

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (07/08):**

BUTTER: Grade AA closed at \$2.0300. The weekly average for Grade AA is \$2.0363 (+.0063).

CHEESE: Barrels closed at \$2.1025 and 40# blocks at \$2.1100. The weekly average for barrels is \$2.1019 (+.0164) and blocks, \$2.1131 (-.0159).

BUTTER HIGHLIGHTS: The CME Group cash butter price declined late in the week and closed the week at \$2.0300. Churning activities over the 4th of July holiday weekend were generally heavier, as additional cream offerings were reported from coast to coast. Many butter producers used the additional output to enhance lighter than desired inventories, while some arranged production schedules to be in line with current and near term needs. Butter demand early in the week was slow as buyers assessed weekend carryover volumes before re-entering the marketplace. Butter producers and handlers are projecting that future orders from both retail and food service buyers will be lighter and placed for shorter term needs. Butter suppliers are stating that there are no significant promotional activities developing for the near term.

CHEESE HIGHLIGHTS: The cheese market is weak as blocks on the CME Group cash cheese market declined a total of 2 cents in July to \$2.1100 on July 8. Barrels moved generally higher so far in July to close the week at \$2.1025. The full effect of higher prices in June and recent price declines has buyers slowing new orders in the hope of additional weakness. Some extra current natural American/cheddar is being offered to buyers. Typically, July cheese and milk production are affected by summer weather while cheese buyers and manufacturers prepare for a larger share of the milk supply moving to fluid for filling school milk accounts in August. Aged 2011 cheddar offerings will be limited. Mozzarella interest is seasonally weak as grilled pizza is uncommon. Extra milk was available to cheese plants over the holiday weekend from other users. Overall, cheese output and yields are trending lower seasonally. January – May 2011 cheddar cheese production is estimated at 1.332 billion pounds, down 24.7 million pounds (-1.8%) from the same period in 2010. Mozzarella output thus far in 2011 totaled 1.501 billion pounds, an increase of 76.3 million pounds (5.4%) from a year earlier. U.S. total cheese output during the first 5 months of 2011 totals 4.403 billion pounds, up 143 million pounds (3.4%) from the same period last year.

FLUID MILK: Milk production is at or near peak levels in the Pacific Northwest, steady in Utah, Idaho, and the Northeast; declining along the seasonal trend in the Central and Mid-Atlantic regions with steeper production declines in the Southeast, Florida, Arizona and portions of California due to heat and/or humidity. Heavy manufacturing milk supplies over the extended holiday weekend caused unloading delays in the Mid-Atlantic and Southeast regions with other regions of the country experiencing no major issues. Cream supplies were also heavy over the holiday period and shipping cream was

more difficult with tankers needed to haul and store increased volumes of fluid milk. Some ice cream makers are ordering heavier supplies of milk and cream coming off the holiday weekend as summer weather has stimulated demand.

DRY PRODUCTS: Nonfat dry milk prices are mixed, as prices are both higher and lower on the range in the Central and East regions with prices steady to lower in the West. The market tone remains unsettled with some mixed signals. Dry buttermilk prices are mostly steady with slowing demand and an unsettled market tone. Drying activity was higher over the holiday weekend. Dry whey prices are mostly higher on a firm market. Spot sales remain very limited. Dry whey production increased over the holiday weekend as cheese plants handled extra milk supplies. Prices for whey protein concentrate 34% are unchanged to higher in an unsettled market tone. Lactose prices moved higher with a firm market undertone.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** is on the down side of the season with output in **Eastern Europe** at or slightly past peak levels. Milk production in Western Europe, January thru May, ran about 2.5% ahead of the previous year's comparable 5 month period. Although this was a positive figure, very dry conditions prevailed in many regions of Western Europe during May and early June, thus milk handlers are speculating that this percentage will trend lower once June data is available. Although dry conditions did prevail at that time and milk production was impacted, milk handlers are indicating that milk volumes have rebounded or, at least, have not continued to decline at the pace that occurred during the limited moisture period. Much needed rainfall has been occurring over recent weeks and pastures are once again greening up. Traders and handlers are stating that uncommitted stocks are available for both domestic and international buyer interest. Currently, most buyer interest is centered around an internal/domestic market with international sales limited. Traders are speculating that international buyers may be stepping back from the marketplace as some prices are trending lower. Also, overall buyer interest is anticipated to ease during the next 6 - 8 weeks as the summer holiday season begins. At the June 23 Dairy Management Committee meeting, no significant dairy issues were addressed or adjusted. Since the remaining balance of intervention powder (about 50,000 MT) has been designated for distribution through the most deprived people scheme, the June 23 tender for volumes was suspended along with all further tenders. Figures were also recently released pertaining to PSA butter volumes. Since the opening of the PSA butter storage program in March and through June 19, 68,053 MT of butter have cleared to the program. Milk production in the **Oceania region** is at seasonal low levels and the winter season is underway. Australian winter weather conditions are basically developing along typical lines. Milk handlers are stating that winter conditions are wetter than usual in some regions, while moisture is in better balance in others. Overall, Australian milk producers are very optimistic about the upcoming season. Much of this optimism comes from an overall positive

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 04	TUESDAY JUL 05	WEDNESDAY JUL 06	THURSDAY JUL 07	FRIDAY JUL 08	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	HOLIDAY	\$2.1025 (+.0050)	\$2.1000 (-.0025)	\$2.1025 (+.0025)	\$2.1025 (N.C.)	:: :: (+.0050)	:: :: \$2.1019 :: (+.0164)
40# BLOCKS		\$2.1225 (-.0025)	\$2.1100 (-.0125)	\$2.1100 (N.C.)	\$2.1100 (N.C.)	:: :: (-.0150)	:: :: \$2.1131 :: (-.0159)
NONFAT DRY MILK							
EXTRA GRADE	CME	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	\$1.6100 (N.C.)	:: :: (N.C.)	:: :: \$1.6100 :: (N.C.)
GRADE A		\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	:: :: (N.C.)	:: :: \$1.6250 :: (N.C.)
BUTTER	CLOSED						
GRADE AA		\$2.0400 (N.C.)	\$2.0400 (N.C.)	\$2.0350 (-.0050)	\$2.0300 (-.0050)	:: :: (-.0100)	:: :: \$2.0363 :: (+.0063)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

2010 - 2011 milk production year. This momentum will hopefully carry through the winter and provide a positive start to the new season. Both countries are in the early days of the 2011 - 2012 milk production year (June 1 in New Zealand and July 1 in Australia), thus it is too early to indicate new trends. Production estimates for the new season over last season are starting to develop; 4 - 5% higher in New Zealand and 1 - 2% in Australia. Sales activity out of the Oceania region is minimal as stocks are limited and nearing seasonal low levels. At the July 5 g/DT auction, average prices were mostly lower, with the exception of rennet casein which was slightly higher. These trends were basically along the lines of price trends from the previous auction.

MAY 2011 DAIRY PRODUCTS (NASS): Butter production was 155.9 million pounds in May, 18.3% above May 2010, but 1.8% below April 2011. American type cheese production totaled 371.2 million pounds, 0.1% below May 2010, but 3.9% above April 2011. Total Cheese output (excluding cottage cheese) was 915.2 million pounds, 3.9% above May 2010 and 3.8% above April 2011. Nonfat dry milk production, for human food, totaled 147.7 million pounds, 4.6% below May 2010, but 1.0% above April 2011. Dry whey production, for human food, was 87.1 million pounds, 4.7% above May 2010 and 1.5% above April 2011. Ice cream (hard) production totaled 75.1 million gallons, 5.7% below May 2010, but 1.4% above April 2011.

CONSUMER PRICE INDEX (BLS): The May CPI for all food is 227.0, up 3.5% from May 2010. The dairy products index is 211.3, up 6.9% from a year ago. The following are the May to May changes for selected products: fresh whole milk is +13.6%; cheese, +5.7%; and butter, +23.4%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first four months of 2011 totals 64.0 billion pounds, 2.9% above the same period in 2010. Comparing disappearance levels with year earlier levels: butter is + 15.0%; American cheese, +4.0%; other cheese, +7.1%; NDM, -5.7%; and fluid milk products, -1.5%.

CME GROUP

MONDAY, JULY 4, 2011

HOLIDAY — NO TRADING

TUESDAY, JULY 5, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1225; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1025; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.1250
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.0400; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JULY 6, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$2.1000; 6 CARS 40# BLOCKS: 3 @ \$2.1200, 3 @ \$2.1100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$2.1100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.0500

THURSDAY, JULY 7, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$2.1025; 10 CARS 40# BLOCKS: 2 @ \$2.1100, 5 @ \$2.1075, 1 @ \$2.1100, 1 @ \$2.1075, 1 @ \$2.1100; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1025; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$2.1100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.0350

FRIDAY, JULY 8, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$2.1100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price held steady Tuesday and closed at \$2.0400. Recent trading on the CME Group has seen butter prices work their way 2 cents higher, after a series of declines, then leveling off to its present price. Butter production increased over the holiday period as cream supplies were plentiful. The increased churning schedules at some plants added to current inventories, while other plants were able to avoid adding to inventories by planning to fill orders during this period of increased cream supply. Butter orders are described as normal for this time of year. Cream multiples were described as being "all over the place". The wide range occurred due to discounts occurring over the long holiday weekend with the upper end of the range caused by last minute orders coming out of the weekend. Trucking delays and the inability to get cream loads delivered on time also factored into the higher cream multiples. Prices for bulk butter range from 6-8 cents over the market, based on the CME Group with various time frames and averages used. DAIRY PRODUCTS - According to NASS, cumulative U.S. 2011 butter production through May was 12.5% above cumulative production for the same period for 2010. May 2011 monthly U.S. butter production totaled 155.9 million pounds, down 1.8% from April, but 18.3% more when compared to May 2010. Atlantic region butter production in May 2011 totaled 16.1 million pounds, up 1.9% from April and 26.4% more than May 2010.

CENTRAL

The CME cash butter price continues to hold at \$2.0400 at midweek. The weak price trend during the past two weeks was short lived as the cash price firmed at midweek last week. Churning activity over the past holiday weekend was heavier as additional cream volumes were available to butter operations. Some butter producers stated that cream offerings were not as heavy as anticipated. For those that did receive additional cream volumes, production schedules were active and some additional butter volumes were cleared to inventory, above and beyond regular and ongoing customer needs. Recently, churning activity has yielded sufficient butter volumes for customer needs with limited volumes clearing to inventory. Inventory

levels are often lower than desired for this time of the season. Butter producers are stating that butterfat tests of incoming milk are declining which is a typical trend for this time of the season, thus taking more milk to attain desired butterfat volumes. Butter demand increased last week for some butter producers. Those that experienced strong demand so near to the holiday period are attributing the increase to the turnaround in the cash price, versus continuation of the weaker trend. Buyers are often cautious with their purchases in a weak market, but quickly returned to the marketplace as prices firmed. Following the holiday period, orders are slow to develop as buyers assess inventory levels before re-ordering. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

The CME Group butter price for Wednesday is unchanged at \$2.0400. The market has held steady for the last four sessions. No sales have been reported at the CME Group this week. Western butter churns were operating at full schedules over the recent holiday weekend. Additional cream was available as many ice cream plants were quiet over the holiday. Butter manufacturers were able to add to stored inventories with the increased intakes. Buyers are purchasing for immediate needs, while hoping for some price relief for advance needs. Sales have been slow to develop this week as buyers determine sales from the weekend. Sales of bulk butter are slow. 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. CME Group average price for June 2011 for butter is \$2.1077 compared to \$1.6380 for June 2010. According to the NASS Dairy Products report, May butter production for the U.S. totals 155.9 million pounds, up 18.3% or 24.1 million pounds from May of last year. Production was down 1.8% or 2.9 million pounds from April 2011. Cumulative output through May for the U.S. is 795.4 million pounds, up 12.5% or 88.4 million pounds from the same period in 2010. May output in the Western region totals 85.0 million pounds, up 18% or 12.9 million pounds more than May 2010. The West produced 54.5% of the butter in the U.S. in May.

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
July 2	2,0884 9,903,114	2,0735 8,566,103	1,6638 20,782,770	2,0887 4,018,943	0,5476 7,051,554

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group Tuesday, saw barrels increase \$.0050 and close at \$2.1025, while blocks declined \$.0025 and closed at \$2.1225. Weekly average prices were mixed with barrels increasing and blocks declining marginally. As a result of the weekly price changes, wholesale prices for Process 5# Sliced cheese increased \$.0150, while Cheddar 40# Block and Muenster were unchanged. Wholesale prices for Swiss Cuts declined 4 cents as a result of the Class III milk price released Friday. Cheese makers continue to scale back production due to higher milk prices and sufficient inventories. Cream cheese production continues to be the exception with slightly expanded production and building inventories. Export demand for cheese continues to be good as Cooperatives Working Together (CWT) announced its acceptance of six requests for export assistance to sell a total of 2.487 million pounds of Cheddar cheese to customers in the Middle East, North Africa and Central America. The product will be delivered July through November. DAIRY PRODUCTS - According to the latest NASS report, May 2011 total cheese production in New York was 60.3 million pounds, 2.0% less than April, but 3.4% more than May 2010. Pennsylvania produced 37.0 million pounds in May, 4.3% more than one month earlier and 5.9% more than one year ago. Vermont produced 10.1 million pounds, 1.9% more than last month and 20.1% more than May 2010. The total of all cheese production for May in the Atlantic region was 115.2 million pounds, down 0.4% from April, but 5.9% more compared to the same month last year. Atlantic region cheese production accounted for 12.6% of total U.S. production. Total U.S. cheese production in May 2011 totaled 915.2 million pounds, 3.8% more than April and 3.9% more than May 2010. Cumulative 2011 U.S. Cheese production through May was 3.4% greater than comparable 2010 production. Focusing on Italian cheese, in May, New York produced 31.9 million pounds, 7.0% less than April, but 10.9% more than May 2010. Pennsylvania produced 23.7 million pounds in May 2011, 1.4% more than April, but 2.2% less than May 2010. The Atlantic region in May, produced 61.5 million pounds of Italian cheese, 4.6% less than April, but 5.8% more than the same month last year.

