

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (07/15):**

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

CHEESE: Barrels closed at \$2.1100 and 40# blocks at \$2.0575. The weekly average for barrels is \$2.1040 (+.0021) and blocks, \$2.0495 (-.0636).

BUTTER HIGHLIGHTS: The CME Group cash butter price held steady during the week and remains at \$2.0300. Churning activity has slowed following the 4th of July holiday weekend as cream supplies tighten. Class II cream based product production resumed pre-holiday schedules and is absorbing significant cream volumes. In many instances, as cream supplies tighten, churning schedules are being adjusted to fulfill current or very near term needs, with inventory enhancement light. Often, butter inventories are lighter than desired for this time of the summer. Current butter demand is seasonally steady and typical for this time of the year. According to the Foreign Agricultural Service, exports of butter and milk fat for January - May 2011 total 76.2 million pounds, up 74% or 32.4 million pounds from January - May 2010. Saudi Arabia is the largest importer with a 59% increase (+5.2 million pounds) above last year's amount. Exports accounted for 9.6% of butter production in the U.S. for the first five months of 2011.

CHEESE HIGHLIGHTS: The cheese market is unsettled to weak. The block price fell on the CME Group cash cheese market through Thursday, but rebounded Friday to close the week at \$2.0575. Barrels are in a tighter position and have not shown weakness though an inverted barrel/block spread will pressure barrels. Most buyers have slowed new orders to wait for possible additional weakness. Buyers are also reluctant to rebuild aging programs at current prices. Cheese and milk production are trending lower, at least east of the Rockies, while milk volumes remain strong in parts of the West. Warmer summer temperatures also cause reductions in milk components which reduces cheese yields. U.S. cheese and curd exports during May totaled 43.0 million pounds, 17% above May 2010. Thus far in 2011, total cheese exports total 218.4 million pounds, up 56% from the same period in 2010 or 5.0% of the estimated 2011 total cheese output through May.

FLUID MILK: California milk production has declined in most areas, being affected by hot weather conditions. Arizona milk output continues to trend seasonally lower as hot and humid weather covers the milk producing areas of the state. Plants are running on reduced schedules as the milk volumes and component levels decline. Milk production in the Pacific Northwest is reported to be at or near peak levels for the year. Contrary to many other parts of the country experiencing hot weather, temperatures in the region have been moderate. Utah and Idaho are seeing increased milk production as moderate weather has kept milk flow above year ago levels. Class I interest is about steady at typical light summer levels in the Midwest and flat in the Northeast and Mid-Atlantic regions. Hot, muggy weather dominates the Southeast region where milk production is holding surprisingly

steady in the northern portions of the region, but steep declines are being noted in the Deep South. Persistent heat and humidity are causing accelerated production declines in Florida. In Indiana and Ohio, extra milk seems to be more available with some prices still around flat class on spot milk deals.

DRY PRODUCTS: Prices on nonfat dry milk in the Central region are unchanged to lower on a mixed market. In the East, prices for nonfat dry milk moved lower on the low heat mostly range as the high heat range held steady. Western low/medium heat NDM prices are mixed to higher; however, the market tone is unsettled to weak. Dry buttermilk prices are steady in the Central and Eastern regions. Central dry whey prices are unchanged to higher and Western dry whey prices are firm to fractionally higher. Northeast dry whey prices continued to move higher on contract formulation. The whey protein concentrate 34% market is steady on the mostly price range. Lactose prices are unchanged to higher as quarterly pricing based on various indices prompts adjustments. Casein markets and prices remain firm.

ORGANIC DAIRY MARKET NEWS (DMN): Total Organic Milk Products sales for May 2011, 172 million pounds, were up 21.9% from May 2010 sales. Organic Whole Milk sales for May 2011, 42 million pounds, were up 20.3% compared with May 2010. There are a record number of ads for organic milk in 8 ounce containers this period. The national weighted average advertised price is 88 cents. Advertised pricing for organic milk in half gallons decreased this period by 27 cents to a weighted average advertised price of \$3.21. The top of the price range remained unchanged at \$3.99 while the range bottom decreased 29 cents to \$2.50. Comparing regional weighted average advertised prices, there is a spread of 98 cents between the Midwest with the highest weighted average advertised price and the South Central Region, with the lowest. All organic gallon milk ads are in the Northeast, with the weighted average advertised price remaining the same as four weeks ago when the last organic gallon ads were published, \$4.99. Organic yogurt ad numbers rebounded to the second highest level of 2011 following relatively low numbers two weeks ago. Ads are overwhelmingly for 6 ounce containers of organic yogurt and the national weighted average advertised price is 82 cents.

JULY SUPPLY AND DEMAND ESTIMATES (WAOB): Milk production forecasts for 2011 and 2012 are raised. Cow numbers are forecast higher as higher milk prices and lower forecast feed prices support further herd expansion, but milk per cow is unchanged from last month. Commercial exports on a fat basis are forecast higher for 2011. Ending stock forecasts are raised as cheese stocks are larger than expected. Dairy product price forecasts for 2011 are raised from last month. The Class III and Class IV price forecasts

CONTINUED ON PAGE 1A

*****SPECIALS THIS ISSUE*****

ORGANIC MARKET NEWS (PAGE 8)
JULY SUPPLY AND DEMAND ESTIMATES (PAGES 9-10)
MAY FLUID MILK SALES (PAGE 11)

APRIL MAILBOX PRICES (PAGE 12)
DAIRY GRAPHS (PAGE G1-G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 11	TUESDAY JUL 12	WEDNESDAY JUL 13	THURSDAY JUL 14	FRIDAY JUL 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.1025 (N.C.)	\$2.1025 (N.C.)	\$2.1025 (N.C.)	\$2.1025 (N.C.)	\$2.1100 (+.0075)	:: (+.0075)	:: \$2.1040 (+.0021)
40# BLOCKS	\$2.0975 (-.0125)	\$2.0550 (-.0425)	\$2.0350 (-.0200)	\$2.0025 (-.0325)	\$2.0575 (+.0550)	:: (-.0525)	:: \$2.0495 (-.0636)
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	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6200 (-.0050)	\$1.6100 (-.0100)	:: (-.0150)	:: \$1.6210 (-.0040)
BUTTER							
GRADE AA	\$2.0300 (N.C.)	\$2.0300 (N.C.)	\$2.0300 (N.C.)	\$2.0300 (N.C.)	\$2.0300 (N.C.)	:: (N.C.)	:: \$2.0300 (-.0063)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CONTINUED FROM PAGE 1

are raised from last month in line with increased product prices. The all milk price is forecast at \$20.00 to \$20.30 for 2011. For 2012, the butter price is forecast slightly higher than last month, but forecasts for other products are unchanged. Class price forecasts are unchanged. The all milk price forecast for 2012 is unchanged at \$17.75 to \$18.75.

MAY FLUID MILK SALES: During May, over 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6% lower than May 2010. After adjusting for calendar composition, sales in May 2011 were 1.9% lower than May 2010. Estimated sales of total conventional fluid milk products decreased 2.4% from May 2010 and estimated sales of total organic fluid milk products increased 21.9% from a year earlier.

APRIL MAILBOX PRICES (AMS & CDF): In April 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.66, down \$0.84 from the previous month average, and up \$5.15 from April 2010. The component tests of producer milk in April 2011 were: butterfat, 3.70%; protein, 3.06%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except Appalachian States, Southeast States, and Florida. Mailbox prices in April 2011 ranged from \$22.06 in Florida to \$18.08 in New Mexico.

