. The market tone remains unsettled as buyers are looking to lower costs. Offerings of dry product are moderate with some competition from sales of condensed buttermilk. Additional offerings of dry buttermilk were noted into the spot market this week. Demand from ice cream manufacturers is reported to be slower than expected as the cool, wet spring delayed production schedules. Warmer weather across the country is expected to increase consumption of ice treats.

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

Increased demand from Class II products is limiting butter production as cream moves into those channels. This all adds up to weaker demand for available buttermilk supplies.

F.O.B. WEST: 1.4800 - 1.5400 MOSTLY: 1.4800 - 1.5175

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are steady. Spot loads are clearing on occasion, but most market active is contract based. Some buyers are placing orders for the second half of the year. Various plants are scheduling dry whole milk production around dryer schedules and milk availability.

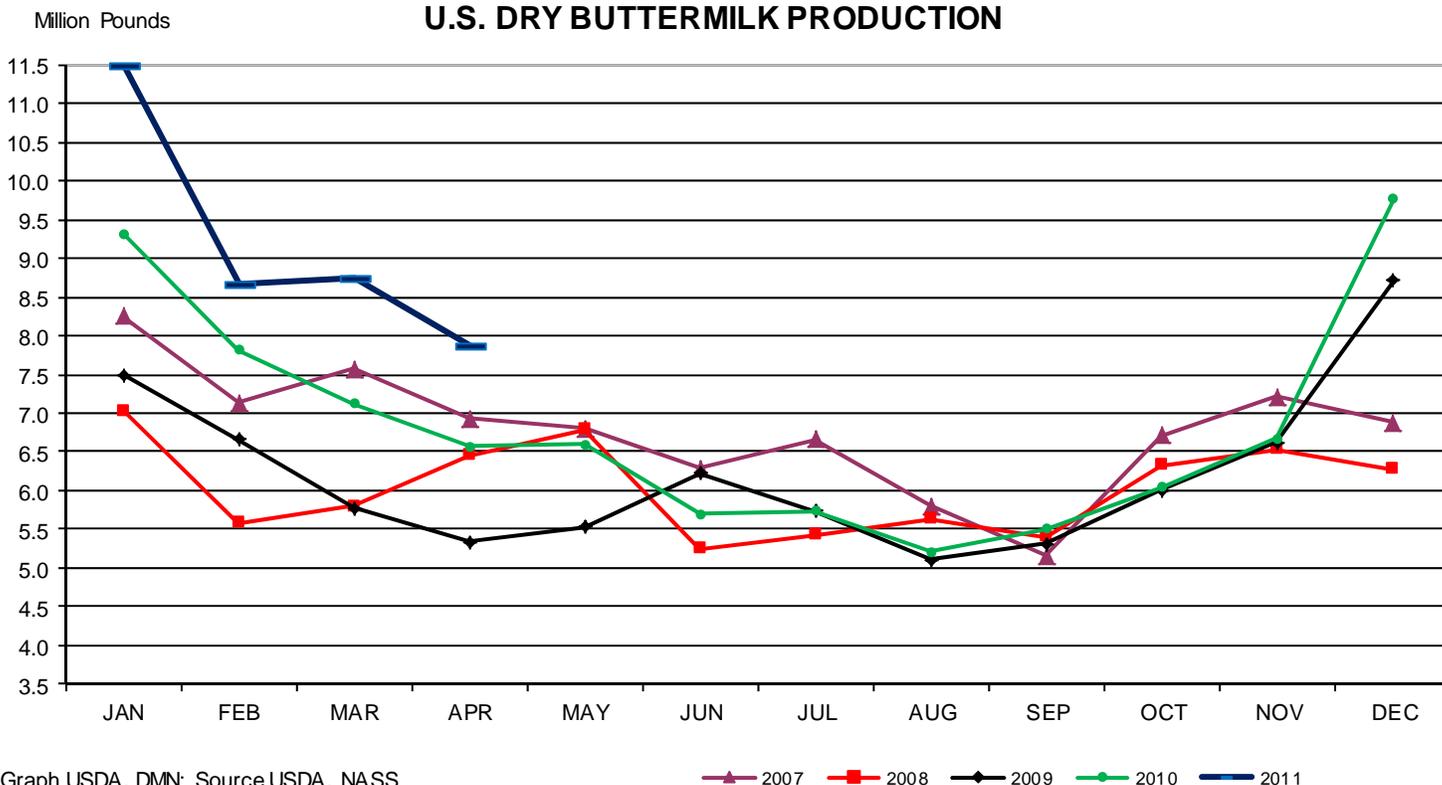
F.O.B. PRODUCING PLANT: 1.9400 - 2.0600

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 17	\$1.6033	10,388,936	0
June 10	\$1.6370	13,467,999	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.

U.S. DRY BUTTERMILK PRODUCTION



Graph USDA, DMN; Source USDA, NASS

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices are unchanged to slightly higher as prices based on various indices adjusted higher. Farm milk intakes are rebuilding at Class III plants as school districts reduce fluid milk orders for the summer. Competition for spot milk loads in the North Central area is active. Weekly dry whey production is inching higher along with the increases in cheese production, although several plants indicate this increased production is not "extra" and merely puts plants in sync with contract commitments. Some spot loads of dry whey cleared readily from the Ohio Valley area to the Upper Midwest. Loads of extra grade dry whey retrieved from an export-bound order were reportedly available, with some concessions to price due to packaging and labeling. Availability of spot loads of condensed whey is lighter for the week. Prices for ANIMAL FEED DRY WHEY are unchanged, with light inventories at most Central locations.

F.O.B. CENTRAL: .4800 - .5600 MOSTLY: .4900 - .5300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3800 - .5150

DRY WHEY - NORTHEAST

The dry whey price held steady this week in light trading. Supplies continue to be very tight. Cheese production declines, due to lower milk intakes, resulted in marginal declines in dry whey production. Resale prices declined, ranging from \$.62 - \$.64. Virtually zero supplies are available on the spot market with those buyers looking for additional product having to opt for resale opportunities or look outside the region. 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

Western whey prices are firm to higher. The range was higher on reported export sales. The mostly price series was also higher. Spot sales of whey are scarce as supplies remain tight. Most production is tied to contract fulfillment. Contract prices are firm due to strength in various price indices. Alternate whey protein products are competing with dry whey production and limiting supplies. Domestic demand is reported to be good with spot loads hard to find and priced higher through mostly resale channels. Some cheese plants are slowing production as warm weather is beginning to reduce milk production and lowering milk solids. This is serving to further tighten whey supplies.

NONHYGROSCOPIC: .5100 - .6100 MOSTLY: .5375 - .5675

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% market is mixed. Prices are unchanged on the mostly price series and unchanged to lower on the range price series. One or two F.O.B. spot loads priced near the low end of the range reportedly fetched few bidders, but a few other spot loads of WPC 34% cleared through the market to steady interest. Some spot loads reportedly had their origins as contract loads experiencing some pushback. End user specifications and approved supplier lists often limit WPC 34% placement. Some industry participants view the WPC 34% market as somewhat top heavy as it reaches the price levels of nonfat dry milk.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5000 - 1.7225 MOSTLY: 1.5400 - 1.5900

LACTOSE - CENTRAL AND WEST

Lactose prices are steady for the week. Spot sales are infrequent from most manufacturers as finalizing Q 3 and/or July monthly contracts takes priority. Many producers indicate, though, it is apparent all near term needs have not been met; domestic and international buyers are persisting in their searches for F.O.B. spot loads as well as contract agreements of varying lengths. Several producers describe stock carryover into July as unchanged from previous months' carryovers. Commitments on projected lactose production for Q 3 are nearing or at a sold out position for several manufacturers. With those circumstances in the marketplace, sellers indicate managing expectations of buyers as to delivery times is emerging as a priority.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3600 - .6600 MOSTLY: .4300 - .5100