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

Cheddar 40# Block	:	2.4475-2.7225
Process 5# Sliced	:	2.1925-2.5025
Muenster	:	2.4675-2.6725
Grade A Swiss Cuts 10 - 14#	:	3.3475-3.6700

MIDWEST

The cheese market is unsettled as barrels increased in price on the CME Group cash cheese market, at least in part to reduce the barrel/block spread. Fractional declines are noted on the CME Group block price during the past week. New orders are generally lighter just after the holiday. At least a few operations will need some overtime on various packaging/process lines to rebuild finished product inventories after recent holiday abbreviated week(s). However, the big concern is how will the monthly average buyers react to the large price increase on their new July orders. Natural American supplies are at least adequate for the short term. Medium and aged Cheddar, produced in 2011, will likely be limited this fall. Cheese yields continue to edge lower while milk intakes fluctuate depending on the summer weather. The seasonally lower components and high butter/butterfat prices combine to lower the fat levels in cheese such as barrels toward their minimum levels, causing processors to use larger volumes of supplemental fat, often products such as AMF, in the cooker to meet company product standards.

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

Process American 5# Loaf	:	2.4450-2.6350
Brick And/Or Muenster 5#	:	2.6300-2.6400
Cheddar 40# Block	:	2.4700-2.8650
Monterey Jack 10#	:	2.5800-2.8650
Blue 5#	:	2.9575-3.3500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4725-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.7500-3.3300

WEST

Cheddar barrels on Wednesday at the CME Group are down \$.0025 at \$2.1000. 40 pound blocks are down \$.0125 at \$2.1100. Blocks and barrels have narrowed their price spread to 1 cent. Barrel sales are light to moderate in the holiday shortened week with two sales on Wednesday. Blocks saw more sales activity with seven loads changing hands. Western cheese producers were operating on heavy schedules over the holiday weekend. Increased milk supplies were balanced between various manufacturing facilities as some Class I and II plants were quiet over the holiday. Cheese demand is reported to be softer at current price levels. Stocks are above year ago levels, but are not described as burdensome at this time. Export sales have slowed as U.S. prices are less attractive to export without CWT assistance. CME Group monthly average price for June 2011 for Barrels is \$2.0483 compared to June 2010 at \$1.3647. Blocks averaged \$2.0995 for June 2011 compared to \$1.3961 for last year. According to the NASS Dairy Products report, total cheese production in the U.S. in May reached 915.2 million pounds, up 3.9% or 34.3 million pounds from last year. Cumulative total cheese output for the U.S. through May is 4.4 billion pounds, up 3.4% or 143.0 million pounds from the same period in 2010. May total cheese production in the Western region was 390.2 million pounds, up 4.1% or 15.5 million pounds from May 2010. The West produced 42.6% of all the cheese in the U.S. in May. Swiss output for the U.S. in May is 29.1 million pounds, up 0.8% or 0.2 million pounds from last year.

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

Process 5# Loaf	:	2.2100-2.4675
Cheddar 40# Block	:	2.2600-2.6125
Cheddar 10# Cuts	:	2.4400-2.6600
Monterey Jack 10#	:	2.4500-2.6100
Grade A Swiss Cuts 6 - 9#	:	2.9250-3.3550

FOREIGN

The weekly average CME Group block cheese price marginally declined, resulting in no changes to wholesale prices for all domestic varieties. Prices for imported varieties were also unchanged. Prices for Swiss cuts declined 4 cents following Friday's release of Class III milk prices. DAIRY PRODUCTS - According to the latest NASS report, domestic Parmesan production during May 2011 totaled 25.4 million pounds, 15.6% more than April and 26.1% more than May 2010. Provolone production during May totaled 30.6 million pounds, 6.1% more than April and 0.4% more than May 2010. Romano production during May 2011 totaled 4.0 million pounds, 29.4% less than April, but 63.4% more than May 2010. Swiss production during May 2011 totaled 29.1 million pounds, 5.4% more than April and 0.8% more than May 2010.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.0400	: 2.5875-4.0750
Gorgonzola	: 3.6900-6.3900	: 3.0900-3.3500
Parmesan (Italy)	: -0-	: 3.7100-4.1200
Provolone (Italy)	: 3.4400-6.3900	: 2.6300-2.7875
Romano (Cows Milk)	: -0-	: 3.7775-5.9200
Sardo Romano (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.4400-3.7625*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

*= Price change.

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

	BUTTER	CHEESE
07/04/11	9,185	129,266
07/01/11	9,174	129,170
CHANGE	11	96
% CHANGE	N.C.	N.C.

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	159	0	153	0	206
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies were heavy in the East over the holiday weekend. Numerous tankers became storage facilities over the weekend as unloading delays became significant in some areas. Delays in unloading affected truck availability and caused logistic headaches with some milk loads reallocated to other areas. Milk production is steady in the Northeast and Mid-Atlantic regions, but weather forecasters are calling for an extended period of higher temperatures and humidity levels, which would lower cow comfort levels and possibly milk production. Class I demand remains flat. Over 70% of the pastures in the Northeast are rated as good to excellent. Hay harvesting activities are ongoing and are ahead of last year's pace. Milk production declines are continuing in the Southeast, with steep declines being noted as hot, muggy weather has become the prevailing forecast in the Deep South. Class I sales are sluggish, adding to milk volumes. Nearly all auxiliary manufacturing plants were utilized to capacity to handle the increased milk volumes. Trucking delays and temperature issues were also a problem in some areas. Hot, humid weather continues in Florida, lowering cow comfort levels and milk production. Typical seasonal rainfall patterns have returned to Florida, at least for the current reporting period, improving pastures and lessening drought conditions. Livestock continues to be under stress due to the lack of quality forages. Demand for cream is increasing as ice cream makers resume production schedules following the holiday weekend. Ice cream manufacturers continue to limit production and inventories due to lower than expected sales this spring. Cream cheese is also adding to cream demand with marginal production increases as they fill current orders and build inventories for later in the year. Cream multiples were described as being "all over the place" and ranged from 125-144. The wide range occurred due to discounts over the long holiday weekend with the upper end of the range caused by last minute orders coming out of the weekend. Trucking delays and the inability to get cream loads delivered on time also factored into the higher cream multiples. Demand for condensed skim is also increasing as Class II manufacturers resume normal production schedules and as yogurt production continues to expand in the Northeast. Supplies are moving mostly through contracts with little spot market activity. DAIRY PRODUCTS - Ice Cream production in the Atlantic region in May totaled 15.6 million gallons, 3.4% more than April, but 7.1% less than May 2010. U.S. Yogurt production (plain and flavored) for May totaled 344.1 million pounds, down 3.8% from April, but 3.1% above the same period last year. Cumulative 2011 production through May totaled 1,808 million pounds, 3.7% higher than through May 2010.

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 -	2.5984-2.9232
F.O.B. producing plants: Upper Midwest -	2.5578-2.7405

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 -	1.40 - 1.45

MIDWEST

cream and other Class II operations were down an extra day or two for the holiday. Churning was heavier over the holiday weekend as a result. Some ice cream makers are ordering heavier supplies of milk and cream next week as summer weather stimulates demand. Cream multiples vary from lower over the holiday weekend to about back to pre-holiday levels by midweek. Spot manufacturing milk prices on the limited volume were generally steady to occasionally higher on a light test in the Minnesota/Wisconsin area. Some extra spot milk loads were available; some at a discount, in Ohio where reports indicate some tankers became rolling storage units as they waited to unload. Generally, components on incoming milk supplies are trending lower seasonally. Milk intakes in northern states are bouncing around, depending on the weather but overall the trend is generally seasonally lower. Recent heat further south has had some affect though generally not as dramatic without the heat abatement tools used on cows. Feed availability and prices may become more of an issue further south due to the severe drought in Texas and nearby states.

WEST

The June 4a price (butter/powder) in CALIFORNIA is \$20.79, up \$0.85 from May and \$5.53 higher than last year. This is highest 4a price since October 2007. The June 4b price (cheese) is \$18.79, \$4.05 higher than May and \$6.56 more than last year. This is the highest 4b price since June 2008. The gap between the 4a and 4b prices has narrowed from a record \$5.20 for May to \$2.00 for June. CALIFORNIA milk intakes are uneven after the holiday weekend. Some areas in the south and into the Central Valley were impacted more by hot weather than other areas. The milk flow is overall active and plants are staying on the full side. No major issues were reported in handling milk over the holiday weekend. Some cheese producers continue to push milk back to suppliers as cheese needs are unsettled. Finding available and affordable freight rates out of the state continue to be a challenge. ARIZONA milk output is trending lower. Hot temperatures are impacting the milking herd. The humidity levels are seasonally high and creating more of an unpleasant environment as heat abatement measures become less effective with heat stress. A widespread dust storm created more annoying issues than impacts on the industry. Processing plants are running on heavy schedules to handle both local and others' milk supplies. Challenges with the hot weather continue. Class I needs remain light. NEW MEXICO milk production is holding surprisingly steady. Conditions are warming seasonally, but the effects on milk cows have been less than expected. The holiday weekend proved more of a challenge in handling the milk supply because of some processing plant issues that slow the throughput. Milk was being stored in tankers and shipped to nearby plants to help with processing. The impact was still being felt at midweek. CREAM markets were unsettled around the holiday weekend and the tone remained soft heading into midweek. Regional offerings were heavy and shipping cream was more difficult with tankers needed to haul and store fluid milk. To compound issues, freight rates move higher due to good demand and needs from the produce sector. Cream prices are drifting with sporadic multiples and now slightly firmer butter prices. The CME butter price closed at \$2.0400 at midweek, 1 cent higher than a week ago. Cream multiples range from 115-135 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is at or near peak levels for the year. Milk handlers were busy over the holiday weekend balancing milk supplies to various manufacturing facilities. Class I demand was softer over the holiday and added to the supply of milk to be processed. Most manufacturing plants were at or near capacity with some milk moved out of the region over the weekend. UTAH and IDAHO milk intakes are up and most of the production is able to be processed within the region. Temperatures have been moderate and cow comfort levels are conducive to added milk supplies. Fresh forage supplies are helping to raise production with second crop alfalfa being harvested. Prices for forages are above year ago levels. High feed costs are limiting herd expansion plans.

Class I interest remains around regular summer levels. Non-ice cream Class II product output was steady to lighter as post-holiday interest on at least some items returned to more typical levels. Ice cream interest varies from steady to occasionally heavier after the holiday as manufacturers try to balance production levels with orders yet minimize inventory. Most ice

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 both lower and higher on the range price series. The market is unsettled, with buyers anticipating a decrease in July prices compared to June, as has happened in some years. Some manufacturers maintain the fundamentals of milk handling in the region are limiting opportunities for those price decreases to materialize for their operations as a function of inventory buildup: farm milk intakes are steady to lower seasonally and sales of condensed skim into Class II accounts are increasing as a companion to the arrival of daytime temperatures in the 90's in many areas. Central operations are handling milk volumes easily. A few plants are opting to exercise higher levels of contract agreement loads of milk to increase milk intakes as a way of improving plant efficiency. Nonfat dry milk inventories are building, however most manufacturers view the inventories as a hedge against contract fulfillment needs during July - September. Spot load offers of NDM are intermittently available in non-block quantities from various producers. Resale market activity is termed as somewhere between slow and not happening this week. According to NASS, NDM production in the Central region totaled 16.9 million pounds during May 2011, 10.4% more than one month ago and 2.8% more than one year ago. Cumulative Central NDM production for 2011 totals 68.1 million pounds, a 5.0% decrease from 2010 production during the same time span. The June 2011 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.6788 compared to \$1.6464 one month ago and \$1.3095 in June 2010. The June 2011 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.7632 compared to \$1.7352 one month ago and \$1.4090 in June 2010.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of human food NONFAT DRY MILK during May 2011 totaled 147.7 million pounds, up 1.0% from April 2011 production but 4.6% lower than May 2010. Cumulative nonfat dry milk production for 2011 total 647.2 million pounds, 6.8% lower than 2010 production during the same time span. Month ending stocks, at 166.2 million pounds, are 10.9% higher than a month ago and 11.7% higher than one year ago. May 2011 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 35.7 million pounds, 32.1% higher than one month ago and more than double the production one year ago. Cumulative 2011 skim milk powder production totals 180.7 million pounds, compared to 102.0 million pounds during the same time span in 2010, a 77.2% increase in production.

EAST: Prices for nonfat dry milk held steady on the low heat mostly range and marginally increased for high heat this week. Increased manufacturing milk supplies over the extended holiday weekend caused dryers to work at or near capacity. Most manufacturers focused on low heat production to better handle the increased milk volumes. Buyers continue to view the market, at least in the short term, with a bearish eye and are awaiting lower prices. Some easing of resale prices was noted this week as some brokers were looking to clear some of their current inventories. Sellers are taking a longer view of the market and see more ups to the market than downs. As a result of the differing market views, trading is very limited, with purchases for immediate needs only. Domestic demand is generally steady. The June 2011 Dairy Market News average of the mostly price series for Central/East nonfat dry milk, low/medium heat was \$1.6788/lb. compared to \$1.6464/lb. one month ago and \$1.3095/lb. in June 2010. The June 2011 Dairy Market News average of the price series for Central/East nonfat dry milk, high heat was \$1.7632/lb. compared to \$1.7352/lb. one month ago and \$1.4090/lb. in June 2010. The latest NASS Dairy Products report indicates nonfat dry milk production for May in the Atlantic region totaled 17.4 million pounds, 11.8% of the nation's total. The Atlantic region production was 28.3% less than one year ago and 15.6% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.7450 MOSTLY: 1.6600 - 1.7000
 HIGH HEAT: 1.7300 - 1.7900

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk market prices are steady to lower. The market tone remains unsettled with some mixed signals noted. Processors with product committed under contract are seeing the market in a better light than others who are having trouble with weaker tones in the spot market and buyers who are taking fewer loads. Additional loads are being offered and trading in the resale market at 5 to 10 cents under current pricing levels. Demand has slowed from cheese and blender operations. Export interest is uneven for new business. Drying schedules were active over the holiday weekend to process available milk and component supplies. Some plants had production issues that continued into the week as milk backed up. Offerings of condensed skim were heavy around the holiday and continued into midweek. Stocks are light to moderate and building. Condensed skim offerings are moderate to heavy and finding only limited interest beyond contracts. Western high heat prices are unchanged in light trading. Demand is uneven around the summer holiday with some buyers taking additional down days. Drying schedules were active over the weekend and some processors took advantage to restocks high heat stores ahead of future needs. U.S. NDM production in May 2011 totaled 147.7 million pounds, 4.6% less than last year. Cumulative YTD output through May totals 647.2 million pounds, down 6.8% from the same period in 2010. NDM production in the Western region in May totaled 113.3 million pounds, down 0.6% from last year. The West produced 77% of the U.S. total in May. U.S. manufacturers' stocks of NDM at the end of May were 166.2 million pounds, 11.7% higher than a year earlier and 10.9% higher than April 2011. U.S. skim milk powder (SMP) production in May totaled 35.7 million pounds, 108.0% more than last year and 32.1% more than April. Cumulative YTD output for SMP through May totals 180.7 million pounds, up 77.2% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6000 - 1.7125 MOSTLY: 1.6200 - 1.6550
 HIGH HEAT: 1.6750 - 1.8300

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged in the Central region. Churning is active at several locations as cream is steadily clearing into the Central from the West and intermittently from the East. Dry buttermilk production is steady to higher as the increased condensed buttermilk supply is above Class II condensed buttermilk needs for the week. The June 2011 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.5611 compared to \$1.5367 one month ago and \$1.3464 in June 2010.