CME GROUP

MONDAY, JULY 11, 2011	
CHEESE -- SALES: 10 CARS 40# BLOCKS: 2 @ \$2.1025, 6 @ \$2.1000, 2 @ \$2.0975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0975	
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0500	
TUESDAY, JULY 12, 2011	
CHEESE -- SALES: 7 CARS 40# BLOCKS: 2 @ \$2.0900, 2 @ \$2.0800, 2 @ \$2.0650, 1 @ \$2.0625; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0500; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0550	
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6250	
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
WEDNESDAY, JULY 13, 2011	
CHEESE -- SALES: 8 CARS 40# BLOCKS: 2 @ \$2.0475, 2 @ \$2.0425, 4 @ \$2.0350; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0350	
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
THURSDAY, JULY 14, 2011	
CHEESE -- SALES: 7 CARS 40# BLOCKS: 2 @ \$2.0200, 4 @ \$2.0175, 1 @ \$2.0150; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0025	
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6200	
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
FRIDAY, JULY 15, 2011	
CHEESE -- SALES: 11 CARS 40# BLOCKS: 1 @ \$2.0025, 1 @ \$1.9950, 2 @ \$1.9925, 1 @ \$1.9950, 2 @ \$1.9975, 2 @ \$2.0000, 1 @ \$2.0025, 1 @ \$2.0575; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1100; LAST OFFER UNCOVERED: NONE	
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE	
BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0300; LAST BID UNFILLED: 1 CAR GRADE	

BUTTER MARKETS

NORTHEAST

The CME Group butter price held steady Tuesday and closed at \$2.0300. Recent trading on the CME Group has seen butter prices ebb and flow between \$2.0300 and \$2.0400. Butter production has declined as increased volumes of cream are being pulled by Class II manufacturers. Most plants are selling cream rather than build inventories and only making butter to fill current orders. There is one exception, as major plant is adding to current inventories, because of a planned maintenance shut down next month. Butter orders are described as normal for this time of year. Cream multiples are in a narrower range with the low end of the range above last week's level. Trucking issues that occurred over the holiday week are no longer a problem. Export demand continues to be active. 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 declined slightly late last week and remains at \$2.0300 at midweek. Churning activities have declined since the holiday weekend as cream supplies again are absorbed by resumed Class II product production. Butter producers anticipated this trend, thus most current churning is clearing to immediate or very near term needs. Inventory enhancement has slowed and inventory volumes remain below desired levels. Some butter producers are indicating that demand has been quite good and continues to clear current production with no problems. Some producers are even stating that some orders are heavier than usual for this time of the summer. Some are speculating that some buyers might be buying ahead of normal purchasing patterns to possibly address potentially tighter butter supplies down the road. Butter availability for later this year is starting to enter into some buyers conversations. Although not finalizing orders, some buyers are already looking to fourth quarter needs. General summer butter demand is holding basically steady at typical levels. Many buyers are still purchasing for near term needs. Retail buyers are purchasing typical volumes with no feature activity scheduled for the near term. Food service orders are stable with summer restaurant traffic holding steady. Food service orders for vacation and summer resort areas of the Central part of the country are stable, with no significant increase or decrease noted. 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 \$2.0300. The market has held steady for each session this week. Sales activity is quiet with no sales reported at the CME Group this week. Western butter markets are mostly steady this week. There are some bulk discounts being offered occasionally. The market has a steady to weak undertone as manufacturers wrestle with selling product at current prices or hold inventory for use later in the year. Retail and club sales are good with food service accounts weaker. Production remains heavy with good supplies of cream available for churning. Prices for bulk butter range from 1 cent over to 3 cents under the market, based on the CME with various time frames and averages used. According to the Foreign Agricultural Service, exports of butter and milkfat for January-May 2011 total 76.2 million pounds, up 74%, or 32.4 million pounds, from January-May 2010. Saudi Arabia is the largest importer with a 59% increase (+5.2 million pounds) above last year's amount. The exports account for 9.6% of butter production in the U.S. for January-May 2011.

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

	2011 Exports Monthly Exports	% Change From 1 Year Ago
May	15.7	+ 12
	Jan.- May (Million Lb.)	1 Year Ago
World	76.2	+ 74
Saudi Arabia	14.0	+ 59
Mexico	7.4	+ 311
Egypt	6.3	+ 59
Canada	5.9	+ 74
Morocco	5.7	+ 43

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
July 9	2.1107 10,835,837	2.0991 7,244,594	1.6667 14,051,371	2.0348 4,142,358	0.5416 7,694,870

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group Tuesday, saw barrels hold steady and close at \$2.1025, while blocks declined \$.0425 and closed at \$2.0550. Weekly average prices were mixed with barrels increasing and blocks declining. As a result of the weekly prices, wholesale prices for Process 5# Sliced cheese increased \$.0175, while Cheddar 40# Block and Muenster declined \$.0150. Wholesale prices for Swiss Cuts were unchanged. Cheese production is mixed with some scale backs in production due to higher milk prices and sufficient inventories, while others have steady to increasing production, due to increased milk supplies caused by diminished Class I demand. Cream cheese production continues to be active building inventories for this fall. Cream cheese orders for this fall are reported as strong. Mozzarella and provolone orders are mixed, while aged cheddar sales remain good. Cheese makers indicate butterfat and protein levels, along with yields, are above year ago levels and are attributable to the increase in feed quality compared to last year. Export demand for cheese continues to be good.

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

Cheddar 40# Block	:	2.4325-2.7075
Process 5# Sliced	:	2.2100-2.5200
Muenster	:	2.4525-2.6575
Grade A Swiss Cuts 10 - 14#	:	3.3475-3.6700

MIDWEST

The cheese market is weak and prices are under pressure. The block price at the CME Group cash market has been unchanged to generally lower in each July session. The barrel price has been holding, but seen little recent activity on the CME Group cash market. This has created an invented barrel/block price spread early this week. While buyers dream of even sharply lower prices, fall milk and cheese availability concerns may quash those thoughts. At prices above \$2.00 per pound, customers want to reduce purchases and work down inventory while cheese manufacturers want to produce no more product than is actually needed to fill orders. Most operators expect returns from cheese and whey stream sales are unlikely to cover the July milk cost (red ink). Natural American interest is spotty, typically fair at best. Mozzarella interest is steady to slightly improved as some firms start to prepare for the reopening of schools. Most processor and packager schedules are steady to lighter. Cheese production is easing lower seasonally although milk volumes have shown more of a decline during recent heat and humidity.

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

Process American 5# Loaf	:	2.4625-2.6525
Brick And/Or Muenster 5#	:	2.6250-2.6300
Cheddar 40# Block	:	2.4700-2.8650
Monterey Jack 10#	:	2.5800-2.8650
Blue 5#	:	2.9425-3.3500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4575-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.7500-3.3300

WEST

Cheddar barrels on Wednesday at the CME Group are unchanged at \$2.1025. 40 pound blocks are down \$.0200 at \$2.0350. Blocks have declined each trading session this week. The price has lowered \$.0750 for the week. Blocks are selling at a discount to barrels at the CME Group. No sales have been recorded for barrels this week, while blocks have seen active trading with 25 loads sold in the first three days this week. Western cheese prices are uneven. The market tone is unsettled as block prices are weak. Barrels are holding steady to firm, but buyers are anticipating that market to show weakness. Cheese production is considered steady with some plants turning back additional milk as cheese supplies are building. Mozzarella production is reduced as pizza demand has slowed with the warmer weather across the nation. Exports, aided by CWT assistance, are helping to reduce inventories for those eligible. According to FAS, exports of cheese and curd for January-May 2011 total 218.4 million pounds, up 56% (+78.1 million pounds) from January-May 2010. The exports account for 5.0% of total cheese production in the U.S. for the period. Mexico was the largest importer of cheese with 46.8 million pounds or 21.4% of U.S. cheese exports.

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

Process 5# Loaf	:	2.2275-2.4850
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#	:	2.9250-3.3550

FOREIGN

The weekly average CME Group block cheese price declined, resulting in a \$.0150 decrease in wholesale prices for all domestic varieties. Prices for imported varieties and Swiss cuts were unchanged. Swiss cheese production in the Northeast has increased as milk supplies have increased, due to decreased Class I demand. Swiss cheese makers indicate butterfat and protein levels, along with yields, are above year ago levels and are attributable to the increase in feed quality compared to last year. Cheese importers are preparing for August 1, when they will be required to pay the dairy import assessment, a fee equivalent to 7.5 cents per hundred-weight of milk solids for imported products.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.0400	: 2.5725-4.0600*
Gorgonzola	: 3.6900-6.3900	: 3.0750-3.3350*
Parmesan (Italy)	: -0-	: 3.6950-4.1050*
Provolone (Italy)	: 3.4400-6.3900	: 2.6150-2.7725*
Romano (Cows Milk)	: -0-	: 3.7625-5.9050*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 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.