CASEIN - NATIONAL

Casein markets and prices remain firm as the end of the second quarter nears. Domestic buyers continue to question suppliers about supply availability. Reports indicate that acid volumes are tightening and prices are on the increase. Production in the Oceania region has ceased for the season, but remains active in Europe. At this point, European production is basically in line with projections and known needs. Most suppliers do indicate that their production outlook does not leave much uncommitted stock for spot buyer interest.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 4.7600 - 5.1400
ACID: 4.7000 - 5.1200

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JUNE 20 - 24, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 06/17/11	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 06/04/11 & Comparable Week 2010

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.5	5.9	2.7	15.0	2.6	N.A.	N.A.	13.6	2.4	44.1	1,324.9	42.1	47.0
2010-Dairy	N.A.	0.5	5.6	1.9	15.0	3.3	0.2	N.A.	13.6	2.7	43.9	1,238.4	40.3	44.2
2011-All cows	0.0	0.6	7.4	11.9	25.3	23.7	N.A.	N.A.	17.2	3.3	104.8	2,819.4		
2010-All cows	N.A.	0.7	7.1	11.8	26.7	21.4	12.3	N.A.	19.4	6.5	108.8	2,800.9		

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

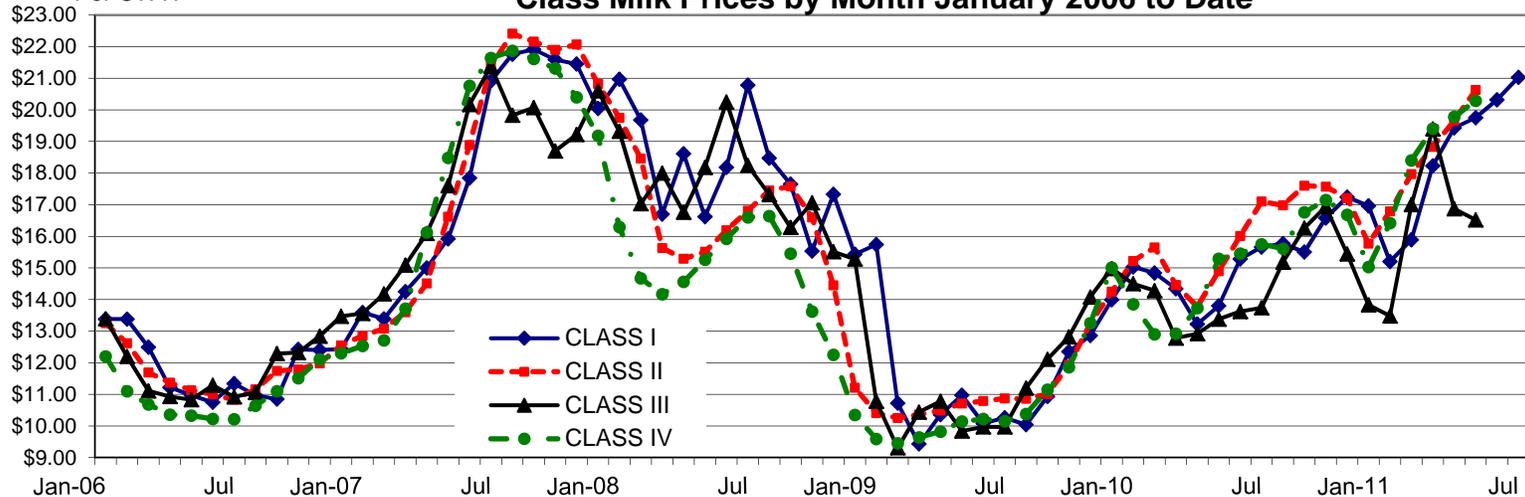
FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)

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	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; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

Per CWT.

Class Milk Prices by Month January 2006 to Date



Class I base price does not include applicable Class I differential

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 12—25, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

Milk production in most parts of Western Europe is now past peak levels and declines from high levels are being noted. Lack of moisture over recent weeks has basically come to an end and much needed rainfall has and continues to occur. Pastures are once again greening up, although recovery from damaged grain crops is still unknown. Milk production declines during the drought period are not expected to be recovered, but at least the potentially sharp decline in milk output on the downside of the season has eased. Milk handlers are stating that they are seeing milk receipts somewhat stabilizing at this point. At a June 8 Management Committee meeting, the committee agreed to a Commission proposal to suspend further skim milk powder tenders. The balance of intervention powder, about 50,000 MT, would be assigned to the deprived people scheme. Currently, previously assigned intervention powder is being distributed to various programs. How programs uses this powder is up to them, but reports indicate that some of this powder is appearing in commercial channels at this time. Although this is edible powder, age is often a factor that may limit its' usability, thus animal feed buyers are often procuring these offerings. Manufacturers and handlers are stating that animal feed buyers have been reaching into the edible market to fulfill their needs, thus these offerings will potentially slow this market trend. On Wednesday, Russia announce that it would bar the importation of some German meat and dairy products just as the EU said it had struck a deal to allow the resumption of EU vegetable shipments. Russia barred imports of fresh EU vegetable in early June after a deadly outbreak of E coli in Germany. The announced ban, effective June 27, would initially affect 10 dairy products that currently are exported from Germany to Russia. Outside of this ban, Russian buyer interest in European produced dairy products has eased, but manufacturers and handlers are speculating that buyer interest will resume this fall. Traders and handlers are indicating that stocks are available and market conditions are stable.

BUTTER/BUTTEROIL: European butter markets remain firm, although prices are mixed. Milk production is now basically past peak levels, although churning remains seasonally strong. Stocks are available for both domestic and international needs, but international buyers are hesitant to procure volumes due to firm prices. In some instances, international buyers that typically source from Europe are looking to other possible sources. Although this trend is occurring, European manufacturers and handlers are comfortable with their supply/demand balance and are calling the market stable.

82% BUTTERFAT: 5,875 - 6,100
 99% BUTTERFAT: 6,300 - 6,550

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are unsettled. Prices have eased slightly, but traders and handlers are not overly concerned about this trend. Milk production is easing from seasonal high levels, although fully sufficient to maintain active drying schedules. Traders and handlers state that sales activity is not strong, but active for this time of the season. Many traders feel that buyers are holding off with their purchases and are monitoring trends. On June 6, at a Management Committee meeting, the committee agreed to a Commission proposal to assign the balance of intervention skim milk powder stocks to the most deprived people scheme and suspended any further skim milk

powder tenders. There are about 50,000 MT of intervention powder that is being reassigned. Currently, some previously assigned intervention stocks to this food program are being distributed to various programs. How the recipient program uses this powder is up to them, but reports are indicating that some of this powder is beginning to appearing in commercial markets.

1.25% BUTTERFAT: 3,375 - 3,550

WHOLE MILK POWDER (WMP): European whole milk powder markets remain generally firm, although prices eased slightly on the top end of the reported range. Milk production in Europe is now on the down side in most areas of Western Europe, while very near or at peak levels in Eastern Europe. Whole milk powder production is seasonally strong and stocks are available for both current and future needs. Traders and handlers are stating that sales are occurring both internally and internationally, but no significant volumes are being reported. Traders feel that international buyers are taking a wait and see attitude and holding off placing additional orders.

26% BUTTERFAT: 4,300 - 4,525

SWEET WHEY POWDER: European whey powder markets and prices are generally firm. As has been the case for much of the spring, prices have fluctuated frequently and this trend continues. Cheese production is seasonally active, although Russian buyer interest for cheese has eased. Stocks of whey are sufficient for domestic and international buyer interest, although price continues to often limit international sales.