DAIRY PRODUCTS: NASS's Dairy Products reports production of dry buttermilk during May totaled 8.3 million pounds, 5.3% more than one month ago and 25.6% more than production one year ago. Cumulative 2011 dry buttermilk production totals 45.1 million pounds, 20.4% more than during the same time span of 2010. Month ending stocks of dry buttermilk, at 17.7 million pounds, are 4.8% higher than one month ago and more than double the stock levels of one year ago.

EAST: Dry buttermilk prices held steady this week. Dry buttermilk production increased as more cream was channeled to churns over the holiday period. Dry buttermilk inventories are building and supplies are available via the plants or through resale. Demand is lackluster, partially due to the lower than expected ice cream sales with ice cream makers hesitant to rebuild inventories to previous levels. Current dry buttermilk supplies are moving through contracts with limited spot sales activity. The June 2011 Dairy Market News monthly average for the Central/East region dry buttermilk range price series is \$1.5611/lb. compared to \$1.5367/lb. for May 2011 and \$1.3464/lb. in June 2010.

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

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

Western dry buttermilk prices are mostly steady. The market tone is unsettled. Demand has slowed. Buyer interest is light and met with direct and resale offerings. Lower pricing in the NDM resale market is also giving added pause to dry buttermilk interest for those buyers who can utilize either product in blending or formulations. Drying activity was often higher over the holiday weekend, especially where dryer times were available. Churning remains active and condensed buttermilk is available. Dry buttermilk stocks are moderate to heavy and often building. Buttermilk powder production in May 2011 for the U.S. totals 8.3 million pounds, up 25.6% from last year. Buttermilk stocks at the end of May were 17.7 million pounds, 125.8% higher than a year ago and 4.8% higher than last month.

F.O.B. WEST: 1.4800 - 1.5475 MOSTLY: 1.4800 - 1.5175

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are lower. A few plants are scheduling dry whole milk production as dryer availability and contract needs indicate. Inventories are generally in balance with contract needs, but spot load availability, F.O.B., is light. Some manufacturers indicate the number of inquiries from Far East buyers is on the rise, although it is unclear if the inquiries represent new customer opportunities or a bargaining tool for buyers arranging new contracts with established Oceania suppliers. The June 2011 Dairy Market News average of the range price series for dry whole milk was \$1.9875 compared to \$1.9440 one month ago and \$1.6100 in June 2010.

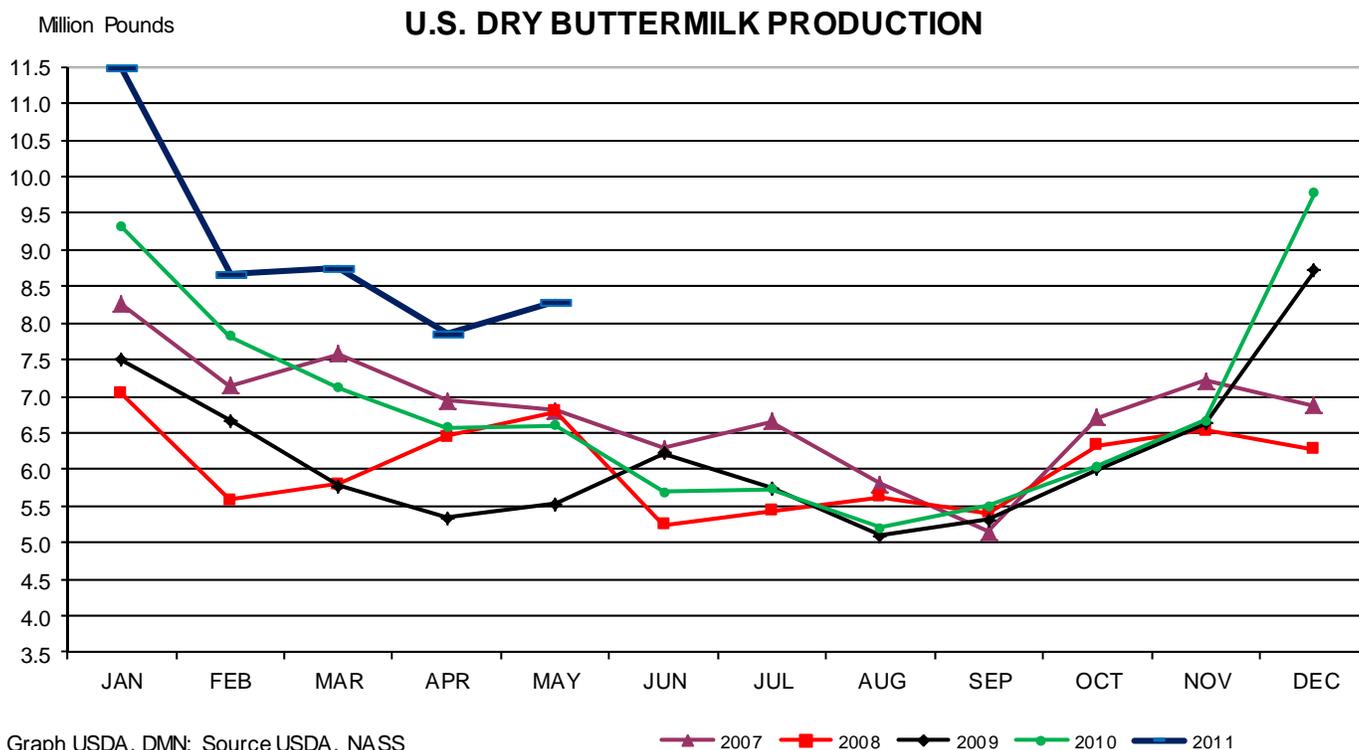
DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during May 2011 totaled 4.4 million pounds, down 42.2% from April 2011 and 39.3% lower than May 2010. Cumulative 2010 production totals 31.0 million pounds, a 10.4% increase from 2010 production. Manufacturers' month ending stocks total 7.7 million pounds, 13.5% less than one month ago, but 11.4% more than May 2010 stocks.

F.O.B. PRODUCING PLANT: 1.9200 - 2.0400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 1	\$1.5992	17,104,751	0
June 24	\$1.6068	12,997,272	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.



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

Prices for Central dry whey are unchanged to higher on the mostly price series and the market is firm. Availability of spot loads of dry whey is tight. Various drying facilities reopened this week after the extended holiday weekend, reducing the number of loads of condensed whey clearing as spot loads and increasing dry whey production in a few locations. Recent changes in a creamery ownership are rerouting some milk intakes to other cheese plants, decreasing whey output during the near term, as well as lessening future opportunities to participate in spot market sales. The June 2011 Dairy Market News average of the mostly price series for Central dry whey was \$0.5084 compared to \$0.4898 one month ago and \$0.3450 in June 2010. Human food dry whey production during May 2011 in the Central region totaled 40.0 million pounds. This dry whey production is 5.0% more than April 2011 production, but 2.6% lower than May 2010. ANIMAL FEED DRY WHEY prices are higher on a firm market. A few dry blend animal feed manufacturers report sales for the week to dairy calf raising operations improved as some operators stock up ahead of pricing announcements for July blended feed. The June 2011 Dairy Market News average of the range price series for animal feed Central milk replacer dry whey was \$0.4452 compared to \$0.4288 month ago and \$0.2743 in June 2010.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during May 2011 totaled 87.1 million pounds, 1.5% more than April 2011 and 4.7% more than production 1 year ago. May ending stocks of HUMAN FOOD dry whey totaled 49.4 million pounds, 9.3% lower than 1 month ago but 2.5% higher than May 2010. Production of ANIMAL FEED dry whey during May 2011 totaled 4.4 million pounds, 29.6% less than the production of April 2011 and 26.7% lower than production 1 year ago. ANIMAL FEED dry whey month ending stocks totaled 1.3 million pounds, 33.1% lower than one month ago and 78.3% lower than the stocks of one year ago. Cumulative 2011 dry whey production, HUMAN AND ANIMAL FEED, is 4.0% higher than 2010 production through May, totaling 450.8 million pounds.

F.O.B. CENTRAL: .5000 - .5600 MOSTLY: .5100 - .5400
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3900 - .5700

DRY WHEY - NORTHEAST

The dry whey price series moved higher on contract formulation this week. Supplies continue to be tight in the Northeast with availability limited to contracts or resale, as nearly all production in the region is committed. Cheese makers are scaling back production, due to adequate inventories and higher milk prices, resulting in marginal declines in dry whey production. Brokers are reporting a weaker resale market with reported prices ranging from \$.5775 - \$.6200. The very tight supplies in the region are causing buyers looking for additional product to opt for resale opportunities, looking outside the region, or considering nonfat dry milk as a protein alternative. Export interest remains good. The June 2011 Dairy Market News average of the price series for Northeast dry whey was \$0.5282 compared to \$0.5238 one month ago and \$0.3695 in June 2010. The latest NASS Dairy Products report shows production of dry whey for human consumption for May 2011, in the Atlantic area totaled 23.0 million pounds, or 26.4% of the nation's total for May of 87.1 million pounds. The Atlantic

area's production is 19.5% more than April and 14.3% above production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5350 - .5500

DRY WHEY - WEST

Western dry whey prices are firm to higher as contract prices continue to move the market higher. Spot sales remain very limited. Resale prices are firm for available supplies. Dry whey production schedules are increased as cheese plants handled extra milk supplies over the holiday weekend. Whey supplies from cheese plants are increasingly being used to manufacture higher protein whey concentrates and reducing supplies of dry whey. According to the NASS *Dairy Products* report, total dry whey production in May totaled 91.5 million pounds, up 2.6% or 2.3 million pounds compared to May 2010. The Western region produced 24.1 million pounds of human dry whey in May, up 9.3% or 2.1 million pounds from last year. The West produced 27.7% of the human dry whey in the U.S. in May. Cumulative total dry whey production through May in the U.S. is 450.8 million pounds, up 4.0% or 17.3 million pounds from 2010. Manufacturers' stocks at the end of May for total dry whey are 50.7 million pounds, down 6.1% or 3.3 million pounds from last year.

NONHYGROSCOPIC: .5300 - .6100 MOSTLY: .5500 - .5800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to higher on the range price series and the market tone is unsettled. Various market participants speculate the WPC 34% market is somewhat top heavy. To back up that theory, reports of more readily available WPC 34% resale spot loads are being tallied. Countering that, manufacturers assert milk supplies are seasonally lower into cheese plants, thus providing less whey stream inputs clearing into WPC in general and WPC 34% in particular. Additionally, some condensed WPC 34% loads are clearing above usual volumes to satisfy increased end product production schedules at various locations. Manufacturers' WPC 34% inventories are in balance to somewhat short of near term contract needs. The June 2011 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.5570 compared to \$1.5043 one month ago and \$0.9432 in June 2010.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during May 2011 totaled 20.2 million pounds, 7.4% more than one month ago, but 3.0% lower than production of one year ago. Cumulative WPC 34% production for 2011 totals 97.6 million pounds, 4.5% lower than 2010 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 14.3 million pounds, 1.6% less than April 2011 and 33.0% less than May 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5200 - 1.6650 MOSTLY: 1.5400 - 1.5900

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.