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
07/11/11	8,411	:	129,492
07/01/11	9,174	:	129,170
CHANGE	-763	:	322
% CHANGE	-8	:	N.C.

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

	2011 Exports (Million Lb.)	% Change From
Monthly Exports		1 Year Ago
May	43.0	+ 17
Cumulative		1 Year Ago
World	Jan.- May 218.4	+ 56
Mexico	46.8	+ 13
South Korea	39.6	+ 144
Japan	19.6	+ 69
Saudi Arabia	10.7	+ 114
Egypt	9.4	+ 45

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	140	0	159	0	250
SOUTHEAST STATES	0	0	0	0	0	0

The Northeast and Mid-Atlantic regions manufacturing milk supplies were heavier than expected, given the current levels of heat and humidity. Milk production, butterfat and protein levels have held up well in the two regions, despite lower cow comfort levels, and are a result of better quality feed over last year and good cull management by producers, which improved overall herd quality. Unloading delays experienced over the recent holiday weekend have disappeared. Class I demand remains flat. Hay harvested in the Northeast is of lower quality than average, due to delays in the harvest caused by the overly wet spring. Hot, muggy weather dominates the Southeast region. Milk production is holding surprisingly steady in the northern portions of the region, but steep declines are being noted in the Deep South. Class I demand continues to be sluggish. Auxiliary manufacturing plants continue to be utilized to varying degrees in order to handle the milk supply. Temperature issues are only a concern for long haul loads. The persistent heat and humidity are causing accelerated production declines in Florida with one contact making the comment that "cows have taken all they can take". Class I demand is holding fairly strong. Seasonal rains are improving pasture conditions with 85% of the pastures rated as fair to good. Demand for cream has increased as cream cheese and some ice cream makers have increased production schedules. Ice cream production continues to lag behind year ago levels, because of lower than expected sales this spring. Cream multiples have narrowed, compared to last week, and range from 133-141. Demand for condensed skim has increased as Class II manufacturers resumed active production schedules after the holiday. Spot sales in the East are sluggish as some Class II manufacturers are able to secure supplies from other regions at lower prices. Eastern supplies are moving mostly through contracts.

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 -	2.7083-2.8712
F.O.B. producing plants: Upper Midwest -	2.6472-2.8915

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 - 1.46

MIDWEST

Class I interest is about steady at typical light summer levels. A large storm with strong wind caused crop damage (flattened cornfields and some trees downed from straight-line wind), and the resulting loss of electricity shut down a large bottler for a couple of days as well impacting consumers. High fat Class II (non-ice cream) orders were steady to stronger for some manufacturers. Ice cream and mix production is steady to stronger after recent summer heat and humidity as well as the forecast for more heat by the weekend. Cream prices are steady to higher with the highest price for a "got to have it now load" customer with most sales received in the low to mid 130s. Actual 2011 cream prices in the upper Midwest are sharply above comparable 2010 levels. Handlers dealing in cheese/

manufacturing milk supplies were unable to cover all the orders in the Illinois/Wisconsin/Minnesota area and prices were firmer with a few higher prices expected next week pushing \$2.00 over class. Over in Indiana and Ohio, extra milk seems to be more available at present and some prices are reportedly still around flat class on spot milk deals. Milk intakes are generally easing lower with milk components near the usually lower summer levels, reducing manufactured product output. Higher summer humidity levels also reduce dryer efficiency for powders such as whey and NDM. Besides the wind damage, recent rains improved crop conditions in many areas. Recent forecasts have increased concern that a significant share of the corn crop may not be mature by the first frost (particularly if it is early) due to late planting and a cool spring. Flooding along the Missouri River system remains a concern for families and fields in the affected area. Drought and extreme heat in Texas and nearby states continues, though likely due to increased cow numbers and heat abatement equipment, milk volumes in the area have not declined as much as anticipated.

WEST

The August 2011 Class 1 prices in CALIFORNIA range from \$23.24 in the north to \$23.51 in the south. The statewide average Class 1 price based on production is \$23.26. The average is \$0.86 higher than July 2011 and \$5.91 more than August 2010. CALIFORNIA milk production has declined in most areas, being affected by hot weather conditions. Processing plants are generally operating well and able to handle the current milk supply in an effective manner. The decline in milk receipts is often welcomed as finished product supplies are adequate for needs and producers do not want to put up any extra inventories at high finished product price levels. Temperatures have moderated in many areas, bringing relief to dairy cows. Feed costs remain high and a factor in milk output per cow as feeding rations are assessed. ARIZONA milk output continues to trend seasonally lower as hot and humid weather covers the milk producing areas of the state. Plants are running on reduced schedules as the milk volumes and component levels decline. CREAM markets remain unsettled with sales patterns often irregular. Sales to ice cream accounts are uneven and are often below seasonal expectations. Cream supplies are lower where milk production is declining and with less fat content in incoming milk. The CME butter price was \$2.0300 at midweek, 1 cent lower than a week ago. Cream multiples range from 115-132 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is reported to be at or near peak levels for the year. Contrary to many other parts of the country experiencing hot weather, temperatures in the region have been moderate. Cow comfort levels are very good and they are producing at high levels. Improved feed and higher culling levels have added to per cow production. Milk handlers are busy and trying to balance supplies among various manufacturing facilities. Truck availability and increased hauling costs are of concern to some handlers. UTAH and IDAHO are seeing increased milk production as moderate weather has kept milk flow above year ago levels. Fresh forages, although pricey, have helped to increase milk per cow. Manufacturers in the region are busy with the increased volumes. Excess milk in some cases is being shopped around at various discounts. Sales of condensed skim out of the region are also reported.

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices on nonfat dry milk in the Central region are unchanged to lower on a mixed market. Interest for spot loads is slow as buyers avoid building inventory on a market exhibiting signs of weakness. NDM contract shipments are moving steadily and are reportedly on schedule. Nonfat dry milk production is mostly steady to lower. Milk intakes are variable, depending on internal uses at some locations as well as spot market demand for condensed skim. Sales of condensed skim are steady to some outlets, lower to some Class III plants. Some Class III operations indicate vat fortification may be done more economically with NDM on hand versus purchasing condensed skim. In some areas, condensed skim from western sources is displacing Central condensed skim on a price basis, which is prompting a few plants to shift into production of other milk derivatives. Overall nonfat dry milk inventories are steady to building. Some reports indicate resale offers are clearing under the current market as a means of moderating inventories. Also, bidding opportunities reportedly exist for multiple loads of resale NDM located near the southern U.S. border.

EAST: Prices for nonfat dry milk moved lower on the low heat mostly range as the high heat range held steady. Manufacturing milk supplies have declined compared to the holiday week, but supplies are greater than expected, which resulted in higher than anticipated drying schedules. Milk volumes are conducive for the production of both high and low heat varieties of nonfat dry milk. Current production is moving through contracts and adding to inventories. Reports of offers and resale prices below contract price levels are giving the market a weak undertone. Market activity is light with numerous prospective buyers sitting on the sidelines waiting for a clearer market picture, prior to making additional purchases. Domestic demand has weakened in light of the current market situation.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.7450 MOSTLY: 1.6200 - 1.7000
 HIGH HEAT: 1.7300 - 1.7900

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are mixed to higher; however, the market tone is unsettled to weak. Prices based on indices are trending higher, mainly based on momentum trends whereas the resale market prices are trading lower. Resale prices are not utilized in the reported pricing series, but noted for informational purposes. Buyer interest is uneven and often any spot interest is being filled in the resale channels, where product is being discounted as that segment tries to minimize inventory levels. Producers and marketers are claiming not to be discounting currently produced NDM. Other powder offering are noted to be older NDM or SMP. Drying schedules are trending lower, reflecting localized declines in milk production. There are moderate to heavy supplies and offerings of condensed skim being met by a limited demand. High heat prices are unchanged in limited trading. Buyer interest is light to fair with product available for current needs. Stocks are generally light. FAS export data for NDM/SMP show January-May 2011 exports at 397.5 million pounds, up 49% from the same period in 2009. May 2011 exports total 76.5 million pounds, down 13% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6000 - 1.7125 MOSTLY: 1.6200 - 1.6650
 HIGH HEAT: 1.6750 - 1.8300

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

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAY	397.5	+ 49
1 Mexico	127.2	+ 94
2 Vietnam	53.4	+250
3 Indonesia	52.2	+ 32
4 Philippines	49.2	+ 15
5 Malaysia	25.0	+ 21
May Total	76.5	- 13

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are steady in the Central region. F.O.B. spot loads of dry buttermilk are readily available, but some resale offers present lower priced alternatives. Manufacturer stocks of dry buttermilk are building from week to week as contract fulfillment needs are generally lower than current weekly production. With movement of western cream loads into the Central region, churning is active, generating steady volumes of buttermilk. Condensed buttermilk sales into ice cream accounts are trending higher, but dryers are also being kept active clearing buttermilk.