NONHYGROSCOPIC: 1,325 - 1,450

EASTERN OVERVIEW: Milk production in Eastern Europe is very near or at peak levels. Overall milk production is running a little ahead of last year at this time. Lack of moisture has also been plaguing this area, but rainfall is also being reported in this region, relieving some drought possibilities. Traders and handlers of manufactured dairy products indicate that stocks are available for current and future needs.

Exchange rates for selected foreign currencies: June 21, 2011

1.0296 Canadian Dollar	.0223 Indian Rupee
.2444 Argentina Peso	.8126 New Zealand Dollar
.0849 Mexican Peso	1.0606 Australian Dollar
.3620 Polish Zloty	.0125 Japanese Yen
	1.4411 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0849) = 11.7786 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 12—25, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA

Milk production in the Oceania region is nearing seasonal low levels. Early winter weather patterns are developing and are not detrimental at this time to herd health and conditioning. The end of the 2010 - 2011 milk production season was positive in both New Zealand and Australia with herd health and conditioning also positive which will hopefully carry through the winter months and provide a strong start to the new production season. In New Zealand, the new milk production fiscal year is underway. Milk handlers are reporting that output during the 2010 - 2011 season was on the positive side by 2 - 3% when compared to the previous year. The outlook for the 2011 - 2012 season remains strong with some estimates in the 5 - 6% range. In Australia, the 2010 - 2011 fiscal year milk production season comes to a close at the end of June. At this point, milk handlers are estimating that annual output will be about 1% heavier than last year and project the 2011 - 2012 year to be slightly higher. Australian milk producers are ending the current season on a positive level and are optimistic about the 2011 - 2012 year. Many herd replacements in Australia have been exported during recent years, thus there are not many heifers that are available to enter the Australian milking line. The export market for heifers remains positive, thus Australian producers indicate that herd expansion will be slow to develop for them. Oceania traders and handlers are reporting that stocks are reasonably balanced for this time of the season and that buyers are taking a wait and see attitude about future availabilities. At the June 15 g/DT auction, average prices were mostly lower, with the exception of whole milk powder which was higher. These trends were the complete opposite of what occurred during the June 1 event. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$5,346 per MT, -5.9%; skim milk powder \$3,994, -7.1%; whole milk powder, \$3,888, +2.6%; milk protein concentrate, \$6,409, -0.3%; and rennet casein, \$10,003, -2.4%.

BUTTER: Oceania butter markets are generally steady, although prices dipped slightly on both ends of the reported range. Although new butter sales are limited, ongoing prices are predominately near the upper end of the reported range. Traders and handlers are stating that butter stocks are limited, but sufficient to fulfill commitments. Churning activity is seasonally low as the milk production season enters into the winter months. At the June 15 g/DT event, anhydrous milk fat averaged \$5,346 per MT, -5.9% when compared to the June 1 event.

82% BUTTERFAT:

4,400 - 5,050

SKIM MILK POWDER (SMP): Skim milk powder markets are mixed with prices fluctuating higher and lower within the range. Butter/powder production is at seasonally low levels, thus current commitments are being filled from previous production. Traders and handlers are stating that stocks are in reasonable balance for this time of the year and there are basically no volumes of uncommitted powder available for spot buyer inter-

est. Sales negotiations for the upcoming season are just starting to develop, although traders and handlers are indicating that some buyers are taking a wait and see attitude at this time. At the June 15 g/DT event, skim milk powder averaged \$3,994 per MT, -7.1% when compared to the previous all contract average price. For contract #1 (August), the average price was \$4,364, 4.2% lower than the previous event; contract #2 (September - November), \$4,088, -9.1%; and contract #3 (December - February), \$3,729, -7.5%.

1.25% BUTTERFAT:

3,700 - 4,100

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are steady to firm. Whole milk production is at seasonally low levels as the Oceania milk production season enters the winter months. Traders and handlers are stating that buyer interest is minimal, typical for this time of the year. Some buyers are starting to inquire about upcoming new production, but often continue to take a wait and see attitude. At the June 15 g/DT event, whole milk powder averaged \$3,888 per MT, 2.6% higher than the previous all contract average. The average price and percentage change from the previous event for the various contracting periods are: contract #1 (August) \$3,886, +2.6%; contract #2 (September - November) \$3,896, +1.8%; and contract #3 (December - February) \$3,876, +3.9%. Traders and handlers continue to monitor the g/DT and use the event as one component in establishing commercial pricing.

26% BUTTERFAT:

3,800 - 4,100

CHEDDAR CHEESE: Oceania cheese markets are generally steady, although prices have fluctuated higher and lower within the reported range. Cheese production is at seasonally low levels, thus needs are basically being filled from previous production. Although the new milk production season has not resumed, cheese manufacturers and handlers are stating that sales negotiations for the new season are occurring. Early reports indicate that buyer interest appears to be in line with projections and volumes are comparable with recent needs.

39% MAXIMUM MOISTURE:

4,400 - 4,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 12—25, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