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LACTOSE - CENTRAL AND WEST

Prices on both the range and mostly price series for lactose moved higher, reflecting third quarter pricing and spot sales. The market tone is firm. Completed LTL sales are capturing premiums up to 20 cents above the market, depending on quality and mesh size. Interest is still active from domestic and international buyers who have not fully met anticipated near term needs. A few manufacturers are encouraging regular buyers to get a jump on 2012 lactose needs planning. With lactose interest being continually strong during the last two quarters, manufacturers are not in the position of hoping for orders to clear inventories, rather, they are able to pick and choose among the offers being made for lactose. Lactose manufacturers indicate potential buyers from Europe, Asia, Oceania, Far East, and South America are completing lactose plant visits and entering discussions for 2012 lactose contracts. The June 2011 Dairy Market News average of the mostly price series for Central and West lactose was \$0.4700 compared to \$0.4640 one month ago and \$0.3295 in June 2011.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during May 2011 increased 7.4% compared to April 2011 to 86.0 million pounds and was 13.4% higher than May 2010 production. Cumulative 2011 lactose production totals 407.1 million pounds, 14.5% more than during the same time span in 2010. Month ending stocks, at 73.5 million pounds, are 3.2% less than one month ago and 4.4% lower than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .4700 -.6600 MOSTLY: .5200 -.5600

CASEIN - NATIONAL

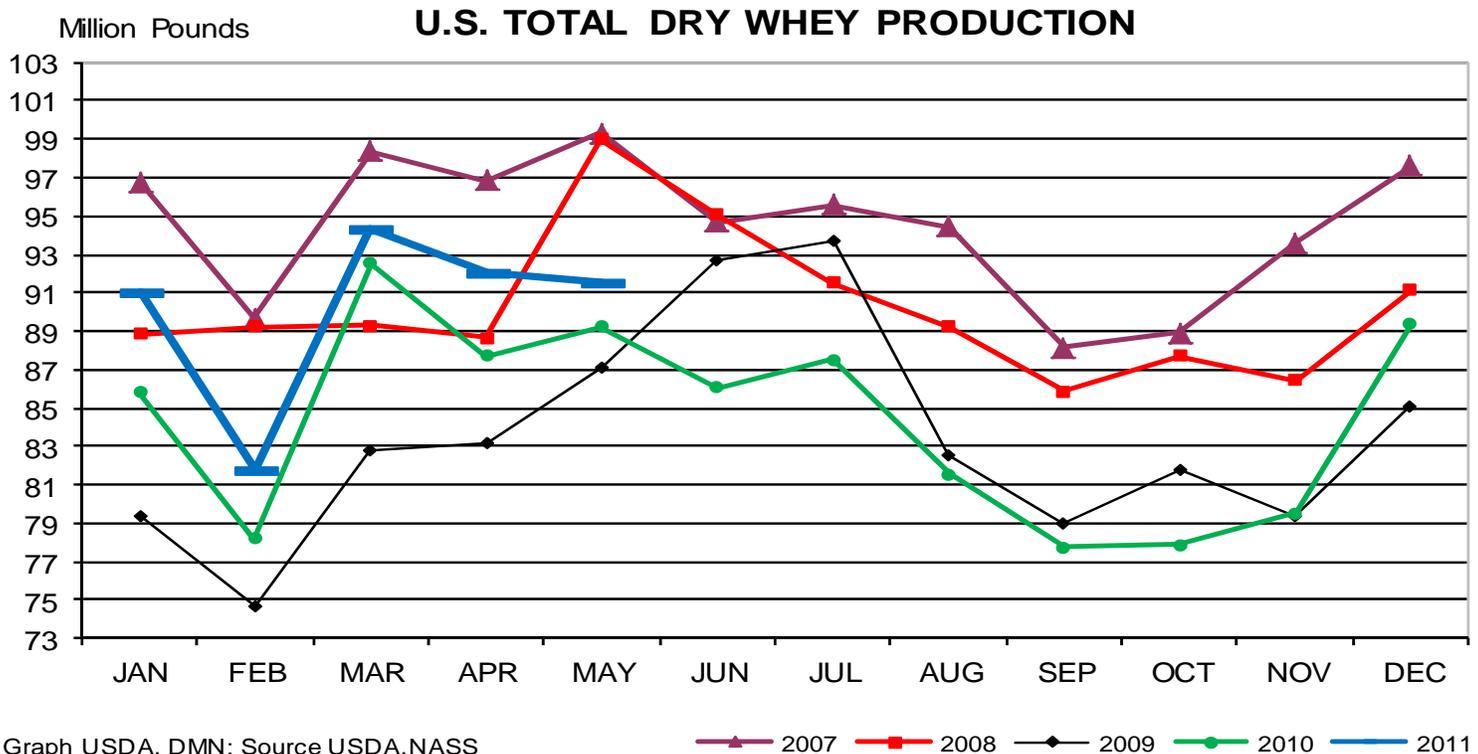
Casein markets and prices are firm. Overall prices and quarterly contracts prices are higher. Supply availability continues to be a concern for most domestic buyers. Suppliers remain optimistic that they will be able to fulfill commitments, but continue to indicate that spot availability will be limited. At the recent g/DT event in the Oceania region, rennet casein prices increased 1% to average \$10,161 per MT (\$4.61 per pound). Near term (September) contracts averaged \$9,995 per MT with October - December contracts averaging \$10,280 per MT.

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: 4.8100 - 5.1400
ACID: 5.1000 - 5.2600

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during May 2011 totaled 41.5 million pounds, an increase of 4.9% from April 2011 and 1.2% higher than May 2010. Manufacturers' end-of-month stocks totaled 70.0 million pounds, 15.6% higher than one month ago, but 36.3% lower than one year ago.



Graph USDA, DMN; Source USDA, NASS

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 4 - 8, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 07/01/11	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 06/18/11 & Comparable Week 2010

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1			
2011-Dairy	N.A.	0.6	7.4	3.1	17.7	2.9	N.A.	N.A.	14.8	2.7	50.7	1,422.7	41.4	46.5
2010-Dairy	N.A.	0.6	6.7	2.3	17.8	3.1	0.2	N.A.	14.9	2.8	49.9	1,337.2	42.4	44.0
2011-All cows	0.1	0.7	9.3	14.5	31.0	28.1	N.A.	N.A.	18.8	3.7	122.5	3,059.0		
2010-All cows	N.A.	0.7	8.5	13.0	31.5	21.1	13.0	N.A.	19.6	6.7	117.8	3,037.7		

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)

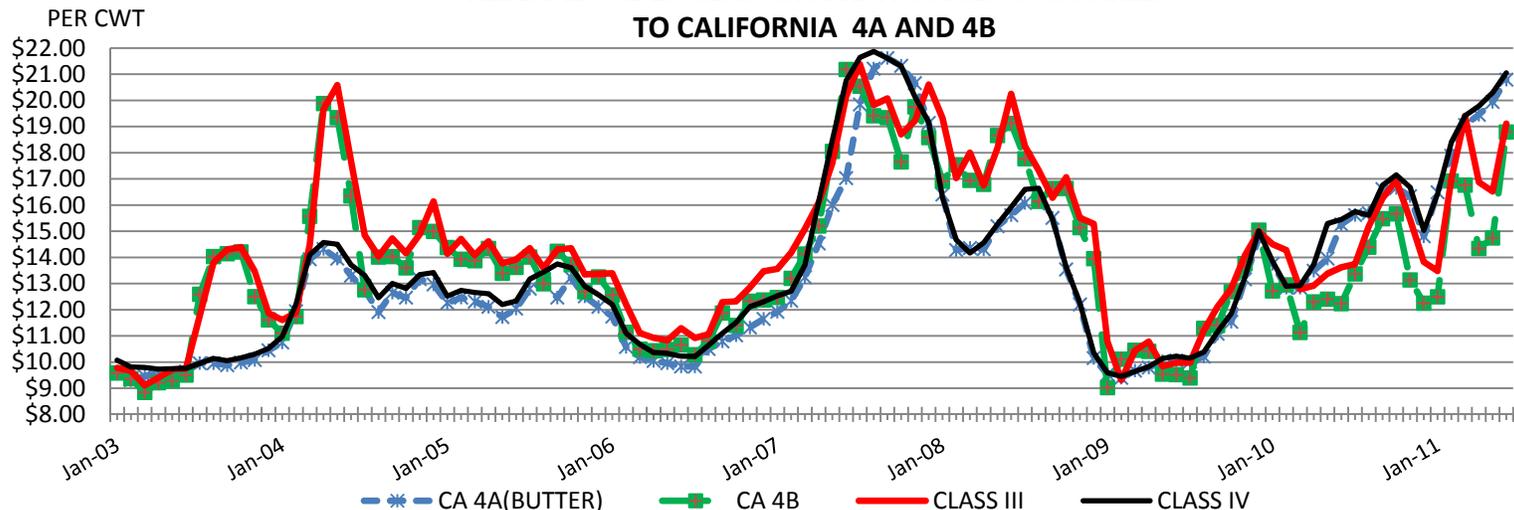
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	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	21.37						
III	13.48	17.00	19.40	16.87	16.52	19.11						
IV	16.42	18.40	19.41	19.78	20.29	21.05						

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

FEDERAL ORDER CLASS III AND IV PRICES COMPARED TO CALIFORNIA 4A AND 4B



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 26—July 9, 2011

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

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in Western Europe is on the down side of the season. Milk production, January thru May, ran about 2.5% ahead of the previous year's comparable 5 month period. Although this was a positive figure, very dry conditions prevailed in many regions of Western Europe during May and June, thus milk handlers are speculating that this percentage will trend lower once June data is available. Although dry conditions did prevail at that time and milk production was impacted, milk handlers are indicating that milk volumes have rebounded or, at least, have not continued to decline at the pace that occurred during the limited moisture period. Much needed rainfall has been occurring over recent weeks and pastures are once again greening up. Traders and handlers are stating that uncommitted stocks are available for both domestic and international buyer interest. Currently, most buyer interest is centered around an internal/domestic market with international sales limited. Traders are speculating that international buyers may be stepping back from the marketplace as some prices are trending lower. Also, overall buyer interest is anticipated to ease during the next 6 - 8 weeks as the summer holiday season begins. At the June 23 Dairy Management Committee meeting, no significant dairy issues were addressed or adjusted. Since the remaining balance of intervention powder (about 50,000 MT) has been designated for distribution through the most deprived people scheme, the June 23 tender for volumes was suspended along with all further tenders. Figures were also recently released pertaining to PSA butter volumes. As of June 19, 68,053 MT of butter have cleared to the PSA program since the opening of the program on March 1.

BUTTER/BUTTEROIL: Butter markets and prices in Europe remain firm. The European milk production season was strong through May (latest data) with milk volumes running 2 - 2.5% ahead of last year. Reports indicate that milk volumes are in line with projections and even running heavier than some anticipated. Churning schedules have been good and remain so as milk volumes decline from seasonally high levels. Butter demand has been limited to internal/domestic needs with prices often higher than international buyers are willing to pay. Traders and handlers are stating that uncommitted butter volumes are available for both internal and international needs. At this point, uncommitted stocks are not a concern for most butter producers and handlers. Butter continues to clear to PSA with stocks totaling 68,053 MT as of June 19.

82% BUTTERFAT:	5,900 - 6,150
99% BUTTERFAT:	6,300 - 6,575

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are weak. Traders and handlers are stating that buyer interest is basically centered around an internal market with international buyer interest limited. Milk production has now passed the peak in both Eastern and Western Europe, although powder production remains seasonally active. Traders indicate that stocks are available for both domestic and international buyers. Some of the intervention skim milk powder that has cleared to the most deprived people scheme is now appearing in commercial hands. Most of current volumes had been previously committed to potential buyers, thus the impact on the powder market is minimal. Although this powder is

classified for human consumption, much of the current volume is ending up in animal feed channels.

1.25% BUTTERFAT:	3,350 - 3,500
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WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are generally steady, although a weaker undertone is developing. The milk production season is now on the down side in both Western and Eastern Europe. At this point, milk volumes have been running ahead of last season and powder drying schedules have been very active. Traders and handlers are stating that buyer interest is basically limited to domestic customers with international interest quiet. Traders have a few opinions on slower international sales: the calendar indicates that the summer holiday season is beginning, thus buyers are less active in the marketplace and also that potential buyers are stepping back from the market as prices possibly decline.

26% BUTTERFAT:	4,300 - 4,525
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SWEET WHEY POWDER: European whey powder markets and prices are weaker at this time. As has been the situation for much of the current season, prices have fluctuated greatly and during this current reporting period, prices are easing. Cheese production is seasonally active, although lighter than earlier in the season as milk is clearing through other products of more need or better financial return. Cheese manufacturers are stating that international buyer interest has slowed, thus production schedules are being adjusted to better balance supply with demand. Traders and handlers do state that stocks are available for both an internal and international market.

NONHYGROSCOPIC:	1,300 - 1,400
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EASTERN OVERVIEW: Milk production in Eastern Europe is now at or slightly past peak levels. Scattered reports indicate that milk production thus far this season is running positively when compared to last season. Manufacturing schedules in Eastern Europe are seasonally strong and product is being generated for both domestic and international buyers. Domestic sales continue to capture much of current production with international sales limited. Typically, international sales keep Eastern European supplies in better balance with production. This season, international sales are not as strong, thus uncommitted volumes are increasing, but not to the point of concern by most manufacturers.

Exchange rates for selected foreign currencies: July 05, 2011

1.0385 Canadian Dollar	.0225 Indian Rupee
.2428 Argentina Peso	.8252 New Zealand Dollar
.0859 Mexican Peso	1.0692 Australian Dollar
.3652 Polish Zloty	.0123 Japanese Yen
	1.4429 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0859) = 11.6414 Mexican Pesos. Source: "Wall Street Journal"

Information gathered June 26—July 9, 2011

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OCEANIA

Milk production in the Oceania region is at seasonal low levels and the winter season is underway. Milk producers and handlers in both Australia and New Zealand are indicating that fall weather patterns were positive and early days of winter were also milder, but now winter cold and wet conditions prevail, especially in New Zealand. Australian winter weather conditions are basically developing along typical lines. Milk handlers are stating that winter conditions are wetter than usual in some regions, while moisture is in better balance in others. Overall, Australian milk producers are very optimistic about the upcoming season. Much of this optimism comes from an overall positive 2010 - 2011 milk production year. It has been many years since Australian dairy producers have had a milk production season as positive as the most recent. This momentum will hopefully carry through the winter and provide a positive start to the new season. Both countries are in the early days of the 2011 - 2012 milk production year (June 1 in New Zealand and July 1 in Australia), thus it is too early to indicate new trends. Production estimates for the new season over last season are starting to develop; 4 - 5% higher in New Zealand and 1 - 2% in Australia. Milk handlers in both countries feel that these projections are attainable. Sales activity out of the Oceania region is minimal as stocks are limited and nearing seasonal low levels. In most instances, traders and handlers are indicating that there are no uncommitted stocks available for spot buyer interest. At the July 5 g/DT auction, average prices were mostly lower, with the exception of rennet casein which was slightly higher. These trends were basically along the lines of developing trends from the previous auction. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$5,278 per MT, -1.4%; buttermilk powder, \$3,335, N.A.; skim milk powder \$3,704, -7.2%; whole milk powder, \$3,638, -6.8%; milk protein concentrate, \$6,174, -3.6%; and rennet casein, \$10,161, +1.0%. Traders and handlers continue to use the g/DT auction platform as a component when determining commercial prices. Many traders and handlers are indicating that Oceania prices are trending lower, but most are not adjusting their prices as sharply as the percentage changes from the previous auction event are indicating.