EAST: Dry buttermilk prices held steady this week. Dry buttermilk production declined as Class II demand pulled more cream and condensed buttermilk away from churns and dryers. Dry buttermilk inventories are even with supplies primarily moving through contracts with little spot market activity. Demand has declined as an unsettled nonfat dry milk market has potential buyers rethinking their market positions and taking a wait and see attitude prior to making additional purchases.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices are often lower in light trading. The market tone is unsettled to weak. Buyer interest is subdued as most current needs are met under contract and spot needs are limited. Some buyers are finding better prices in the resale market and are aware of the unsettled nature of the NDM market and product available there. Production is seasonally active as cream volumes continue to enter the churns, creating buttermilk solids. There is dryer time available to handle buttermilk drying needs. Stocks are moderate to heavy and available in the region.

F.O.B. WEST: 1.4500 - 1.5500 MOSTLY: 1.4500 - 1.5175

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to lower. Production is adjusting weekly, following indications from contract needs, milk availability and dryer schedules. Inventories are in balance with contract needs.

F.O.B. PRODUCING PLANT: 1.9200 - 1.9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 8	\$1.6252	10,545,872	0
July 1	\$1.5992	17,104,751	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices are unchanged to higher. A few loads of F.O.B.-based dry whey cleared quickly to regular buyers. Manufacturers indicate there is no need to expand on their buyer lists at this time to clear spot loads as interest from established buyers is steady. Conversely, there is negligible activity in the resale market. Some resellers indicate they are pinched between honoring their contracts with dry whey manufacturers, while some of their resale customers are pushing back on accepting contract loads. Some buyers feel the market is near a tipping point, partially because of lower export demand for the year. Expectations of a market shift are keeping many buyers out of the market this week. Discussions are underway regarding 2012 whey volumes between some manufacturers and buyers, but some plants are still deflecting attempts by buyers to start negotiating earlier than usual for dry whey supplies in 2012. Dry whey manufacturers are reviewing marketing strategies for the upcoming production year. With the 2011 dry whey spot market thus far offering opportunities to capture higher returns, some manufacturers are reevaluating the commitment levels for both the spot and contract markets, as well as domestic and international sales plans. In some cases, dry whey buyers may find their contract-based dry whey volumes decreasing for the 2012 calendar year. Dry whey production is steady this week, but a few plants indicate production will decrease next week due to lower cheese orders. ANIMAL FEED DRY WHEY availability is steady to somewhat improved, with a few spot loads clearing to good interest. The top of the range decreased slightly.

F.O.B. CENTRAL: .5000 - .5950 MOSTLY: .5100 - .5500
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3900 - .5500

DRY WHEY - NORTHEAST

The dry whey price series continued to move higher on contract formulation this week. Supplies are tight in the Northeast with availability limited to contracts or through resale opportunities with nearly all production in the region committed. Dry whey production is mixed as some cheese makers are scaling back production, due to adequate inventories and higher milk prices, while others have marginally expanded production as milk supplies have increased, due to reduced Class I demand. Resale prices have weakened recently with reported transactions ranging from \$.5800 - \$.6100. The tight supplies in the region are causing buyers to consider resale opportunities, look outside the region, or possibly purchase nonfat dry milk as a protein alternative. Export interest remains good.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5400 - .5575

DRY WHEY - WEST

Western dry whey prices are firm to fractionally higher. Contract pricing continues to contribute the bulk of the pricing information. Spot load sales are tight as manufacturers are geared to contract fulfillment. Cheese makers are slowing production in some areas and further limiting whey supplies. Spot sales above contract needs are being met through brokers at a premium to manufacturer's prices. Demand for whey is good in both domestic and export channels. According to the Foreign Agricultural Service, exports of dried whey for January-May 2011 total 222.7 million pounds, down 3% from January-May 2010. The exports account for 49.4% of the total dry whey production in the U.S. for January-May. The top five importing countries accounted for 132.3 million pounds or 59.4% of the exports for January-May 2011.

NONHYGROSCOPIC: .5350 - .6100 MOSTLY: .5550 - .5850

U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAY	222.7	- 3
1 China	41.8	- 14
2 Mexico	26.7	+ 6
3 Malaysia	24.3	+ 56
4 Indonesia	20.5	+ 66
5 Canada	19.0	+ 7
May Total	43.9	- 23

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% market is steady on the mostly price range. Offers of spot loads from manufacturers are generally targeted toward established end users, with limited availability beyond that. Resale offers are reportedly more available in the market compared to recent weeks, but sales completions have stalled according to some market participants. Some buyers are finding adequate alternative inputs, competitively priced, within the nonfat dry milk market. Other buyers are content to take a wait and see attitude while the WPC 34% market assesses supply/demand. Off specification WPC 34% from Canada was reportedly available, priced at a discount to the U.S. market, but freight costs curtailed buyer interest.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5200 - 1.6450 MOSTLY: 1.5400 - 1.5900

U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAY	93.2	- 26
1 China	33.9	- 30
2 Mexico	15.7	- 55
3 Canada	14.6	- 5
4 Japan	7.7	- 7
5 Singapore	2.9	+ 40
May Total	19.4	- 28

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged to higher as quarterly pricing based on various indices prompts adjustments. There have been some concerns expressed by buyers whose contract prices carry a premium to an index. In a few cases, buyers successfully renegotiated third quarter pricing with their suppliers to minimize price fluctuations for the current quarter. Manufacturers, too, have reached out to buyers, especially those with six or 12 month contracts, indicating contract duration and price renegotiations were necessary to assure lactose supplies and align prices with current market conditions. Lactose demand is active from domestic and international buyers still seeking fulfillment of near term needs. Lactose production is steady at most locations. Inventories are unchanged as lactose moves readily through production, testing, and shipping.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4700 - .6600 MOSTLY: .5200 - .5800

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

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAY	184.4	+ 48
1 China	32.6	+ 155
2 New Zealand	30.9	+ 318
3 Mexico	21.4	+ 39
4 Japan	15.5	- 4
5 Brazil	10.1	N.C.
May Total	35.6	+ 18