JUNE 15, 2011 Global/Dairy Trading (g/DT) event 46 recap US \$ per metric ton								
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		All Contracts	
	August 2011		September - November 2011		December 2011 - February 2012			
Anhydrous Milk Fat	\$5,363	-6.9%	\$5,344	-5.4%	\$5,316	-5.9%	\$5,346	-5.9%
Buttermilk Powder	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Skim Milk Powder	\$4,364	-4.2%	\$4,088	-9.1%	\$3,729	-7.5%	\$3,994	-7.1%
Whole Milk Powder	\$3,886	2.6%	\$3,896	1.8%	\$3,876	3.9%	\$3,888	2.6%
Milk Protein Concentrate	\$6,495	0.2%	\$6,325	-0.9%	N.A.	N.A.	\$6,409	-0.3%
Rennet Casein	\$9,900	-3.7%	\$10,135	-0.8%	N.A.	N.A.	\$10,003	-2.4%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	06/09	06/10	06/13	06/14	06/15	06/16	06/17	06/20	06/21	06/22
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 11	19.00 (4954) 0	19.07 (4961) 0	19.15 (4917) 0	19.22 (4940) 0	19.17 (4927) 0	19.20 (4917) 0	19.15 (4989) 0	19.15 (5026) 0	19.14 (4972) 0	19.14 (5052) 0
JUL 11	19.77 (5291) 20	19.61 (5309) 0	19.77 (5361) 0	19.98 (5384) 6	19.83 (5382) 1	20.09 (5472) 0	20.04 (5492) 0	20.06 (5890) 0	20.07 (5818) 0	19.92 (5795) 7
AUG 11	18.81 (4924) 0	18.74 (4947) 0	18.85 (4955) 0	19.02 (4981) 6	18.82 (5013) 3	19.22 (5098) 5	19.05 (5126) 0	19.15 (5220) 0	19.27 (5353) 0	19.12 (5393) 4
SEP 11	18.44 (4722) 0	18.42 (4715) 0	18.52 (4745) 0	18.65 (4765) 6	18.40 (4764) 3	18.61 (4791) 1	18.34 (4807) 0	18.41 (4802) 0	18.51 (4825) 6	18.41 (4855) 4
OCT 11	17.83 (3638) 0	17.87 (3634) 0	17.90 (3657) 0	17.95 (3685) 6	17.79 (3690) 1	17.90 (3710) 1	17.70 (3739) 0	17.85 (3757) 0	17.85 (3763) 1	17.77 (3772) 4
NOV 11	17.70 (3321) 0	17.72 (3323) 0	17.70 (3334) 0	17.66 (3346) 6	17.60 (3349) 0	17.64 (3363) 1	17.46 (3403) 14	17.45 (3414) 0	17.47 (3431) 1	17.37 (3436) 4
DEC 11	17.63 (3288) 0	17.70 (3291) 0	17.68 (3303) 0	17.64 (3298) 6	17.51 (3293) 0	17.50 (3297) 1	17.43 (3288) 14	17.40 (3293) 0	17.38 (3295) 1	17.22 (3348) 4
JAN 12	17.20 (637) 0	17.16 (636) 0	17.18 (640) 0	17.18 (641) 0	17.06 (652) 2	17.04 (654) 0	17.00 (654) 0	16.92 (658) 0	16.92 (668) 1	16.80 (691) 2
FEB 12	16.65 (501) 0	16.65 (501) 0	16.66 (509) 0	16.66 (511) 0	16.60 (520) 2	16.60 (523) 0	16.56 (526) 0	16.50 (531) 0	16.52 (545) 1	16.51 (556) 2
MAR 12	16.51 (452) 0	16.52 (453) 0	16.57 (463) 0	16.60 (465) 0	16.59 (475) 0	16.59 (478) 0	16.57 (480) 0	16.54 (494) 0	16.56 (505) 1	16.54 (520) 2
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 11	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0	20.90 (577) 0
JUL 11	20.69 (708) 0	20.70 (710) 0	20.65 (710) 0	20.65 (714) 0	20.65 (714) 0	20.65 (714) 0	20.65 (714) 0	20.65 (714) 0	20.65 (714) 0	20.65 (714) 0
AUG 11	20.15 (776) 0	20.25 (793) 30	20.20 (823) 30	20.20 (828) 0	20.20 (828) 0	20.20 (828) 0	20.20 (828) 0	20.20 (828) 0	20.20 (828) 0	20.20 (828) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 11	213.00 (467) 0	213.00 (467) 0	213.00 (467) 0	213.00 (467) 0	211.03 (467) 2	211.03 (467) 0	211.93 (467) 0	212.50 (467) 0	212.50 (467) 0	212.50 (467) 0
JUL 11	213.00 (669) 13	213.00 (669) 0	213.75 (676) 7	212.50 (685) 9	212.50 (685) 0	212.50 (685) 0	212.50 (677) 8	212.00 (677) 2	212.00 (674) 19	208.00 (701) 37
AUG 11	213.00 (728) 16	213.00 (732) 4	213.50 (736) 8	212.98 (738) 2	210.03 (740) 6	212.00 (740) 0	212.00 (736) 10	211.50 (736) 4	211.50 (734) 22	208.00 (822) 104
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JUN 11	161.50 (457) 0	161.53 (457) 0	161.53 (457) 0	161.53 (457) 0	161.53 (457) 0	161.53 (457) 0	161.53 (457) 0	162.00 (457) 0	162.00 (457) 0	162.00 (457) 0
JUL 11	161.00 (437) 0	162.00 (437) 0	161.20 (437) 0	161.20 (437) 0	162.00 (437) 0	162.00 (437) 0	162.00 (437) 0	162.00 (437) 0	162.00 (437) 0	162.00 (437) 0
AUG 11	157.00 (433) 0	156.98 (432) 0	156.95 (433) 0	156.95 (438) 0	154.75 (438) 0	154.75 (438) 0	154.75 (438) 0	154.75 (438) 0	154.75 (438) 0	155.00 (438) 0
CME - WHEY (Electronic-Traded)										
JUN 11	52.00 (333) 0	52.00 (333) 0	52.00 (333) 0	52.00 (333) 0	52.00 (333) 0	52.50 (333) 4	52.55 (333) 2	52.55 (333) 0	52.55 (333) 0	52.55 (333) 0
JUL 11	55.00 (192) 3	54.50 (192) 0	54.50 (192) 0	54.50 (192) 0	54.50 (192) 0	54.50 (192) 0	54.50 (192) 0	55.00 (191) 1	55.00 (190) 2	55.00 (190) 0
AUG 11	55.00 (172) 0	54.50 (172) 0	54.50 (172) 0	54.50 (172) 0	52.00 (172) 1	52.03 (172) 0	52.00 (172) 2	52.00 (172) 0	52.00 (172) 0	52.00 (175) 3
CME - CHEESE CSC (Electronic-Traded)										
JUN 11	1.88 (392) 0	1.89 (392) 0	1.89 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0
JUL 11	1.96 (221) 19	1.96 (221) 0	1.96 (221) 4	1.96 (221) 0	1.96 (221) 0	1.98 (221) 0	1.98 (221) 0	1.98 (221) 6	1.99 (221) 12	1.99 (224) 3
AUG 11	1.85 (195) 0	1.85 (195) 0	1.85 (195) 0	1.87 (195) 0	1.87 (195) 0	1.89 (195) 0	1.89 (201) 6	1.92 (209) 9	1.92 (215) 7	1.91 (221) 6
SEP 11	1.81 (207) 0	1.81 (207) 0	1.82 (207) 0	1.84 (207) 0	1.84 (207) 0	1.84 (207) 0	1.84 (211) 6	1.84 (211) 0	1.85 (215) 10	1.85 (215) 0
OCT 11	1.77 (257) 2	1.77 (257) 0	1.77 (257) 0	1.78 (257) 0	1.78 (259) 2	1.79 (263) 4	1.78 (266) 3	1.78 (266) 0	1.78 (266) 0	1.79 (266) 3
NOV 11	1.74 (305) 0	1.75 (305) 0	1.75 (305) 0	1.75 (305) 0	1.76 (315) 10	1.76 (319) 4	1.75 (319) 0	1.75 (319) 0	1.75 (319) 0	1.75 (319) 0

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

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

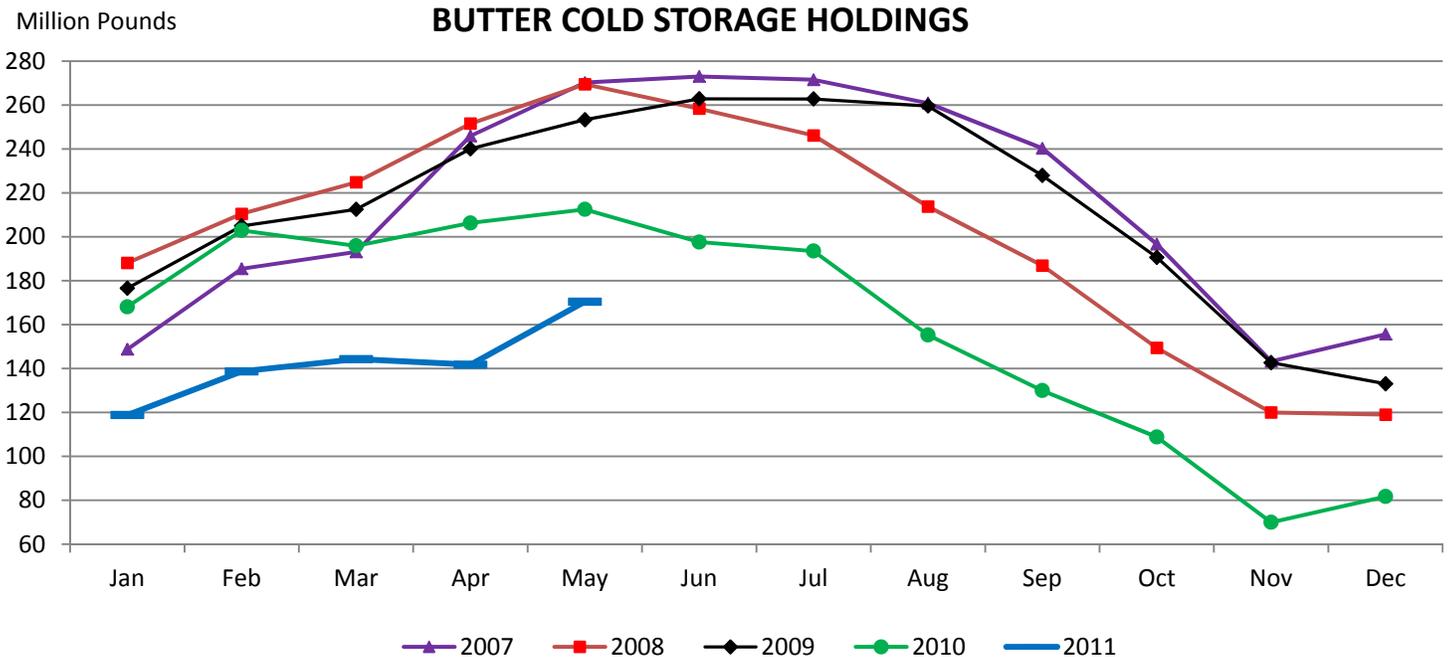
All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 2009	APR 30, 2010	REVISED APR 30, 2011	MAY 31, 2009	MAY 31, 2010	MAY 31, 2011
Butter	240,044	206,291	141,728	253,310	212,488	170,413
Cheese, Natural American	577,391	609,588	621,426	586,053	614,935	620,467
Cheese, Swiss	22,855	26,760	31,427	22,102	27,339	34,191
Cheese, Other Natural	338,668	382,266	386,577	362,165	384,533	393,854
Total Cheese	938,914	1,018,614	1,039,430	970,320	1,026,807	1,048,512
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