BUTTER: Oceania butter markets are generally steady, with prices unchanged to slightly lower. Butter production in the Oceania region is at seasonally low levels, thus orders are being filled from previous production. The significant portion of market activity continues to center around contracted volumes. Traders and handlers are stating that there is basically no uncommitted butter volume available for spot buyer interest. Butter stocks will be cleaned out prior to the start of the new production season in 6 - 8 weeks. At the most recent g/DT trading event, anhydrous milk fat trended 1.4% lower in price when compared to the previous event covering all contracting periods. A weak trend has been developing in recent trading events.

82% BUTTERFAT:

4,300 - 5,050

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are unsettled. Traders and handlers are indicating that prices are trending lower, but not to the extent of the recent g/DT trading event. Traders feel that potential buyers are stepping back from the market as prices ease. At the July 5 g/DT event, skim milk powder averaged \$3,704 per MT, -7.2% when compared to the previous all contract average price. For contract #1 (September), the average price was \$3,695, 15.5% lower than the previous event; contract #2 (October - December), \$3,707, -8.9%; and contract #3 (January - March), \$3,701, -0.7%. All of the contracted volumes will be delivered during the main production season of the Oceania region.

1.25% BUTTERFAT:

3,700 - 4,100

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets are weaker. Prices are trending lower with g/DT price averages lower than commercial pricing. At the July 5 g/DT event, whole milk powder averaged \$3,638 per MT, 6.8% lower than the previous all contract average. For near term contract #1 (September), the average was \$3,666, 7.4% lower than previous near term contract; contract #2 (October - December), \$3,628, -6.8%; and contract #3 (January - March), \$3,630, -6.3%. Most recent contracts will be filled from 2011 - 2012 production. Traders and handlers are stating that 2010 - 2011 uncommitted stocks are very limited, but also state that international buyer interest appears to be easing as prices trend lower.

26% BUTTERFAT:

3,625 - 4,100

CHEDDAR CHEESE: Cheese markets are generally steady with prices unchanged in the Oceania region. Milk production is at seasonally low levels thus orders are being filled from inventoried stock. Oceania suppliers are indicating that 2010 - 2011 commitments are coming to an end, thus cheese inventories are at seasonally low levels. Traders and handlers are reporting that contract negotiation for 2011 - 2012 are well underway and appear to be in line with projections. At this point, cheese manufacturers are projecting that upcoming cheese production schedules will be very comparable with previous seasons.

39% MAXIMUM MOISTURE:

4,400 - 4,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 26—July 9, 2011

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JULY 5, 2011 Global/Dairy Trading (g/DT) event 47 recap US \$ per metric ton								
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		All Contracts	
	September 2011		October - December 2011		January - March 2012			
Anhydrous Milk Fat	\$5,226	-2.3%	\$5,271	-1.5%	\$5,431	1.3%	\$5,278	-1.4%
Buttermilk Powder	N.A.	N.A.	\$3,335	N.A.	N.A.	N.A.	\$3,335	N.A.
Skim Milk Powder	\$3,695	-15.5%	\$3,707	-8.9%	\$3,701	-0.7%	\$3,704	-7.2%
Whole Milk Powder	\$3,666	-7.4%	\$3,628	-6.8%	\$3,630	-6.3%	\$3,638	-6.8%
Milk Protein Concentrate	\$6,115	-5.9%	\$6,245	-1.3%	N.A.	N.A.	\$6,174	-3.6%
Rennet Casein	\$9,995	1.0%	\$10,280	N.A.	N.A.	N.A.	\$10,161	1.0%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	06/23	06/24	06/27	06/28	06/29	06/30	07/01	07/04	07/05	07/06
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 11	19.14 (5045) 0	19.23 (5088) 0	19.23 (5068) 0	19.23 (5036) 0	19.23 (5041) 0	19.23 (5039) 0	19.11 (4600) 0	NO TRADING		
JUL 11	19.85 (5814) 0	20.28 (5916) 0	20.35 (5967) 1	20.40 (5965) 0	20.49 (6091) 160	20.52 (6119) 3	20.51 (6119) 0		20.68 (6145) 0	20.60 (6071) 0
AUG 11	18.77 (5418) 0	19.16 (5515) 0	19.22 (5727) 1	19.39 (5779) 6	19.39 (5783) 0	19.07 (5863) 0	18.83 (5862) 0		19.11 (5855) 3	18.89 (5904) 5
SEP 11	18.20 (4848) 1	18.30 (4876) 0	18.55 (5023) 1	18.70 (5073) 6	18.74 (5090) 0	18.44 (5079) 0	18.26 (5104) 0		18.37 (5136) 0	18.32 (5127) 0
OCT 11	17.55 (3838) 0	17.58 (3927) 0	17.75 (3980) 0	17.90 (4047) 6	18.07 (4118) 20	17.83 (4244) 0	17.80 (4284) 0		17.93 (4282) 0	17.86 (4293) 0
NOV 11	17.20 (3535) 0	17.14 (3595) 0	17.10 (3605) 0	17.20 (3624) 6	17.35 (3643) 0	17.15 (3664) 0	17.12 (3660) 0		17.34 (3658) 0	17.26 (3658) 0
DEC 11	16.90 (3384) 0	16.80 (3411) 0	16.72 (3416) 0	16.73 (3450) 6	16.89 (3465) 21	16.69 (3487) 2	16.63 (3500) 0		16.89 (3503) 0	16.87 (3502) 0
JAN 12	16.64 (695) 0	16.46 (696) 0	16.52 (706) 0	16.56 (705) 0	16.51 (707) 0	16.34 (708) 0	16.34 (717) 0		16.45 (720) 0	16.40 (748) 0
FEB 12	16.41 (559) 0	16.30 (573) 0	16.38 (578) 0	16.38 (576) 0	16.32 (574) 0	16.27 (584) 0	16.25 (593) 0		16.29 (597) 0	16.22 (623) 0
MAR 12	16.46 (522) 0	16.30 (524) 0	16.36 (533) 0	16.30 (533) 0	16.28 (533) 0	16.20 (530) 0	16.24 (539) 0		16.32 (548) 0	16.25 (575) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 11	20.90 (577) 0	20.90 (577) 0	20.76 (577) 0	20.76 (577) 0	20.76 (577) 0	20.76 (577) 0	21.05 (577) 0	NO TRADING		
JUL 11	20.58 (714) 0	20.54 (714) 0	20.49 (714) 0	20.49 (714) 0	20.49 (714) 0	20.49 (714) 0	20.49 (714) 0		20.49 (714) 0	20.49 (714) 0
AUG 11	19.95 (828) 0	19.89 (828) 0	19.73 (828) 0	19.73 (847) 20	19.73 (847) 0	19.85 (847) 0	19.85 (847) 0		19.85 (847) 0	19.81 (852) 5
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 11	212.50 (467) 0	212.50 (467) 0	212.50 (467) 0	212.50 (467) 0	212.00 (467) 0	212.00 (467) 0	212.87 (565) 0	NO TRADING		
JUL 11	208.00 (701) 6	207.00 (713) 18	206.00 (718) 7	206.00 (718) 2	206.00 (718) 0	206.00 (718) 0	206.00 (718) 0		206.00 (718) 0	206.00 (718) 0
AUG 11	207.50 (832) 23	204.00 (841) 20	201.25 (850) 12	203.00 (852) 8	207.00 (854) 22	205.03 (856) 4	205.03 (856) 0		206.00 (856) 0	205.00 (856) 9
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JUN 11	162.00 (457) 0	162.00 (457) 0	162.00 (457) 0	162.00 (457) 0	162.00 (457) 0	163.00 (457) 0	165.20 (457) 0	NO TRADING		
JUL 11	162.00 (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		162.00 (437) 0	162.00 (437) 0
AUG 11	155.00 (439) 0	155.00 (442) 0	155.50 (443) 0	155.50 (443) 0	155.50 (443) 0	156.00 (443) 0	156.00 (443) 0		156.00 (435) 0	155.50 (438) 0
CME - WHEY (Electronic-Traded)										
JUN 11	52.55 (333) 0	52.55 (333) 0	53.00 (332) 3	53.00 (332) 12	52.50 (332) 7	52.50 (332) 1	52.33 (332) 0	NO TRADING		
JUL 11	54.98 (190) 0	54.98 (190) 0	54.98 (190) 3	54.98 (190) 0	54.98 (190) 0	54.98 (190) 0	53.98 (190) 0		53.98 (190) 0	53.98 (190) 0
AUG 11	51.00 (178) 3	53.00 (182) 5	53.35 (182) 0	53.50 (182) 0	53.78 (182) 4	53.10 (193) 11	53.18 (193) 0		53.30 (193) 0	53.30 (193) 0
CME - CHEESE CSC (Electronic-Traded)										
JUN 11	1.91 (392) 0	1.91 (392) 0	1.91 (392) 0	1.91 (393) 0	1.91 (393) 0	1.91 (393) 0	1.90 (393) 0	NO TRADING		
JUL 11	1.97 (227) 6	2.01 (228) 5	2.02 (233) 7	2.02 (233) 0	2.03 (237) 6	2.03 (237) 0	2.03 (237) 0		2.04 (237) 0	2.06 (237) 1
AUG 11	1.88 (229) 9	1.89 (235) 8	1.90 (243) 8	1.90 (244) 1	1.89 (245) 3	1.90 (292) 47	1.88 (292) 0		1.88 (292) 0	1.88 (292) 0
SEP 11	1.83 (215) 0	1.83 (215) 0	1.85 (215) 6	1.87 (219) 4	1.87 (219) 1	1.85 (227) 8	1.84 (227) 0		1.83 (231) 21	1.81 (234) 32
OCT 11	1.78 (275) 11	1.78 (279) 5	1.78 (279) 0	1.81 (283) 4	1.81 (283) 0	1.80 (283) 0	1.80 (283) 0		1.80 (283) 38	1.80 (283) 0
NOV 11	1.73 (319) 3	1.73 (320) 2	1.73 (320) 0	1.74 (328) 8	1.75 (328) 0	1.75 (334) 6	1.75 (334) 0		1.75 (334) 0	1.75 (334) 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.

MAY 2011 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 155.9 million pounds in May, 18.3 percent above May 2010 but 1.8 below April 2011. **AMERICAN TYPE CHEESE** production totaled 371.2 million pounds, 0.1 percent below May 2010 but 3.9 percent below April 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 915.2 million pounds, 3.9 percent above May 2010 and 3.8 percent above April 2011. **NONFAT DRY MILK** production, for human food, totaled 147.7 million pounds, 4.6 percent below May 2010 but 1.0 percent above April 2011. **DRY WHEY** production, for human food, was 87.1 million pounds, 4.7 percent above May 2010 and 1.5 percent above April 2011. **ICE CREAM** (hard) production totaled 75.1 million gallons, 5.7 percent below May 2010 but 1.4 percent above April 2011.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2011	PERCENT CHANGE FROM:			PRODUCT	MAY 2011	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 2010	APR 2011	YEAR TO DATE <u>1/</u>		1,000 LBS.	MAY 2010	APR 2011	YEAR TO DATE <u>1/</u>
BUTTER	155,946	18.3	-1.8	12.5	SOUR CREAM	105,562	8.4	1.6	3.7
CHEESE					YOGURT (PLAIN AND FLAVORED)	344,095	3.1	-3.8	3.7
AMERICAN TYPES <u>2/</u>	371,164	-0.1	3.9	0.9	DRY WHEY, HUMAN FOOD	87,107	4.7	1.5	---
CHEDDAR	283,682	-1.4	7.5	-1.8	DRY WHEY, ANIMAL FEED	4,425	-26.7	-29.6	---
OTHER AMERICAN	87,482	4.3	-6.1	---	DRY WHEY, TOTAL <u>8/</u>	91,532	2.6	-0.6	4.0
BRICK & MUENSTER	12,263	15.6	10.4	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	60,959	7.6	12.1	---	HUMAN FOOD	3,210	37.2	49.0	---
HISPANIC	19,648	15.1	6.3	---	ANIMAL FEED	4,934	2.4	1.3	---
TOTAL ITALIAN TYPES	393,584	6.6	2.2	6.1	LACTOSE, HUMAN FOOD & ANIMAL FEED	86,002	13.4	7.4	14.5
MOZZARELLA	308,948	5.1	2.9	5.4	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	84,636	12.3	-0.3	---	HUMAN FOOD <u>9/</u>	33,636	-1.9	6.6	---
SWISS	29,134	0.8	5.4	---	ANIMAL FEED <u>9/</u>	2,978	17.6	17.4	---
ALL OTHER TYPES	28,451	5.8	1.5	---	TOTAL <u>9/</u>	36,614	-0.5	7.4	-1.3
TOTAL	915,203	3.9	3.8	3.4	25.0-49.9 PERCENT <u>10/</u>	20,214	-3.0	7.4	---
COTTAGE CHEESE, CURD <u>3/</u>	35,846	3.8	1.8	---	50.0-89.9 PERCENT <u>10/</u>	16,400	2.7	7.4	---
COTTAGE CHEESE, CREAM <u>4/</u>	27,244	-0.3	0.5	-0.7	PROTEIN ISOLATES <u>11/</u>	5,349	9.0	9.9	---
COTTAGE CHEESE, LOWFAT <u>5/</u>	32,629	2.7	0.9	0.7	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	41,516	1.2	4.9	---	ICE CREAM (HARD)	75,118	-5.7	1.4	-3.6
DRY BUTTERMILK	8,283	25.6	5.3	---	ICE CREAM, LOWFAT (HARD)	14,084	11.5	2.1	---
DRY WHOLE MILK	4,390	-39.3	-42.2	---	ICE CREAM, LOWFAT (SOFT)	24,498	8.8	-0.6	---
MILK PROTEIN CONC. (MPC), TOTAL <u>6/</u>	9,322	-26.9	-19.5	---	ICE CREAM, LOWFAT (TOTAL)	38,582	9.8	0.4	5.9
NONFAT DRY MILK (NDM), HUMAN	147,670	-4.6	1.0	-6.8	SHERBET, HARD	4,287	-4.5	15.6	-13.0
SKIM MILK POWDERS (SMP) <u>7/</u>	35,667	108.0	32.1	77.2	YOGURT (TOTAL)	4,330	-11.0	5.2	2.2