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

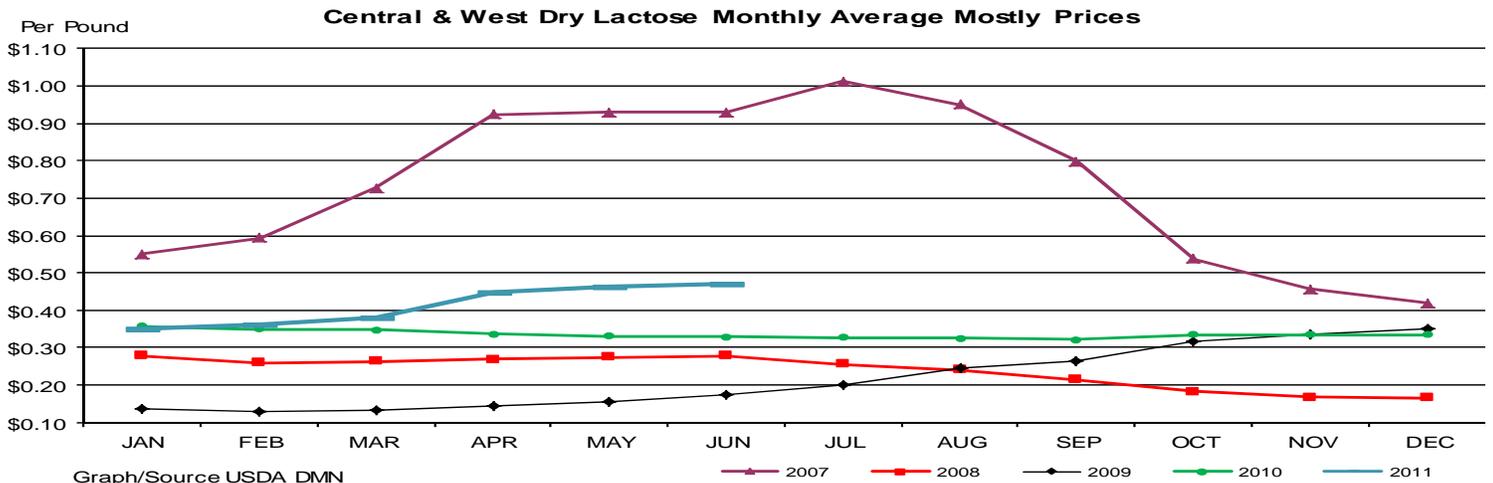
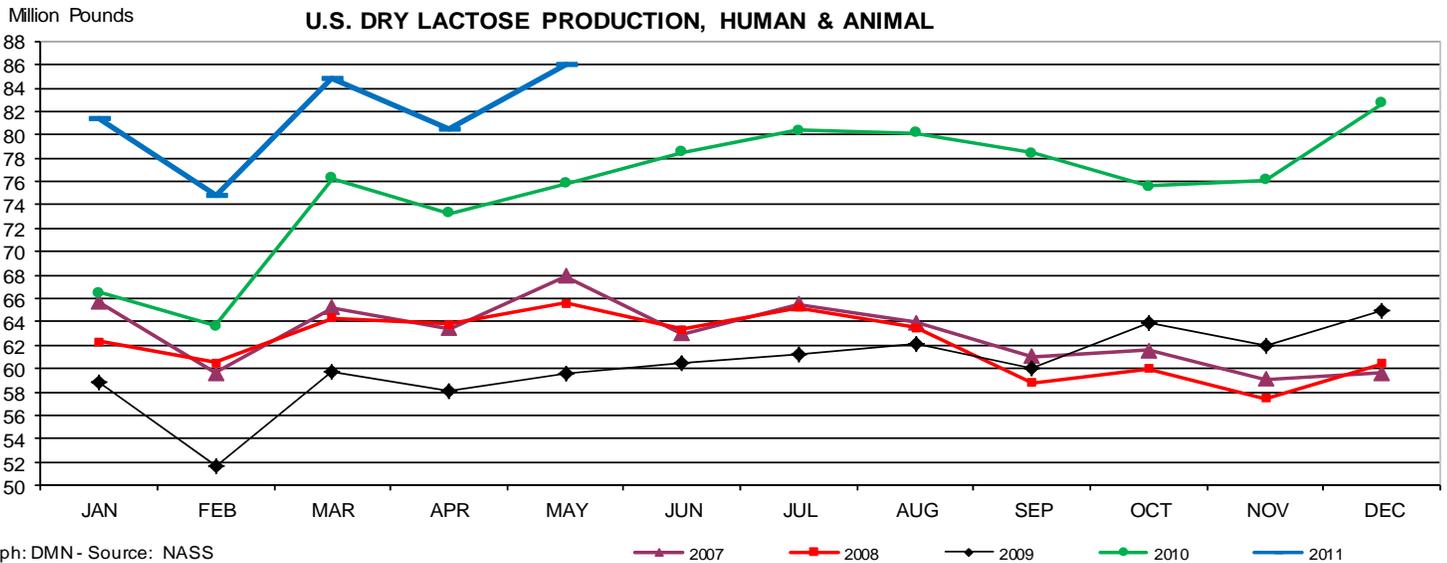
CONTINUED FROM PAGE 6

CASEIN - NATIONAL

Casein markets and prices remain firm. The European casein production season continues to follow anticipated trends with overall milk volumes declining seasonally. At this point, most manufacturers are indicating that casein volumes are sufficient to maintain contractual commitments. In most instances, traders and handlers are stating that contractual needs are being filled and spot availability is limited. Many European producers have adjusted their production schedules to fill known needs versus all out production with uncommitted stocks. The Oceania region is in the low point of their milk production cycle and casein output will not resume for a number of months. Most domestic buyers are stating that they are getting their needs filled from regular and ongoing suppliers, but also indicate that acid availability is tightening.

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



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 11 - 15, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 07/08/11	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 06/25/11 & Comparable Week 2010

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.7	7.8	3.5	18.0	2.6	N.A.	N.A.	13.4	2.5	50.1	1,472.8	39.9	46.2
2010-Dairy	N.A.	0.6	6.6	2.3	17.6	3.0	0.3	N.A.	13.0	2.7	47.4	1,384.6	40.4	43.9
2011-All cows	0.1	0.8	9.8	14.7	31.9	27.7	N.A.	N.A.	18.7	3.6	125.5	3,184.5		
2010-All cows	N.A.	0.6	8.3	13.4	30.4	21.8	12.8	N.A.	19.6	6.8	117.4	3,155.1		

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

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83

CLASS IV MILK PRICES, (3.5% BF)

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

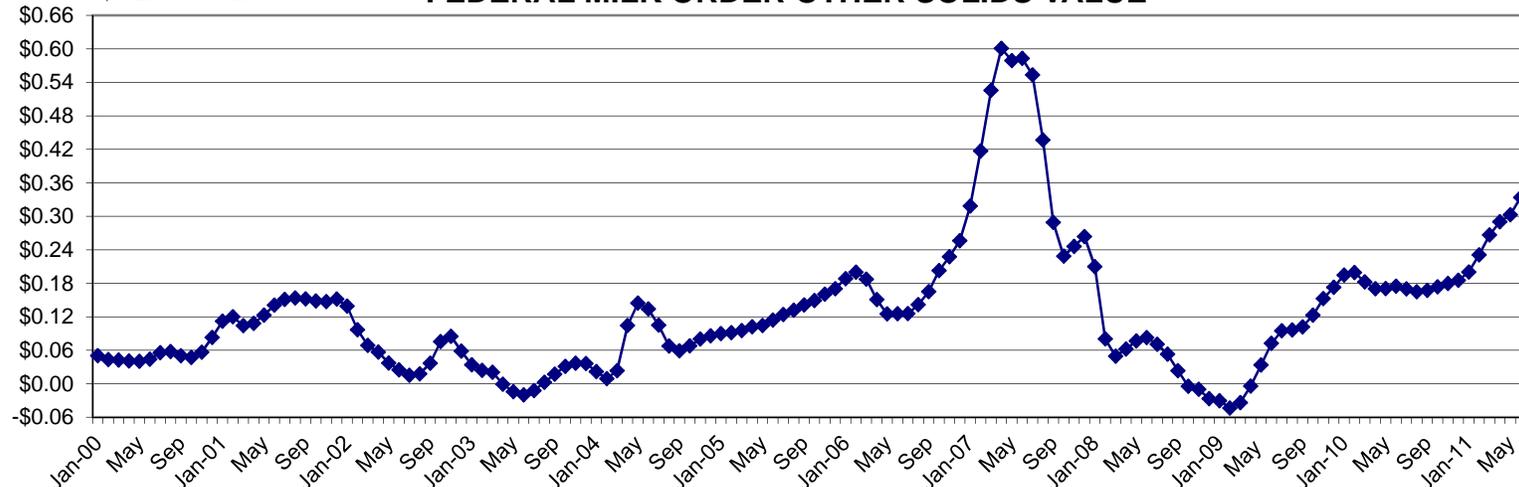
FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03					
II	16.79	17.97	18.83	19.66	20.63	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

\$ PER POUND

FEDERAL MILK ORDER OTHER SOLIDS VALUE



ORGANIC DAIRY MARKET NEWS

Information gathered July 2 - July 15, 2011

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Total Organic Milk Products sales for May 2011, 172 million pounds, were up 21.9% from May 2010 sales.