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

MAY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
New England	36,602	38,139	38,472	---	---	---	417	491	846
Middle Atlantic	44,229	44,105	56,284	---	---	---	16,852	19,829	21,533
East North Central	251,466	261,081	263,179	---	---	---	218,686	257,500	268,806
West North Central	93,271	95,943	107,118	---	---	---	77,629	71,971	63,130
South Atlantic	5,620	4,448	41	---	---	---	417	193	6,920
East South Central	2,279	1,758	1,559	---	---	---	3,247	151	155
West South Central	3,746	5,044	3,463	---	---	---	2,236	1,412	1,195
Mountain	49,136	52,832	51,373	---	---	---	6,712	7,216	6,776
Pacific	99,704	111,585	98,978	---	---	---	35,969	25,770	24,493
TOTAL	586,053	614,935	620,467	253,310	212,488	170,413	362,165	384,533	393,854

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



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2010 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>1/</u>		Commercial		Government	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Million Pounds		Million Pounds		Million Pounds					
January	119	168	638	588	98	274	98	140	0	134
February	139	203	620	599	124	201	100	154	0	47
March	144	196	611	602	124	176	124	150	0	26
April	142	206	621	610	150	153	150	145	NA	8
May	170	212	620	615		155		149		6
June		198		627		179		177		2
July		194		639		201		197		4
August		155		634		166		164		2
September		130		637		141		139		2
October		109		639		123		123		<u>2/</u>
November		70		625		128		128		<u>2/</u>
December		82		631		145		145		0

NA = Not available.

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

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

MAY MILK PRODUCTION

Milk production in the 23 major States during May totaled 16.0 billion pounds, up 1.5 percent from May 2010. April revised production at 15.5 billion pounds, was up 1.7 percent from April 2010. The April revision represented an increase of 3 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,899 pounds for May, 6 pounds above May 2010.

The number of cows on farms in the 23 major States was 8.45 million head, 103,000 head more than May 2010, and 15,000 head more than April 2011.

MAY 2011 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2010	2011	2010	2011	2010	2011	% CHANGE FROM 2010
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	173	186	2,160	2,140	374	398	6.4
CA	1,755	1,772	2,020	2,075	3,545	3,677	3.7
CO	117	126	2,050	2,030	240	256	6.7
FL	115	118	1,700	1,720	196	203	3.6
ID	559	577	1,940	1,980	1,084	1,142	5.4
IL	101	98	1,720	1,700	174	167	-4.0
IN	169	170	1,815	1,805	307	307	---
IA	212	208	1,820	1,860	386	387	0.3
KS	116	121	1,860	1,870	216	226	4.6
MI	359	364	2,065	2,040	741	743	0.3
MN	470	471	1,725	1,675	811	789	-2.7
MO	101	96	1,340	1,360	135	131	-3.0
NM	324	327	2,160	2,180	700	713	1.9
NY	610	610	1,850	1,825	1,129	1,113	-1.4
OH	271	268	1,765	1,680	478	450	-5.9
OR	116	120	1,780	1,790	206	215	4.4
PA	541	543	1,750	1,730	947	939	-0.8
TX	410	430	1,880	1,950	771	839	8.8
UT	85	87	1,850	1,810	157	157	---
VT	137	135	1,625	1,655	223	223	---
VA	95	96	1,640	1,605	156	154	-1.3
WA	250	261	2,030	2,050	508	535	5.3
WI	1,261	1,266	1,840	1,800	2,320	2,279	-1.8
23 STATE TOTAL	8,347	8,450	1,893	1,899	15,804	16,043	1.5

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, June 2011.*

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

For April 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.15 per cwt., up \$0.06 from the March 2011 average. Eighty-nine percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.77 in the Pacific Northwest to \$3.09 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.22 per cwt., up \$0.07 per cwt. from the March 2011 average. Eighty-one percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.60	1.15
Southeast	007	3.03	2.39
Florida	006	3.09	0.62
Mideast	033	2.09	1.51
Upper Midwest	030	1.87	1.14
Central	032	1.94	0.92
Pacific Northwest	124	0.77	0.57
All Reporting Areas Combined 3/		2.15	1.22