MANUFACTURERS' STOCKS, END OF MONTH <u>12/</u>							
PRODUCT	MAY 2011	PERCENT OF:		PRODUCT	MAY 2011	PERCENT OF:	
	1,000 LBS.	MAY 2010	APR 2011		1,000 LBS.	MAY 2010	APR 2011
DRY WHEY, HUMAN FOOD	49,421	2.5	-9.3	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	1,255	-78.3	-33.1	HUMAN FOOD <u>9/</u>	30,329	-17.4	-1.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <u>13/</u>	4,768	-55.0	24.7	ANIMAL FEED <u>9/</u>	1,445	-17.1	-18.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	73,502	-4.4	-3.2	TOTAL <u>9/</u>	31,774	-17.4	-1.9
CANNED EVAP & CONDSO WHOLE MILK	69,992	-36.3	15.6	25.0-49.9 PERCENT <u>10/</u>	14,250	-33.0	-1.6
DRY BUTTERMILK	17,692	125.8	4.8	50.0-89.9 PERCENT <u>10/</u>	17,524	1.8	-2.2
NONFAT DRY MILK (NDM), HUMAN FOOD	166,166	11.7	10.9	PROTEIN ISOLATES <u>11/</u>	5,172	-46.2	18.3

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

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. Dairy Products, July 2011.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2011	225.4	2.9	206.2	3.7	203.1	7.1	207.7	1.9	213.4	31.9	218.8	7.9
APR 2011	226.2	3.2	209.7	6.3	208.3	11.9	212.3	4.6	209.0	22.9	220.7	7.6
MAY 2011	227.0	3.5	211.3	6.9	211.9	13.6	215.0	5.7	215.5	23.4	223.2	8.5
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
Dollars												
MAR	3.503	3.188	3.690	2.781	3.828	3.914	5.065	4.708	4.923	4.313		
APR	3.597	3.140	3.720	2.846	3.891	3.939	5.204	4.647	4.877	4.445		
MAY	3.653	3.178	3.693	2.922	4.052	3.912	5.435	4.713	4.614	4.563		

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

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

Item	Feb.-Apr. 2010	Percent change ^{2/}	Feb.-Apr. 2011	Percent change ^{2/}	Jan.-Apr. 2010	Percent change ^{2/}	Jan.-Apr. 2011	Percent change ^{2/}
	Million Pounds							
MILK								
Production	47,772	0.8	48,254	1.0	63,797	0.4	64,646	1.3
Marketings	47,539	0.9	48,018	1.0	63,483	0.5	64,328	1.3
Beginning Commercial Stocks ^{3/}	12,246	6.2	11,791	-3.7	11,334	12.8	10,927	-3.6
Imports ^{3/}	681	-18.8	739	8.5	964	-19.0	952	-1.2
Total Supply ^{4/}	60,466	1.6	60,548	0.1	75,781	1.8	76,207	0.6
Ending Commercial Stocks ^{3/}	13,462	0.1	12,174	-9.6	13,462	0.1	12,174	-9.6
Net Removals ^{3/}	64	-13.5	0	-100.0	107	-16.4	112	4.7
Commercial Disappearance ^{4/}	46,940	2.1	48,374	3.1	62,212	2.2	64,033	2.9
SELECTED PRODUCTS ^{5/}								
Butter	380.7	1.1	452.8	18.9	506.5	2.5	582.7	15.0
American Cheese	1,023.8	1.1	1,071.7	4.7	1,370.5	-0.8	1,425.7	4.0
Other Cheese	1,523.0	1.8	1,614.4	6.0	2,019.6	3.6	2,162.8	7.1
Nonfat Dry Milk	400.9	16.3	330.6	-17.5	524.0	13.5	494.2	-5.7
Fluid Milk Products ^{6/}	13,706.2	-0.3	13,444.9	-1.9	18,474.9	-0.9	18,195.8	-1.5

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

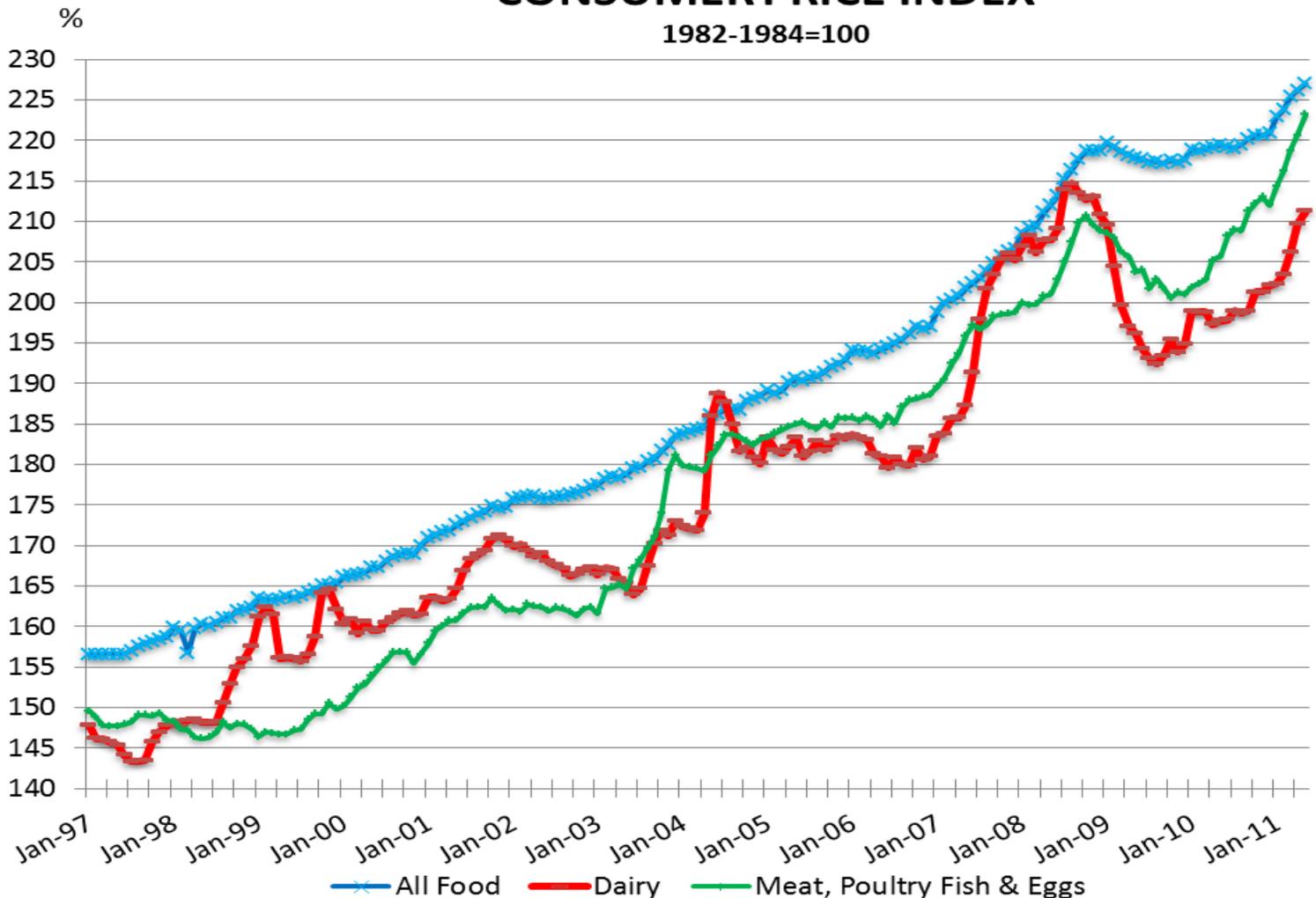
**CORRECTED COMMERCIAL DISAPPEARANCE: JANUARY-MARCH 2011 AND YEAR-TO-DATE 2009-10 1/
TOTAL MILK AND SELECTED DAIRY PRODUCTS**

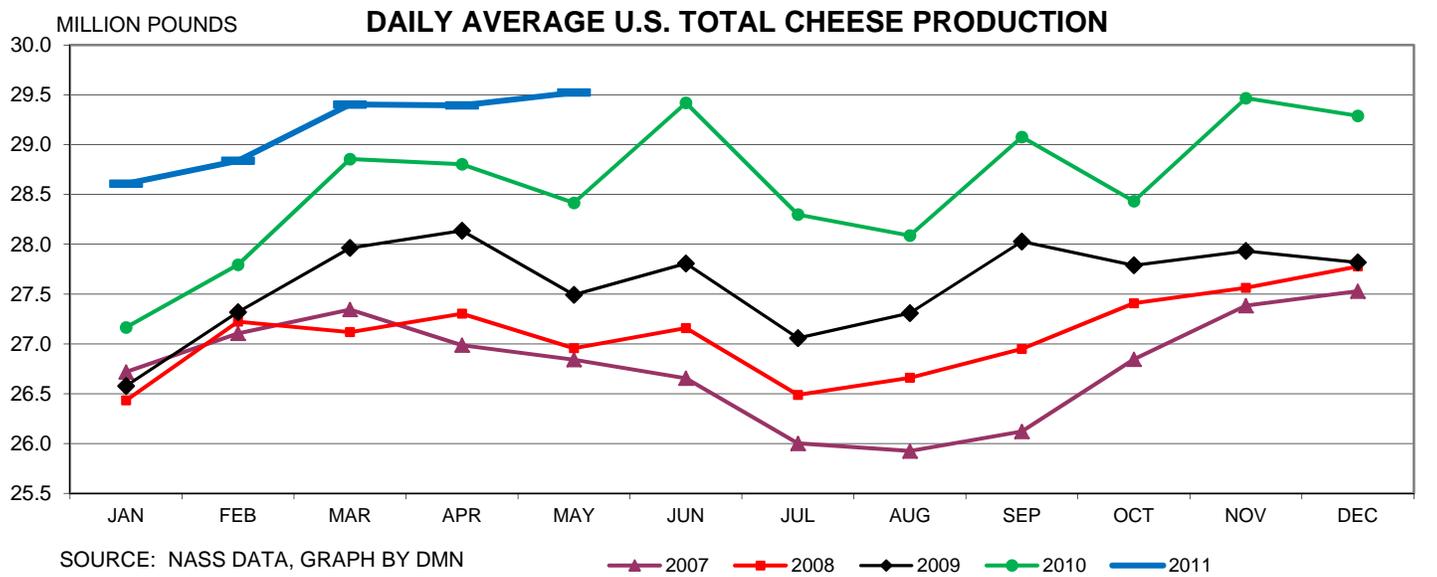
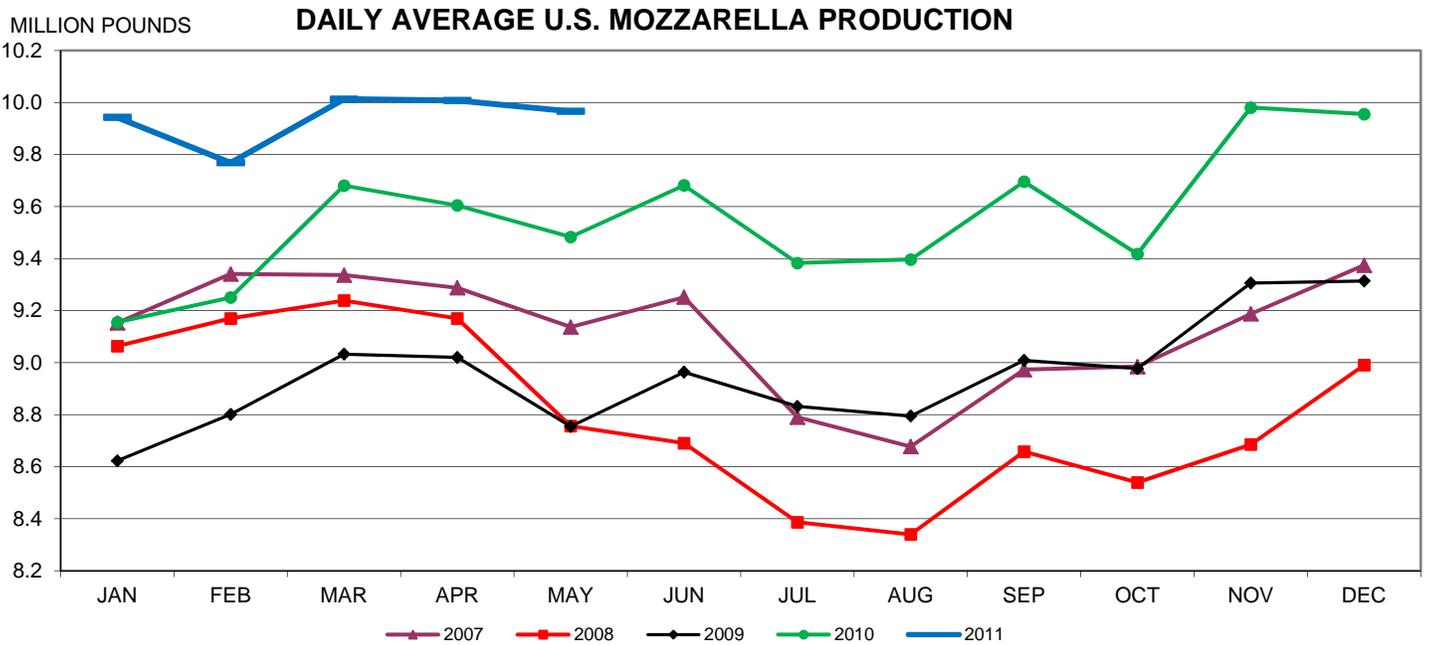
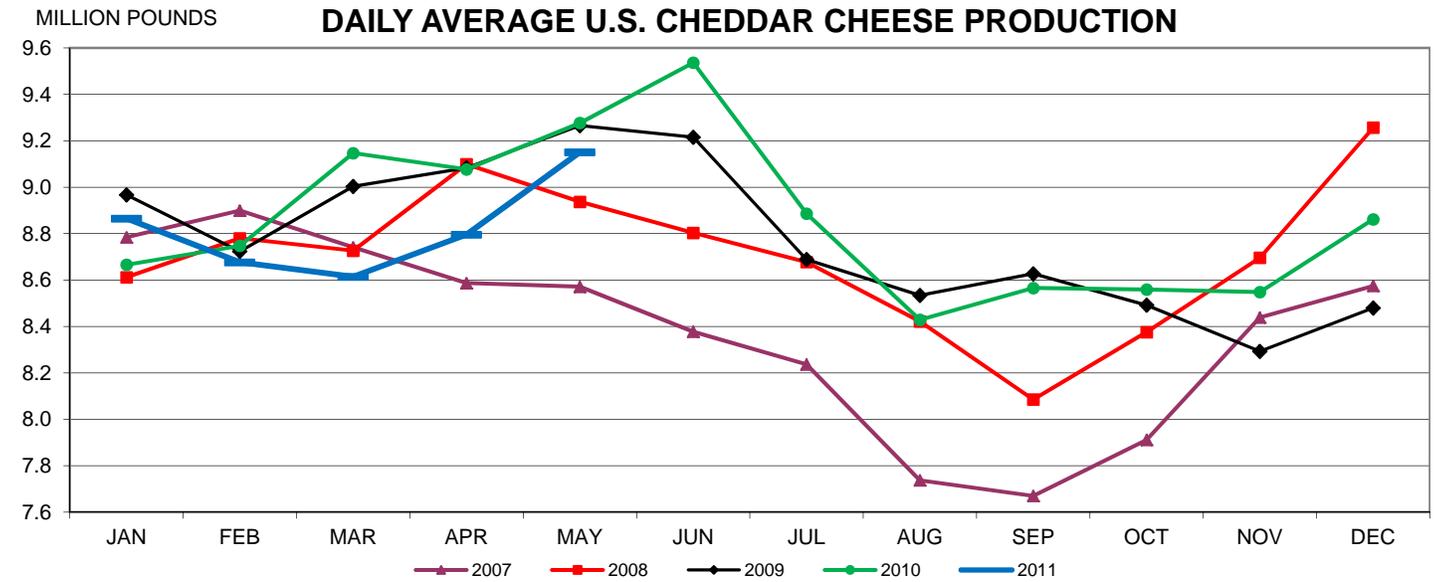
Item	Jan.-Mar. 2010	Percent change <u>2/</u>	Jan.-Mar. 2011	Percent change <u>2/</u>	Jan.-Dec. 2009	Percent change <u>2/</u>	Jan.-Dec. 2010	Percent change <u>2/</u>
	Million Pounds							
MILK								
Production	47,392	0.0	48,426	2.2	189,320	-0.1	193,118	2.0
Marketings	47,157	0.1	48,188	2.2	188,308	-0.1	192,162	2.0
Beginning Commercial Stocks <u>3/</u>	11,334	12.8	10,927	-3.6	10,045	-3.0	11,334	12.8
Imports <u>3/</u>	789	-15.6	707	-10.4	4,057	3.2	3,098	-23.6
Total Supply <u>4/</u>	59,280	2.0	59,822	0.9	202,410	0.0	206,594	2.1
Ending Commercial Stocks <u>3/</u>	13,100	3.7	12,112	-7.5	11,284	12.3	10,927	-3.2
Net Removals <u>3/</u>	91	-25.4	0	-100.0	703	2,829.2	112	-84.1
Commercial Disappearance <u>4/</u>	46,089	1.6	47,710	3.5	190,423	-1.2	195,555	2.7
SELECTED PRODUCTS <u>5/</u>								
Butter	382.6	1.5	412.5	10.2	1,567.6	-8.1	1,629.0	3.9
American Cheese	1,018.8	-3.2	1,077.6	5.8	4,193.4	3.4	4,265.0	1.7
Other Cheese	1,508.0	5.2	1,618.2	7.3	6,138.9	1.2	6,390.8	4.1
Nonfat Dry Milk	368.4	9.8	374.0	1.5	1,346.2	-2.0	1,548.8	15.0
Fluid Milk Products <u>6/</u>	13,903.8	-1.0	13,724.6	-1.3	55,445.0	1.0	54,673.1	-1.4