Organic Whole Milk sales for May 2011, 42 million pounds, were up 20.3% compared with May 2010.

This contrasts with a 1.9% May 2011 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with one year ago. This total Fluid Milk products data is adjusted for calendar year composition.

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

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

Product Name	Sales		Change from: 2/	
	May	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,122	5,695	-2.9	-3.0
Flavored Whole Milk	44	221	3.0	-3.7
Reduced Fat Milk (2%)	1,481	7,568	-1.8	-2.3
Low Fat Milk (1%)	591	2,985	-0.9	-0.3
Fat-Free Milk (Skim)	640	3,271	-4.4	-3.5
Flavored Fat-Reduced Milk	359	1,841	-0.7	0.0
Buttermilk	39	197	-2.4	1.6
Tot. Conv. Milk Products	4,279	21,793	-2.4	-2.3
Organic Whole Milk	42	207	20.3	25.8
Organic Reduced Fat Milk	48	240	3/	3/
Organic Low Fat Milk	37	168	3/	3/
Organic Fat-Free Milk (Skim)	39	194	3/	3/
Organic Flavored Milk	7	43	3/	3/
Organic Fat-Reduced Milk 4/	131	647	22.4	20.8
Tot. Organic Milk Products.	172	854	21.9	22.0
Tot. Fluid Milk Prod. 5/	4,451	22,647	-1.6	-1.5
Tot Fluid Milk Prod Adj 5/6/	4,500	22,687	-1.9	-1.4

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

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

Overview. Organic dairy weekly supermarket newspaper advertising volume surpassed the record set four weeks ago for the highest level since fall, 2009, when this data series was commenced. This two week period, 65.2% of 9,210 surveyed newspapers contained organic dairy content in weekly supermarket advertising.

Organic dairy newspaper advertising for this two week period of 2011 reflects slightly over twice the ads for organic milk as for organic yogurt, with a smattering of ads for organic butter and ice cream.

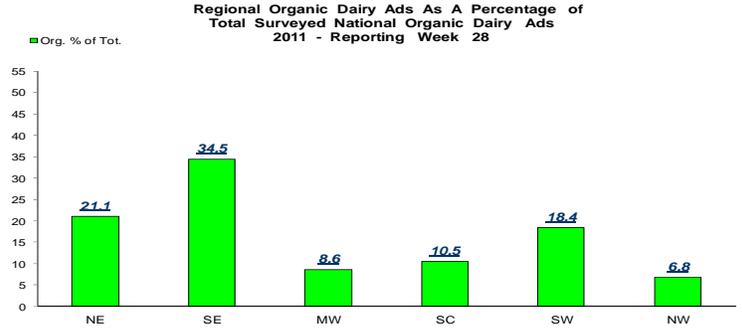
Information presented is compiled from newspaper supermarket ads for the period July 2, 2011, to July 15, 2011, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

As a special feature for this report, to give a context to organic dairy advertising, data was also collected for non-organic advertising of milk and yogurt. The results will be contrasted with organic dairy results throughout this Report. There were also ads for non-organic dairy products in addition to milk

and yogurt, but only non-organic milk and yogurt are included in this comparison.

Non-organic dairy advertising was part of the content of 92.9 of the 9,201 surveyed newspapers within weekly supermarket advertising. Non-organic dairy ads contained nearly three times as many ads for yogurt as for milk. This is the reverse of organic dairy ads, in which milk dominated yogurt.

Regional Organic Dairy Ad Trends – Current Period. The Southeast retained first place in organic dairy newspaper advertising relative to all six regions for the third consecutive bi-weekly period, with 34.5% of ads placed nationally. Other regions and percentages are the Northeast, 21.1%; Southwest, 18.4%; South Central, 10.5%; Midwest, 8.6%; and Northwest, 6.8%.



The Southeast also dominated non-organic dairy advertising, with 26.5% of ads placed nationally. Other regions and percentages are: Northeast, 21.4%; Midwest, 15.8%; Southwest, 15.7%; South Central, 11.1%; and Northwest, 9.4%. Relative similarities in non-organic and organic percentages: (1) the Northeast and Southeast lead in each; and (2) the Northwest is last in each.

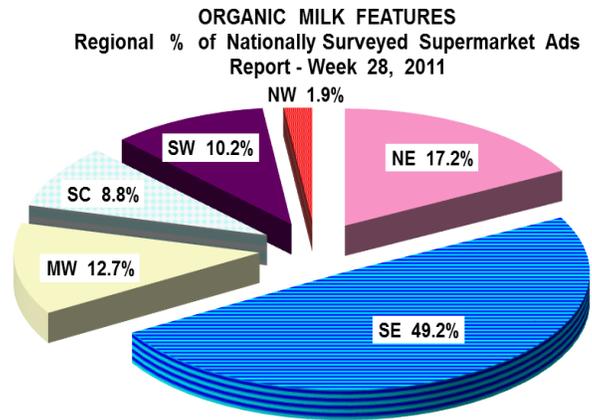
Product Emphasis. Organic milk made the difference this period and especially milk in 8 ounce containers. The second highest number of milk ads since fall 2009 ran this period, 4,229. 46% of these ads were for organic milk in 8 ounce containers, a record high since fall 2009. While organic yogurt advertising was the third highest level since fall 2009, 2,378 ads, the higher volume of milk ads kept organic advertising in second place.

Yogurt ads predominate results in the non-organic category. Within non-organic milk, ads for gallons overwhelmingly predominate the findings.

Milk. Organic milk ads are led by the 8 ounce container category closely followed by half gallons, while non-organic milk ads are led by gallons with only a very distant second half gallons.

Organic milk ads appeared in all six regions. Of 4,229 total organic milk ad placements, 1,496 were for half gallons, 196 were for gallons, and 2,378 for organic milk in 8 ounce containers.

The Southeast leads the organic milk category, with 49.2% of ads. The remaining regional totals include the Northeast, 17.2%; Midwest, 12.7%; Southwest, 10.2%; South Central, 8.8%; and Northwest, 1.9%.



Non-organic milk ads also appeared in all six regions although, there were only 8 more ads for non-organic milk than organic milk. Non-organic milk ads were 30.5% targeted at chocolate milk (no organic dairy ads specifically target chocolate milk) and 69.5% on non-flavored milk.

CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

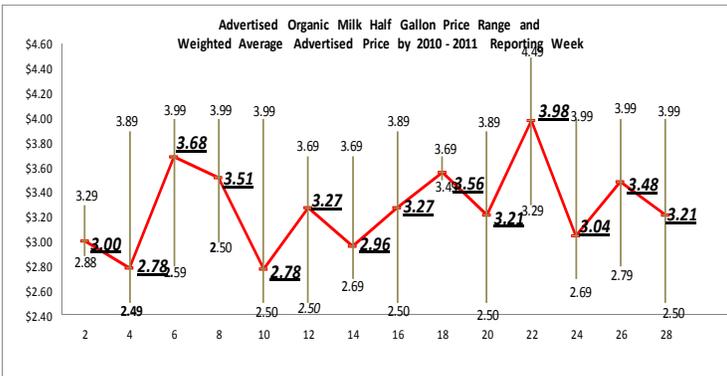
Information gathered July 2 - July 15, 2011

CONTINUED FROM PAGE 8

The Midwest leads the non-organic milk category, with 29.0% of ads. The remaining regional totals include the Northeast, 18.9%; the Southwest, 15.8%; the South Central, 14.3%; Southeast, 11.7%; and Northwest, 10.3%.

Non-organic milk gallons led this type of milk advertising, with 2,913 ads, followed by 684 for half gallons, 397 for 12 ounce containers and 243 for quarts.