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

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

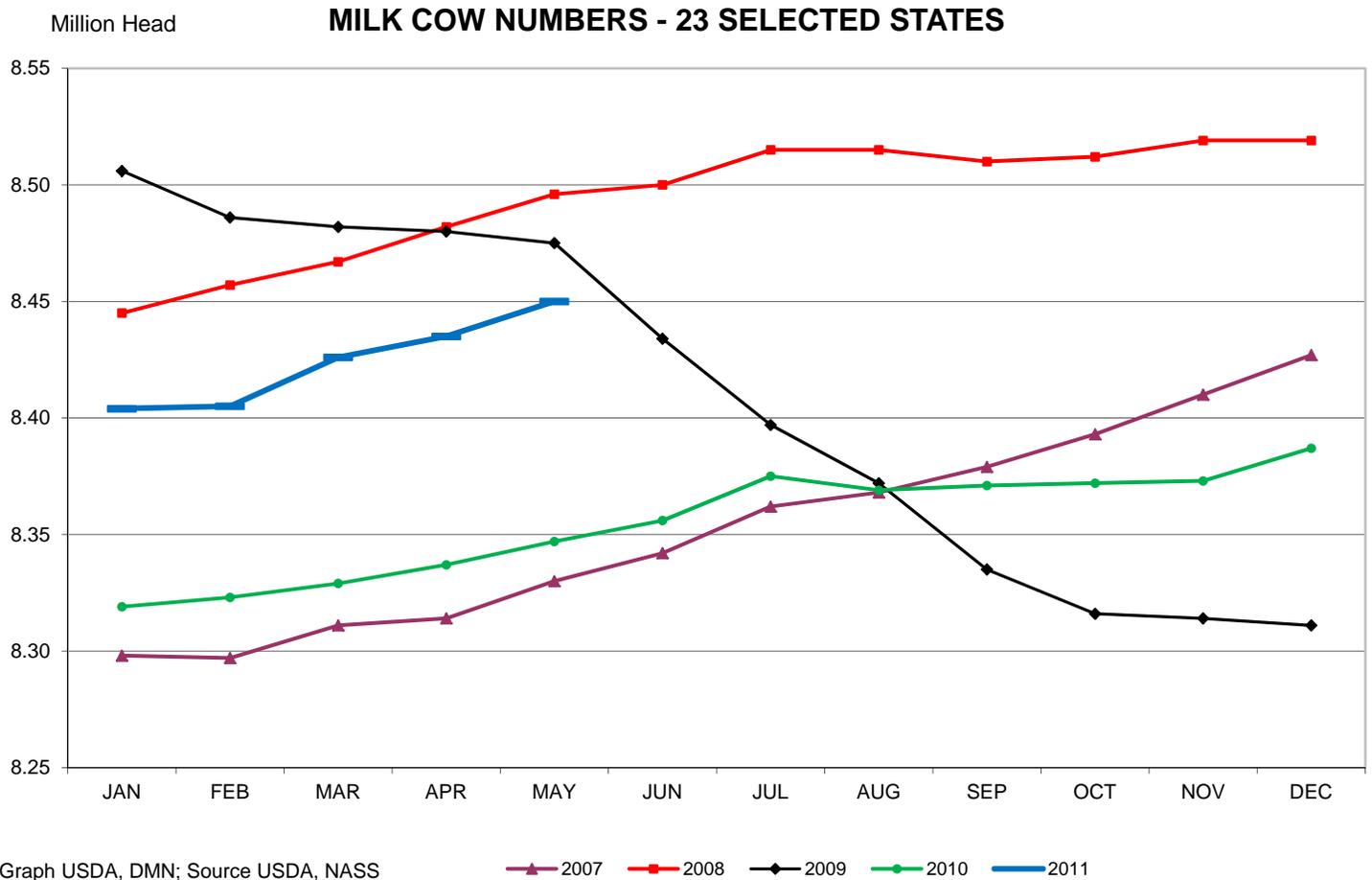
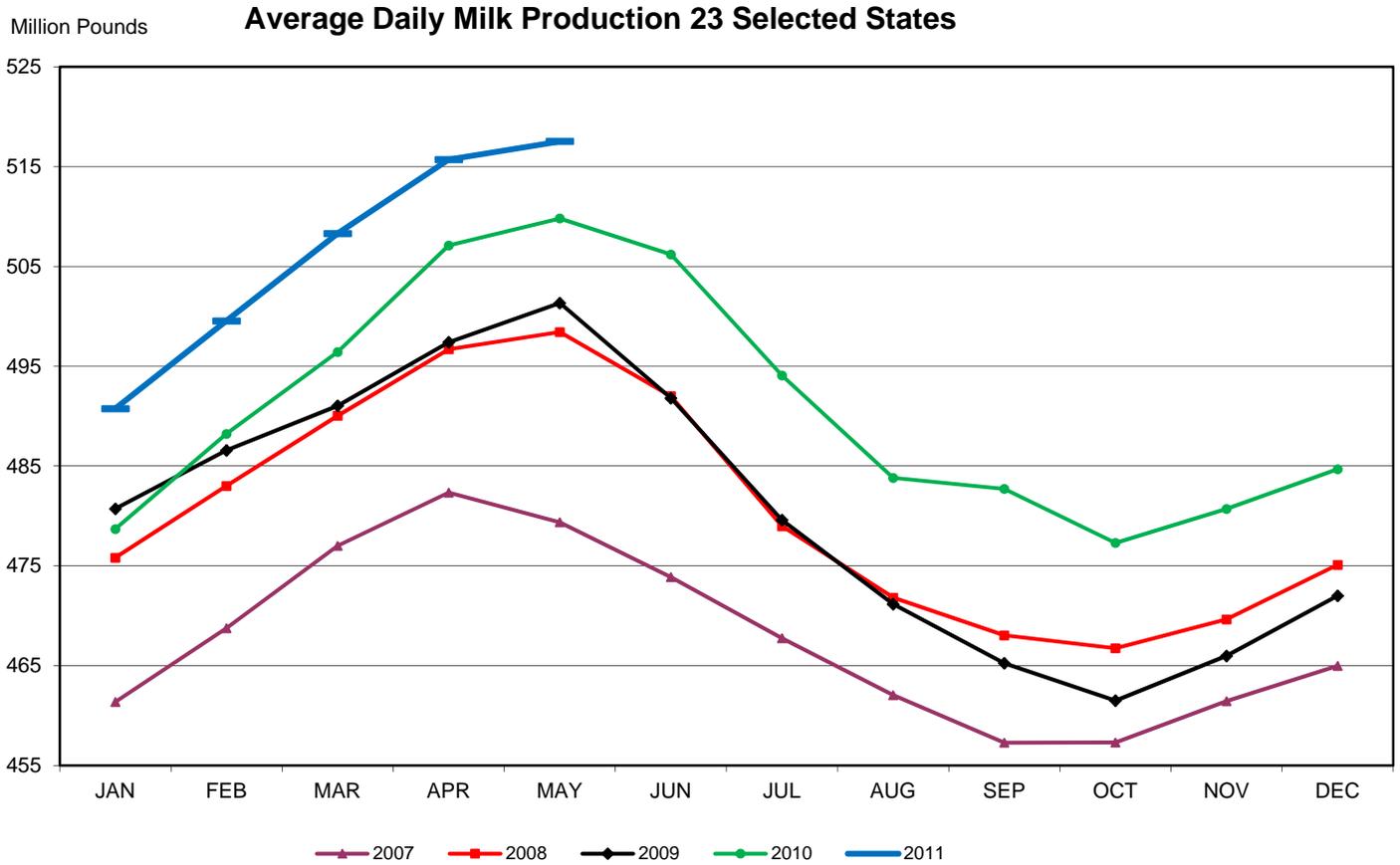
3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

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

For July 2011, the all-city average announced cooperative Class I price was \$26.22 per cwt., \$2.55 higher than the Federal milk order (FMO) Class I price average for these cities. The July 2011 cooperative Class I price was \$0.68 higher than the June 2011 price. The July 2011 Federal order Class I price was \$0.71 higher than the June 2011 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.21 in Miami, FL. For July 2010, the all-city average announced cooperative Class I price was \$20.81, \$2.51 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

City	July 2011		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	28.13	24.83	3.30
Baltimore, MD	25.70	24.03	1.67
Boston, MA	25.78	24.28	1.50
Charlotte, NC	27.80	24.43	3.37
Chicago, IL	26.47	22.83	3.64
Cincinnati, OH	26.38	23.23	3.15
Cleveland, OH	26.18	23.03	3.15
Dallas, TX	26.16	24.03	2.13
Denver, CO	24.71	23.58	1.13
Des Moines, IA	25.58	22.83	2.75
Detroit, MI	25.95	22.83	3.12
Hartford, CT	25.68	24.18	1.50
Houston, TX	26.96	24.63	2.33
Indianapolis, IN	26.18	23.03	3.15
Kansas City, MO	25.27	23.03	2.24
Louisville, KY	26.50	23.33	3.17
Memphis, TN	27.10	23.93	3.17
Miami, FL	31.24	27.03	4.21
Milwaukee, WI	26.42	22.78	3.64
Minneapolis, MN	25.13	22.73	2.40
New Orleans, LA	27.00	24.83	2.17
Oklahoma City, OK	25.77	23.63	2.14
Omaha, NE	25.33	22.88	2.45
Philadelphia, PA	27.26	24.08	3.18
Phoenix, AZ	23.88	23.38	0.50
Pittsburgh, PA	26.91	23.13	3.78
St. Louis, MO	25.67	23.03	2.64
Seattle, WA	23.72	22.93	0.79
Springfield, MO	26.12	23.43	2.69
Washington, DC	25.70	24.03	1.67
Wichita, KS	25.17	23.23	1.94
Simple Average	26.22	23.67	2.55