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

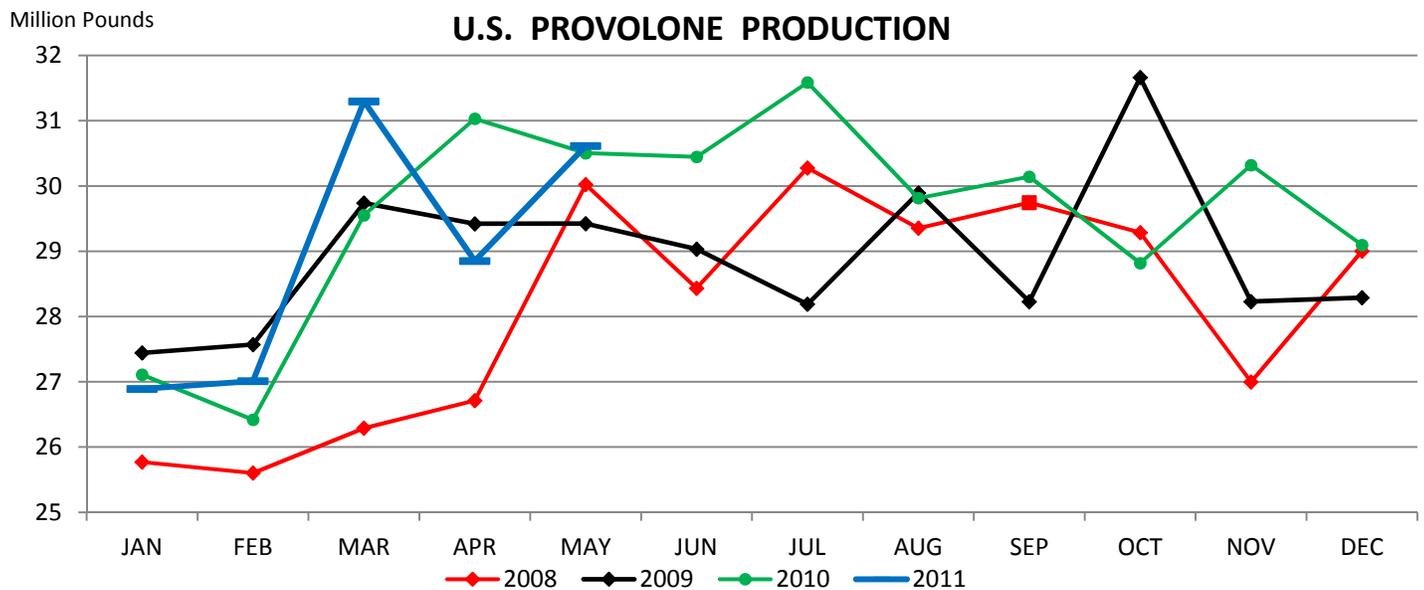
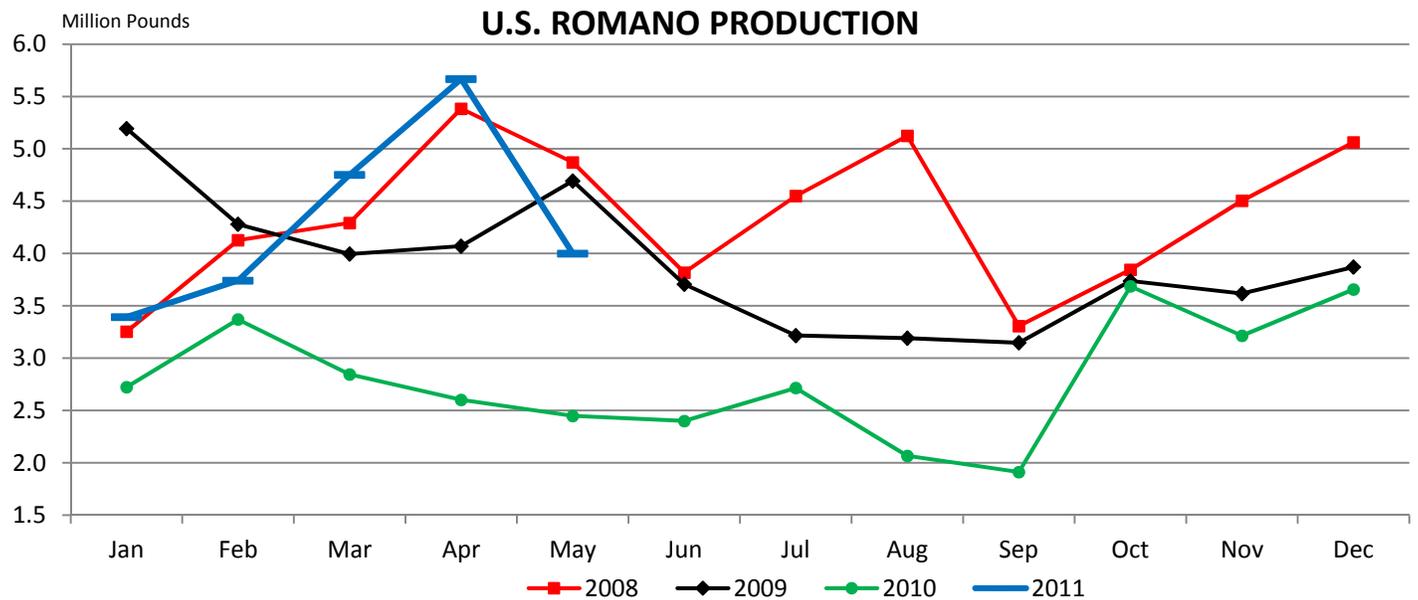
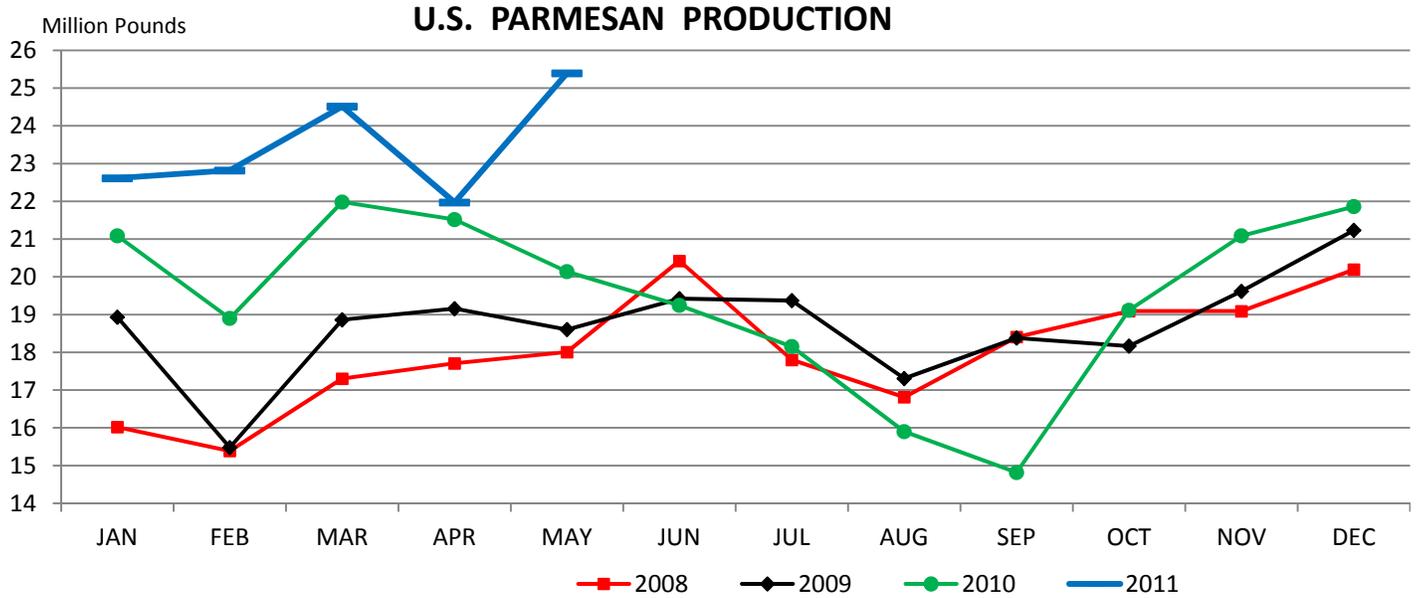
CONSUMER PRICE INDEX