Half Gallons. Advertised pricing for organic milk in half gallons decreased this period by 27 cents to a weighted average advertised price of \$3.21. The top of the price range remained unchanged at \$3.99 while the range bottom decreased 29 cents to \$2.50. Comparing regional weighted average advertised prices, there is a spread of 98 cents between the Midwest with the highest weighted average advertised price and the South Central Region, with the lowest.



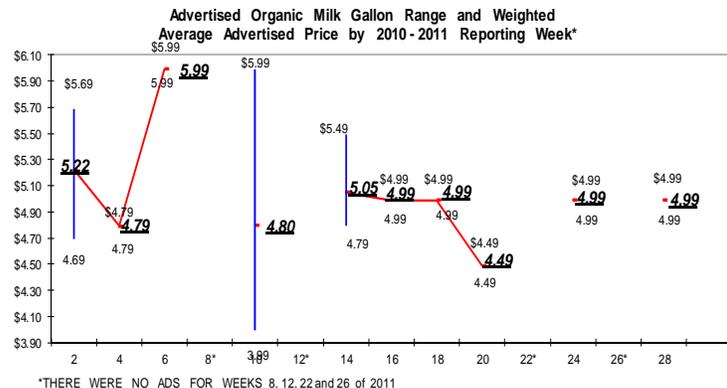
The weighted average advertised price for non-organic non-flavored half gallons of milk is \$1.51. Prices range from \$1.25 to \$1.67. The vast majority of ads are in the Southeast and Southwest.

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

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	29.2	3.67
SE	13.6	3.57
MW	01.9	3.69
SC	21.1	2.71
SW	28.9	2.93
NW	05.3	2.99
US		3.21

Gallons. There were 196 newspaper supermarket ads for gallon containers of organic milk following none two weeks ago. All organic gallon ads were published in newspapers in the Northeast, with the weighted average advertised price remaining the same as four weeks ago when the last organic gallon ads were published: \$4.99.



Non-organic non-flavored gallons had a national weighted average advertised price of \$2.27. Prices ranged from \$1.98 to \$2.98. The Midwest led all regions in ad numbers closely followed by the Southwest.

8 Ounce Milk. There were 2,537 ads for organic milk in 8 ounce containers this period. This is the record high since fall 2009 when this data series began. All of the ads were for a national brand of organic milk.

8 OUNCE CONTAINER ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	03.8	1.00
SE	74.0	0.93
MW	20.0	0.68
SC	02.2	1.00
SW	00.0	0.00
NW	00.0	0.00
US		0.88

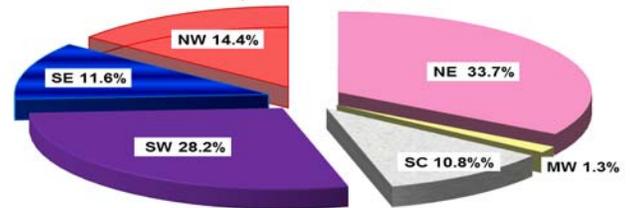
Yogurt. Organic yogurt ad numbers rebounded to the second highest level of 2011 following relatively low numbers two weeks ago. Ads are overwhelmingly for 6 ounce containers of organic yogurt, 2,056, in contrast with 188 for 5.3 ounce Greek yogurt and a total of 134 for organic yogurt smoothies.

Non-organic yogurt ads were over five times as numerous as organic yogurt ads. The leading category of non-organic yogurt ads is the 6 ounce category, with 39.4% of non-organic yogurt ads. Remaining sized containers of non-organic yogurt ranked by frequency include: 5.3 ounce Greek, 25.3%; 4 ounce, 19.6%; 32 ounce, 9.8%; and 24 ounce tied with 48 ounce, at 2.9% each.

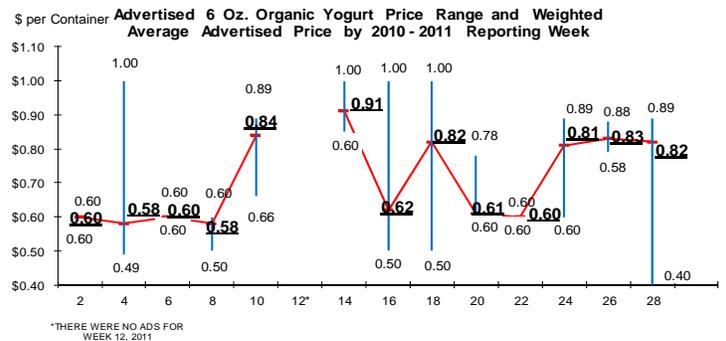
Organic yogurt ads ran in each of the six regions for the first time since early May. The region with the highest percentage of ads is the Northeast, with 33.7%. Other regions with organic yogurt ads are the Southwest, 28.2%; Northwest, 14.4%; Southeast, 11.6%; South Central, 10.8%; and Midwest, 1.3%.

Non-organic yogurt ads also ran in each of the six regions. The Southeast led with 32.9%, followed by the Northeast, 24.0%; Midwest, 15.3%; Southwest, 12.3%; Northwest, 8.6%; and South Central, 12.3%.

ORGANIC YOGURT FEATURES Regional % of Surveyed National Newspaper Ads Report Week 28, 2011



The weighted average advertised price of 6 ounce organic yogurt declined 1 cent to 82 cents. There was a 1 cent increase in the top of the price range to 89 cents. The bottom of the price range declined 18 cents to 40 cents, the record low since fall 2009. This record low range price resulted from 40 ads for stores in the Northeast even though the Southeast had the overall lowest regional weighted average advertised price, 64 cents.



*THERE WERE NO ADS FOR WEEK 12, 2011

ORGANIC DAIRY MARKET NEWS

Information gathered July 2 - July 15, 2011

CONTINUED FROM PAGE 8-A

LOW HIGH RANGE
(In Dollars)

For non-organic 6 ounce yogurt, the national weighted average advertised price is 46 cents. Prices range from 33 cents found in the Southwest to 77 cents found in the Northeast.

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

<u>REGION</u>	<u>%</u>	<u>WTD. AV. ADV. PRICE \$</u>
NE	24.9	0.74
SE	13.3	0.64
MW	00.0	----
SC	12.5	0.89
SW	32.6	0.89
NW	16.6	0.89
US		0.82

The 188 supermarket ad placements for 5.3 ounce organic Greek yogurt ran in newspapers in three of six regions, as is set forth in the following table.

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

<u>REGION</u>	<u>%</u>	<u>WTD. AV. ADV. PRICE \$</u>
NE	82.4	1.25
SE	01.1	1.25
MW	16.5	1.00
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		1.21

In contrast with the absolute and relatively low in category number of ads for organic 5.3 ounce Greek yogurt, there were over 3,000 ads for non-organic 5.3 ounce Greek yogurt. The national weighted average advertised price of \$1.25 is 4 cents higher than that for organic 5.3 ounce Greek yogurt. The non-organic price range spans from 99 cents in the Northwest to \$1.50 in the Southeast.

The remaining ads for organic yogurt all ran in the Northeast. There were 67 ads each, for 6 ounce drinkable baby yogurt and 6 ounce organic smoothies. The advertised price for each was \$1.00.

Butter. All 79 organic butter ad placements ran in the Southeast at a price of \$4.99.

Ice Cream. Organic ice cream ads appeared for the first time this Summer, in 12 newspaper supermarket ads in the Northeast, all stating a price of \$4.48.