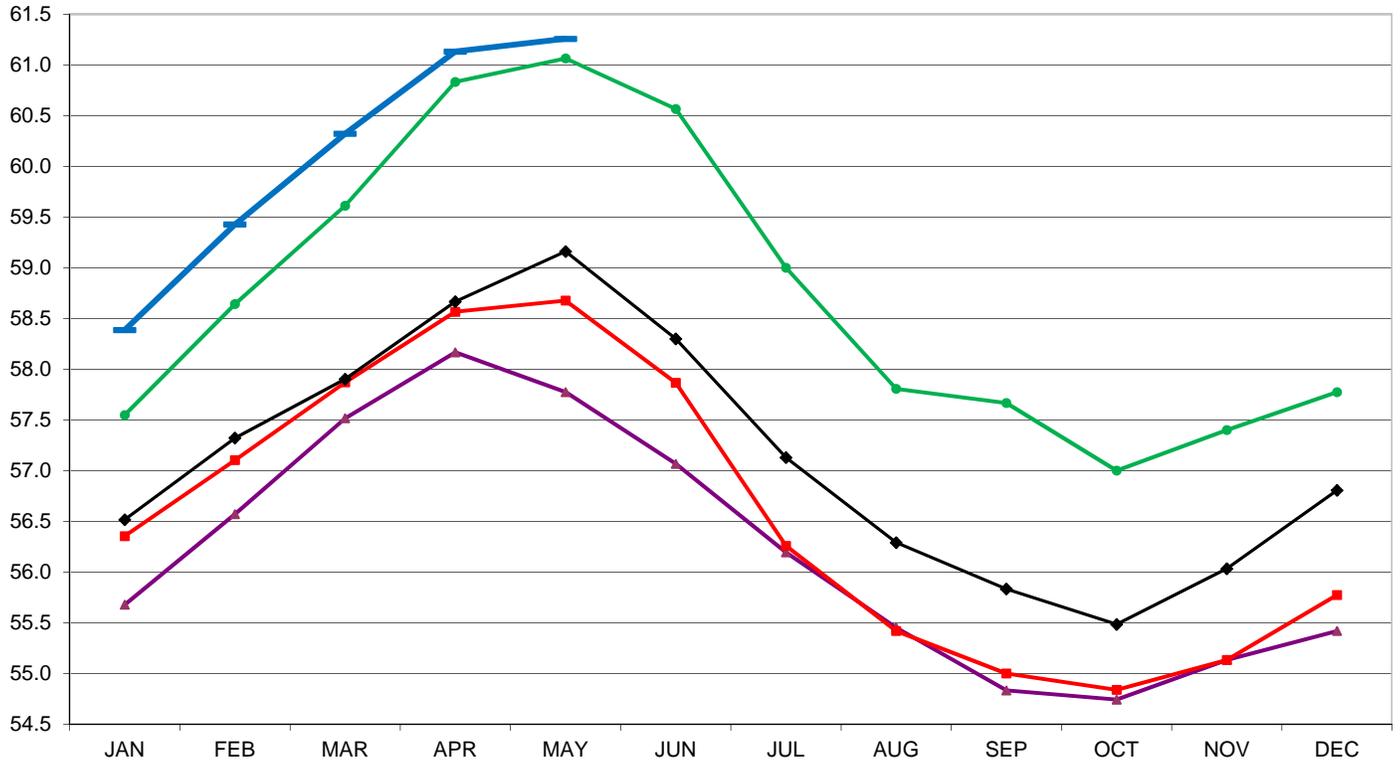
^{1/} This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may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