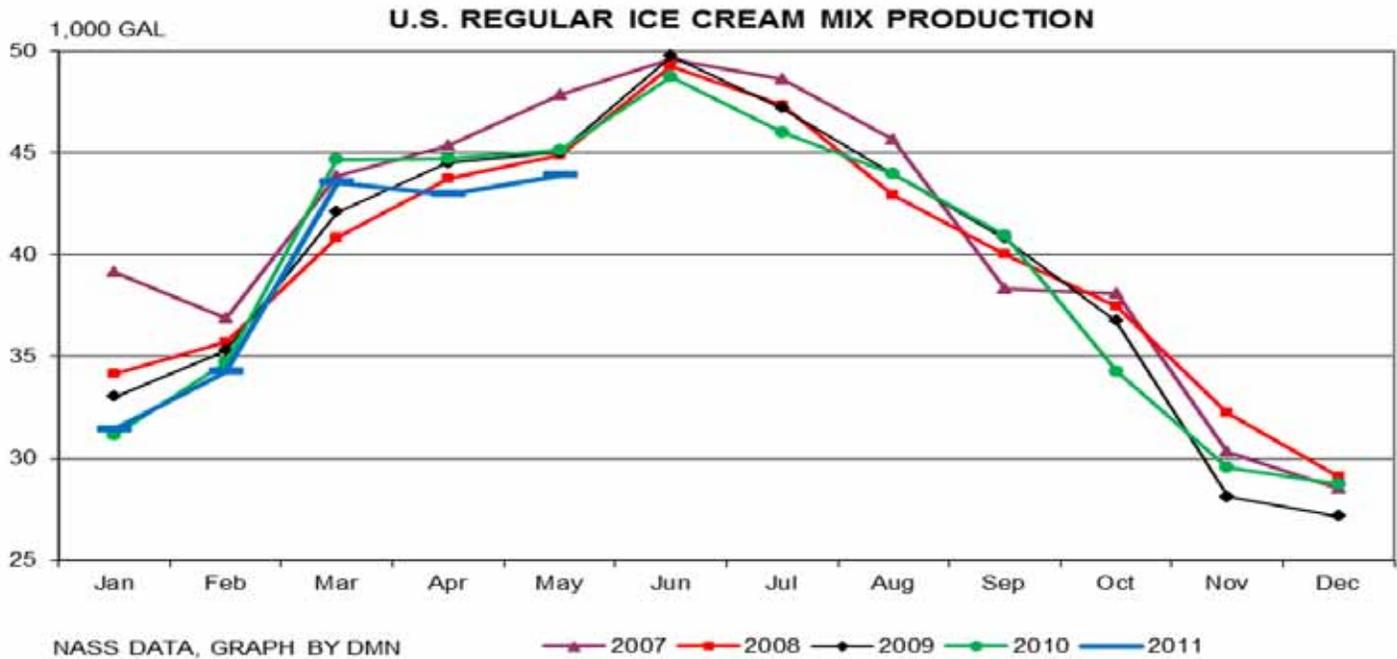
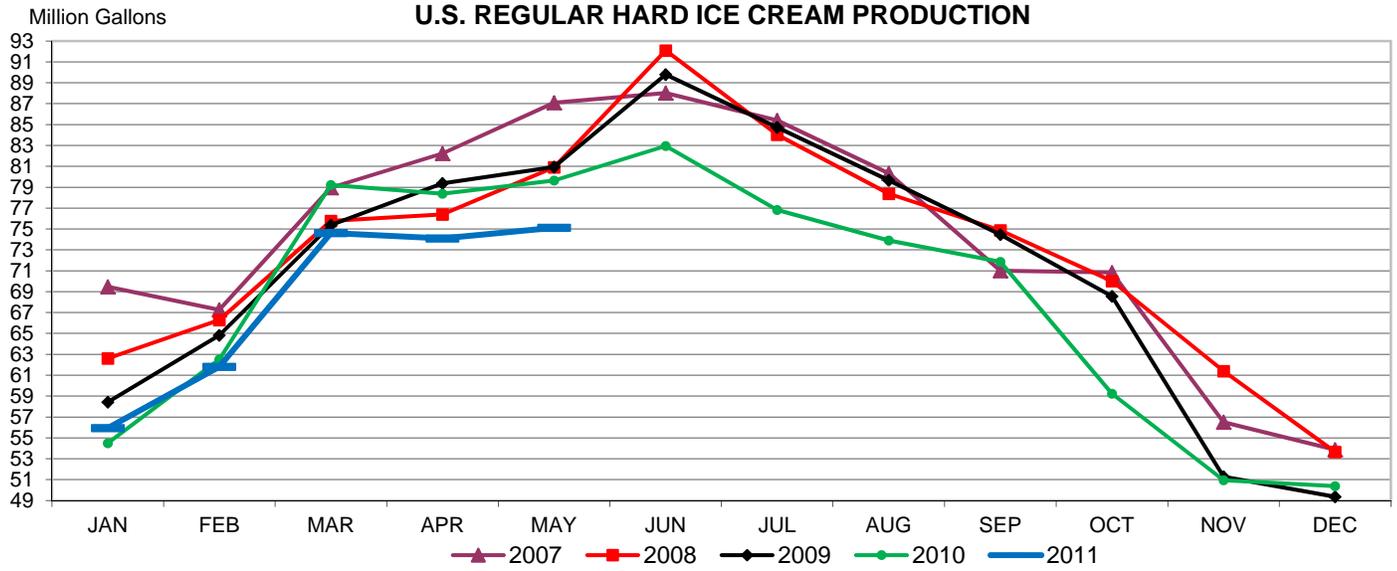
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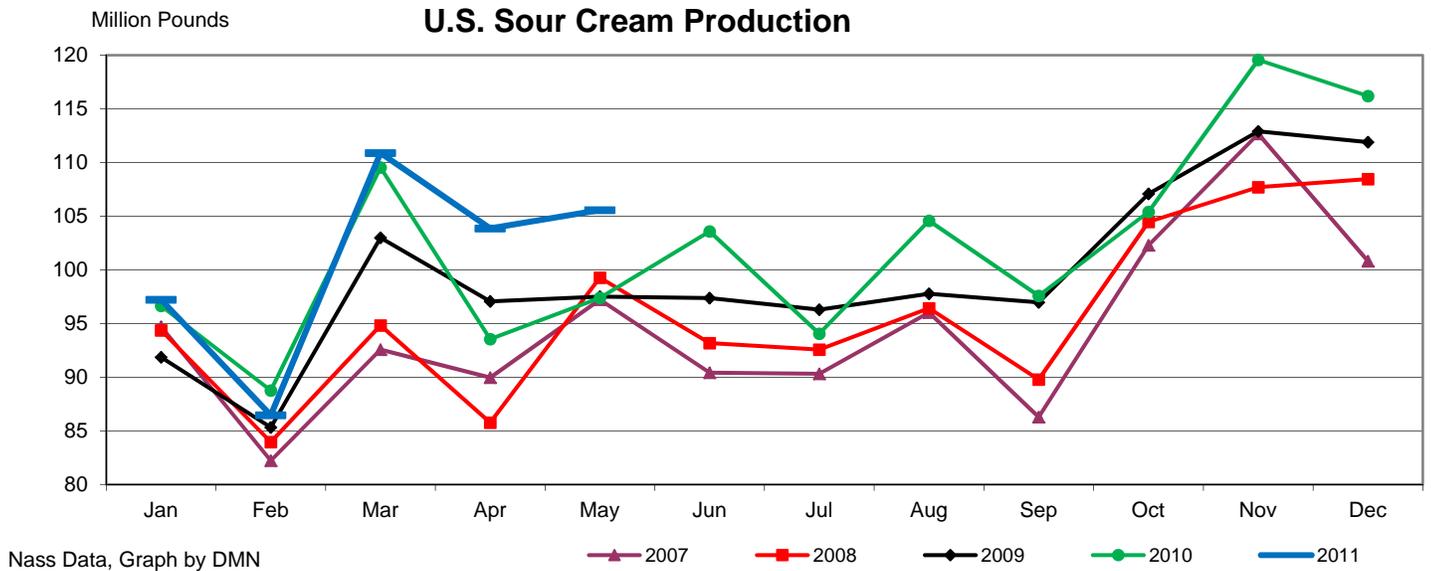


SOURCE: NASS DATA, GRAPH BY DMN



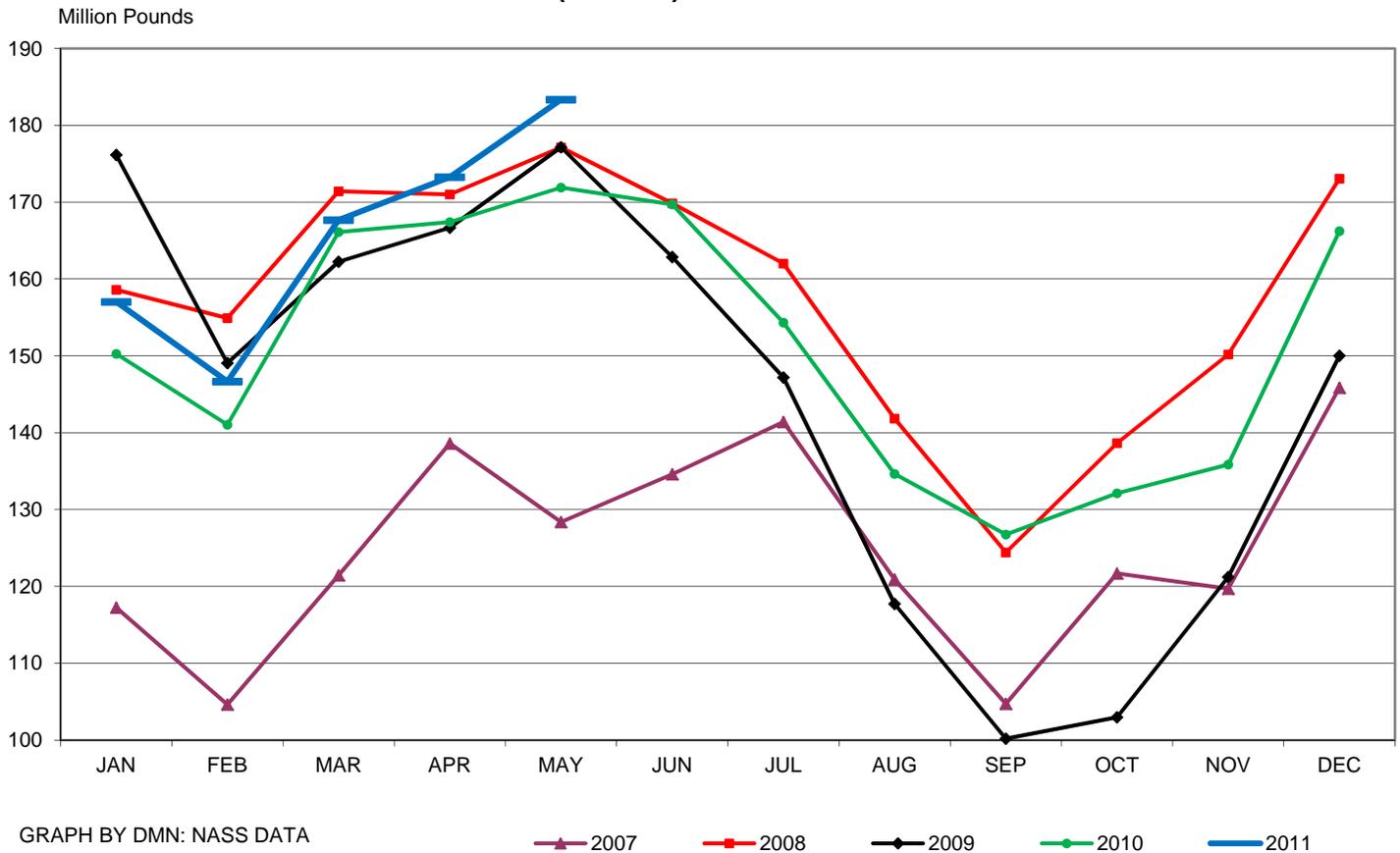


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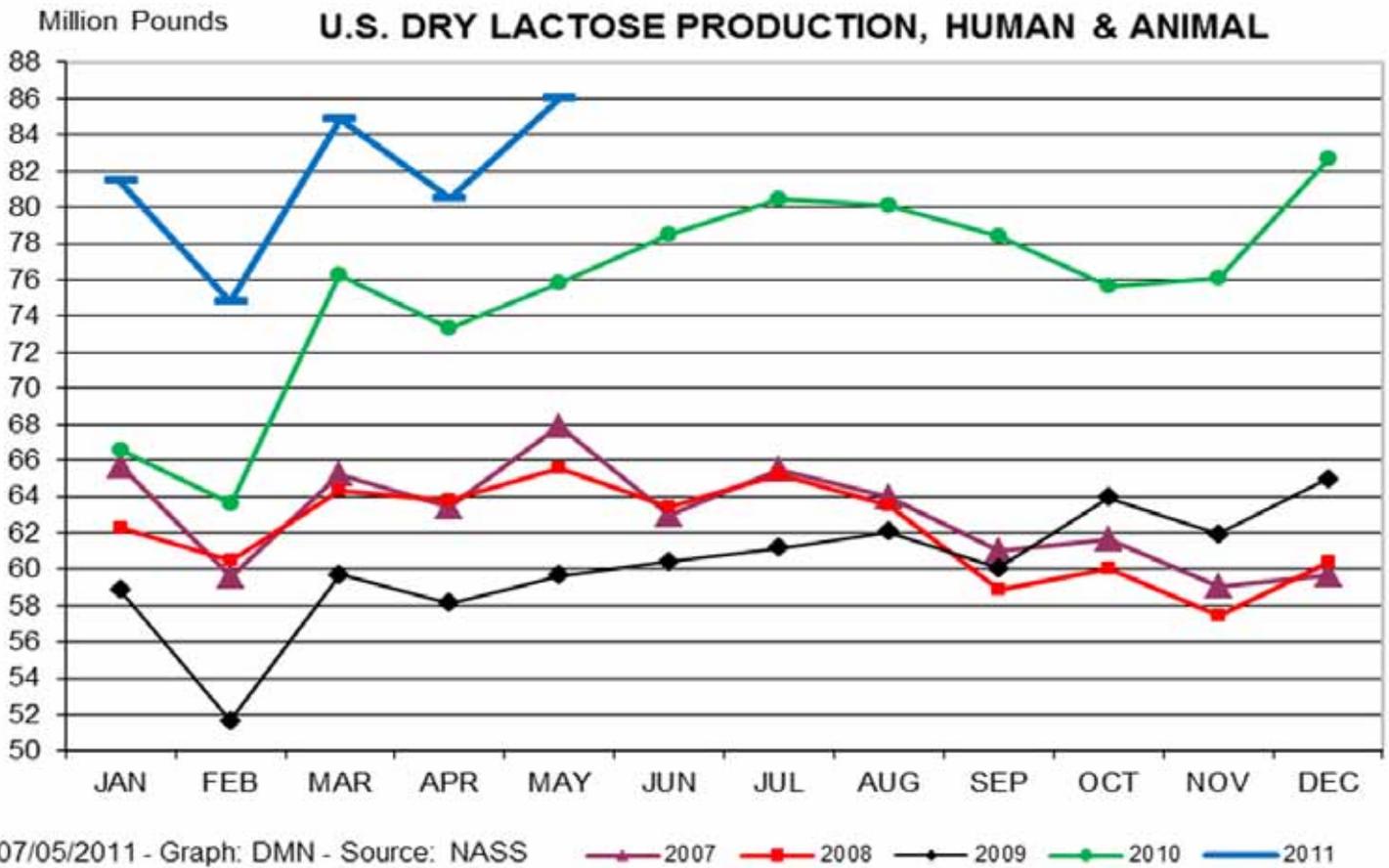


Nass Data, Graph by DMN

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



U.S. DRY LACTOSE PRODUCTION, HUMAN & ANIMAL



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