Graph USDA, DMN; Source USDA, NASS

Pounds per Day

23 STATES DAILY AVERAGE MILK OUTPUT PER COW

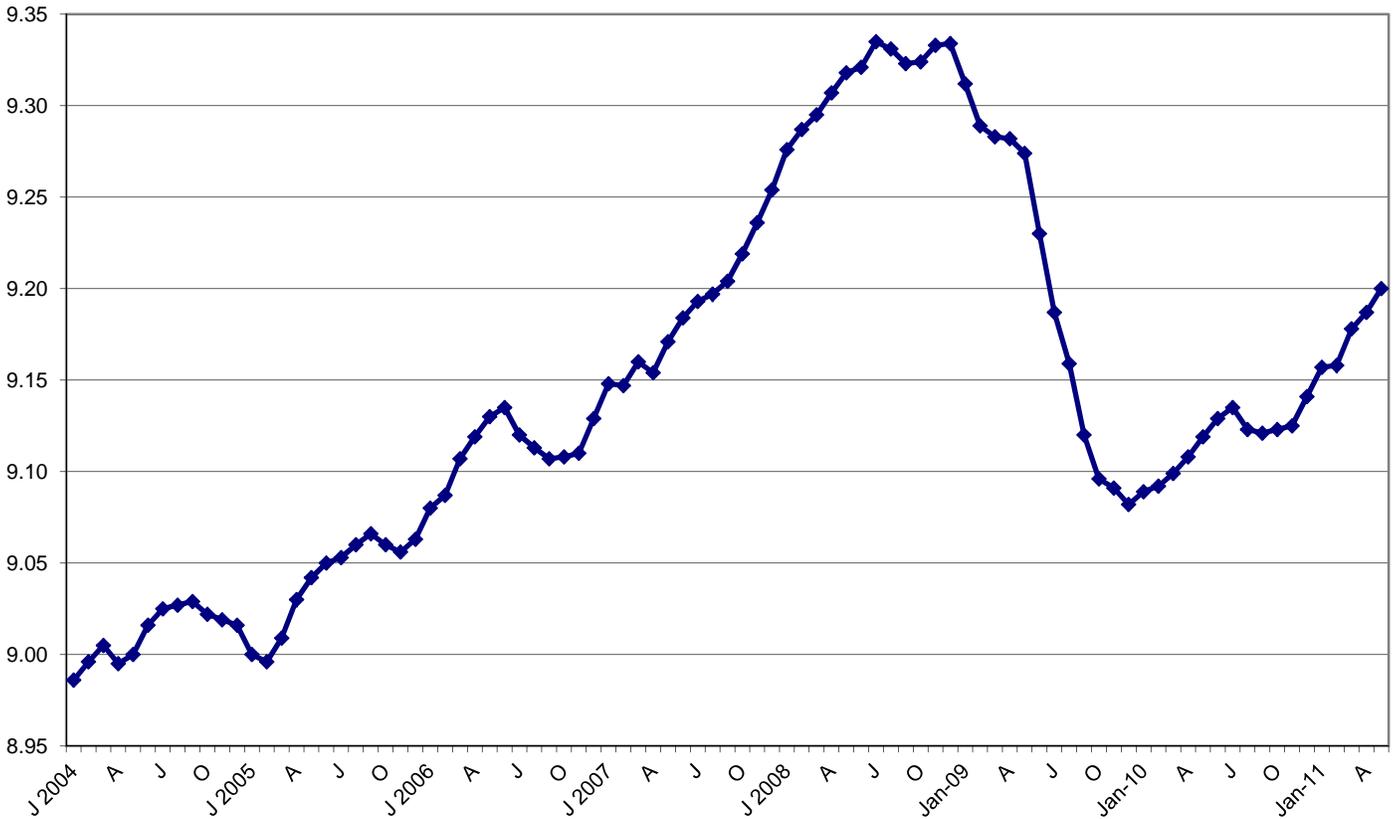


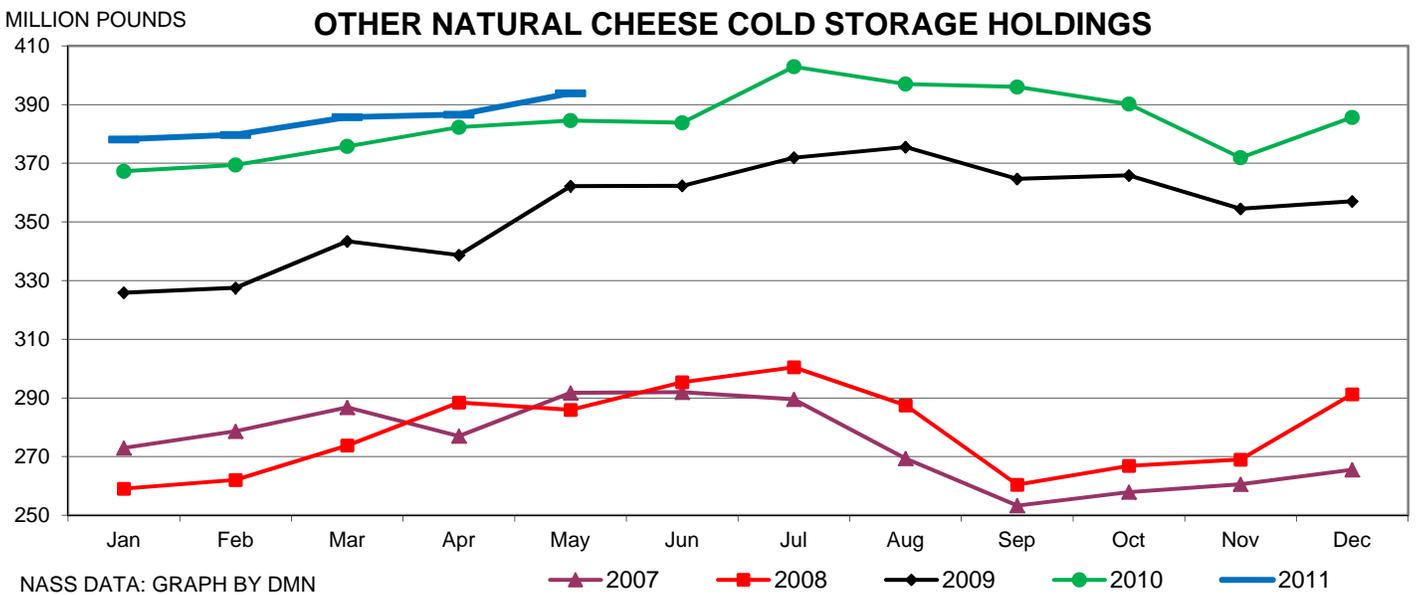
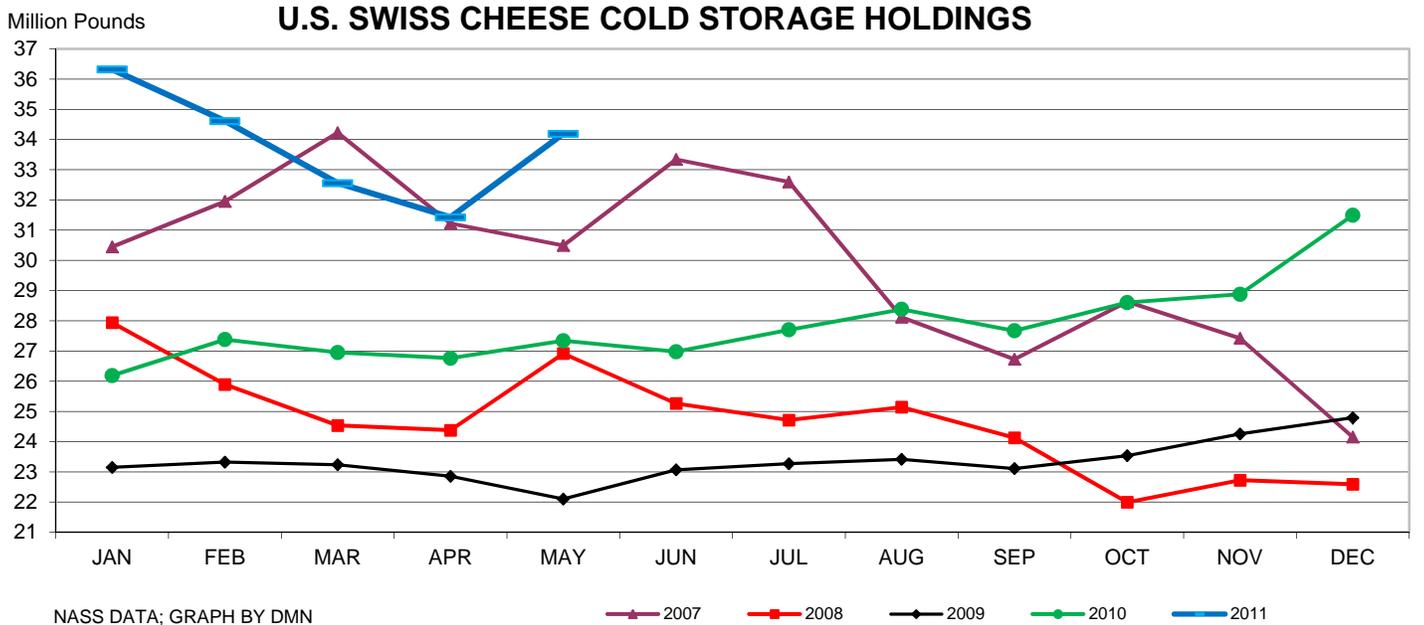
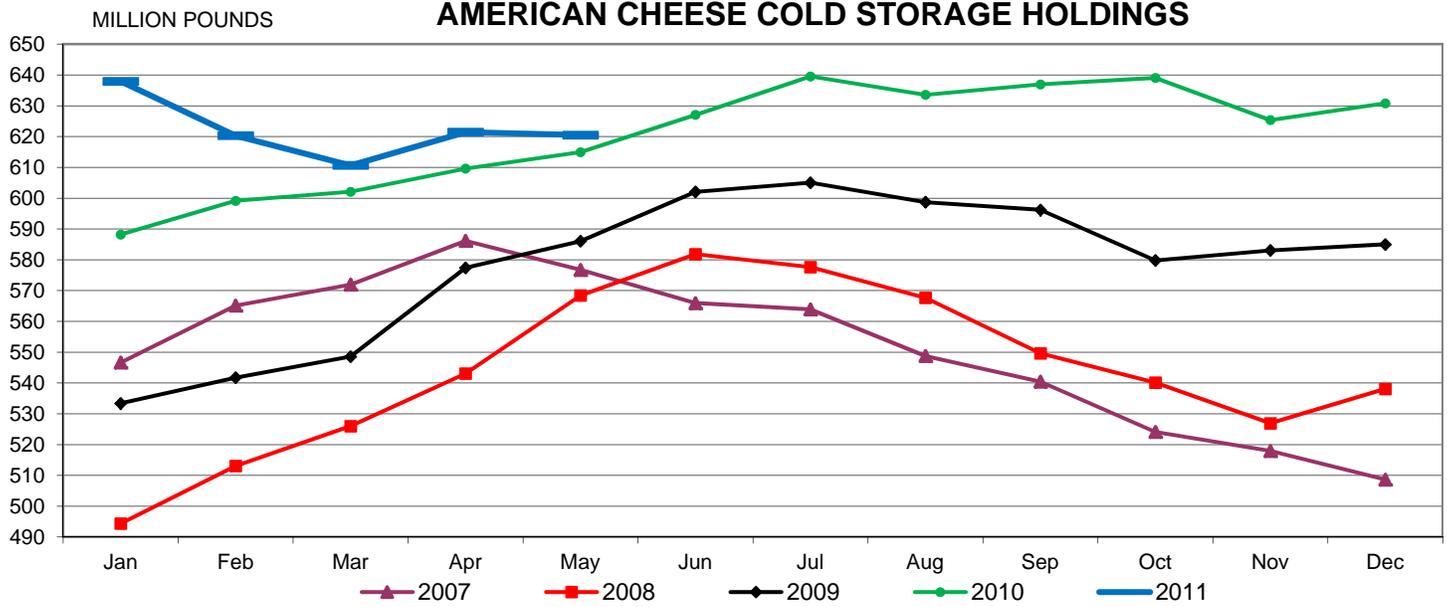
NASS DATA, GRAPH BY DMN

—▲— 2007 —■— 2008 —◆— 2009 —●— 2010 —■— 2011

THOUSAND HEAD

U.S. TOTAL DAIRY COW NUMBERS





NASS DATA; GRAPH BY DMN

NASS DATA; GRAPH BY DMN

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