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

SUPERMARKET PRICE COMPARISON:

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

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

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

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2011 REPORTING WEEK 28

MADISON, WI
LOW HIGH RANGE
(In Dollars)

GALLONS:			
Whole	5.29	6.39*	1.10
Reduced Fat (2%)	5.29	6.39*	1.10
Low Fat (1%)	5.29	6.39*	1.10
Nonfat (Skim)	5.29	6.39*	1.10

HALF GALLONS:			
Whole	3.19*	4.19	1.00
Reduced Fat (2%)	3.19*	4.19	1.00
Low Fat (1%)	3.19*	4.19	1.00
Nonfat (Skim)	3.19*	4.19	1.00

CHOCOLATE HALF GALLON:			
	3.49*	5.69	2.20

YOGURT	.79*	1.29*	0.50
---------------	------	-------	------

CHEESE – 8 OUNCE BLOCKS:			
Mozzarella	3.59	5.75	2.16
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	4.99	5.99	1.00
Pepper Jack	3.59	5.99	2.40

CHEESE – 6 OUNCE STRING			
Mozzarella	3.49	5.09	1.60
Colby Jack	3.89	5.39	1.40

BUTTER – 1 POUND	4.75*	6.19	1.44
-------------------------	-------	------	------

*=Price change from prior reporting period

This report the magnitude of price range changes was greater than any time during 2011. The low price for half gallons of organic milk increased 20 cents while the high price for organic gallons declined 10 cents. In the first change for organic chocolate in some time, the lower end range price increased 10 cents. Organic yogurt's lowest price increased 29 cents and the highest price increased 4 cents. Finally, organic butter's low price increased 56 cents. Other price changes occurred at various stores within the ranges, but not so as to change the ranges.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuff prices were mostly higher with good demand reported for corn and smaller feed grade grains. Food grade grain traded was minimal, and grain offerings were reportedly light to moderate throughout the nation. Kansas wheat harvest is reportedly complete or nearing completion, as is harvest in Texas and Oklahoma. Drought stricken areas reported very low yields of good quality wheat. Official yield totals and quality information is not available at this time. Supreme and good alfalfa hay in western Nevada was \$300-\$330/ton, while in northern California it was reported from \$295-\$300/ton.

Eastern organic grain and feedstuffs were mostly steady to slightly higher, with a higher undertone. Demand for feed grade grains was good, while demand for corn was very good. Grain offerings this period were very light to light. Utilization of other small grains remains of great interest to many producers. Warm weather is helping areas of extreme moisture but some reportedly still have concern for this year's corn crop as to yield and moisture content.

Upper Midwest organic grain and feedstuffs were higher, with good demand and light to moderate offerings. Corn continues to be in demand along with barley, millet, milo and peas. This trading period was rather uneventful, with grain reportedly moving only if necessary. Many are in the process of cleaning out their storage bins and utilizing any old crop small grains available to stretch their corn inventories through harvest.

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

JULY MILK SUPPLY AND DEMAND ESTIMATES*

Milk production forecasts for 2011 and 2012 are raised. Cow numbers are forecast higher as higher milk prices and lower forecast feed prices support further herd expansion, but milk per cow is unchanged from last month. Commercial exports on a fat basis are forecast higher for 2011. Ending stock forecasts are raised as cheese stocks are larger than expected. Dairy product price forecasts for 2011 are raised from last month. The Class III and Class IV price forecasts are raised from last month in line with increased product prices. The all milk price is forecast at \$20.00 to \$20.30 per cwt. for 2011. For 2012, the butter price is forecast slightly higher than last month, but forecasts for other products are unchanged. Class price forecasts are unchanged. The all milk price forecast for 2012 is unchanged at \$17.75 to \$18.75 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Projected		2012 Projected	
		June	July	June	July
BILLION POUNDS					
MILK					
PRODUCTION	192.8	195.5	195.7	198.5	198.8
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	11.2	11.4
MARKETINGS	191.8	194.6	194.7	197.5	197.8
IMPORTS	4.1	3.4	3.4	3.2	3.2
TOTAL COMMERCIAL SUPPLY	207.2	208.9	209.1	211.9	212.4
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	8.1	8.8	8.7	8.7
ENDING COMMERCIAL STOCKS	10.9	11.2	11.4	11.3	11.6
CCC NET REMOVALS <u>1/</u>	0.2	0	0	0	0.0
COMMERCIAL USE <u>2/</u>	187.8	189.6	188.8	191.9	192.2
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	11.9	12.3
MARKETINGS	191.8	194.6	194.7	197.5	197.8
IMPORTS	4.8	5	5	4.5	4.5
TOTAL COMMERCIAL SUPPLY	208	211.8	212	213.9	214.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	32.1	32.1	32.3	32.3
ENDING COMMERCIAL STOCKS	12.3	11.9	12.3	11.7	12.0
CCC NET REMOVALS <u>1/</u>	0	0	0	0	0.0
COMMERCIAL USE <u>2/</u>	164	167.8	167.5	170	170.4
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	8	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program.
2/ Includes commercial exports.

Continued on page 10

JULY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Projected		2012 Projected	
		June	July	June	July
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5226	1.755-1.795	1.815-1.845	1.660-1.760	1.660-1.760
BUTTER	1.7020	1.915-1.985	1.925-1.985	1.610-1.740	1.615-1.745
NONFAT DRY MILK	1.1687	1.505-1.545	1.520-1.550	1.375-1.445	1.375-1.445
DRY WHEY	0.3716	0.465-0.485	0.475-0.495	0.410-0.440	0.410-0.440
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	14.41	17.40-17.80	18.00-18.30	16.00-17.00	16.00-17.00
CLASS IV	15.09	18.95-19.45	19.15-19.55	16.50-17.60	16.50-17.60
ALL MILK <u>3/</u>	16.29	19.65-20.05	20.00-20.30	17.75-18.75	17.75-18.75
QUARTERLY					
	2011 II	2011 III <u>4/</u>	2011 IV <u>4/</u>	2012 I <u>4/</u>	2012 II <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	50.5	48.5	48.2	49.7	51.1
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	20.07	21.45-21.85	19.90-20.60	18.05-19.05	17.20-18.20
CLASS III PRICE <u>2/</u>	17.50	20.00-20.40	17.95-18.65	15.90-16.90	15.35-16.35
CLASS IV PRICE <u>2/</u>	20.37	20.05-20.55	18.15-18.95	16.70-17.80	16.45-17.55

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-496, July 12, 2011.*

MAY FLUID MILK SALES

During May, over 4.4 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6 percent lower than May 2010. After adjusting for calendar composition, sales in May 2011 were 1.9 percent lower than May 2010. Estimated sales of total conventional fluid milk products decreased 2.4 percent from May 2010 and estimated sales of total organic fluid milk products increased 21.9 percent from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	May	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,122	5,695	-2.9	-3.0
Flavored Whole Milk	44	221	3.0	-3.7
Reduced Fat Milk (2%)	1,481	7,568	-1.8	-2.3
Low Fat Milk (1%)	591	2,985	-0.9	-0.3
Fat-Free Milk (Skim)	640	3,271	-4.4	-3.5
Flavored Fat-Reduced Milk	359	1,841	-0.7	0.0
Buttermilk	39	197	-2.4	1.6
Total Conventional Milk Products 5/	4,279	21,793	-2.4	-2.3
Organic Whole Milk	42	207	20.3	25.8
Organic Reduced Fat Milk	48	240	3/	3/
Organic Low Fat Milk	37	168	3/	3/
Organic Fat-Free Milk (Skim)	39	194	3/	3/
Organic Flavored Milk	7	43	3/	3/
Organic Fat-Reduced Milk 4/	131	647	22.4	20.8
Total Organic Milk Products	172	854	21.9	22.0
Total Fluid Milk Products 5/	4,451	22,647	-1.6	-1.5
Total Fluid Milk Products Adjusted 5/ 6/	4,500	22,687	-1.9	-1.4

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

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

Area (Order Number)	Sales		Change from: 2/	
	May	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	758	3,814	-2.7	-2.0
Appalachian (005)	298	1,502	-0.5	-1.2
Southeast (007)	401	2,066	-1.0	-2.0
Florida (006)	237	1,239	-3.3	-2.7
Mideast (033)	495	2,528	-3.1	-2.6
Upper Midwest (030)	348	1,795	-2.3	-1.2
Central (032)	368	1,906	0.4	-0.4
Southwest (126)	371	1,889	0.4	-0.2
Arizona (131)	96	500	-1.2	-0.2
Pacific Northwest (124)	187	929	-0.1	0.2
California (---)	537	2,668	-2.0	-2.0

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

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

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

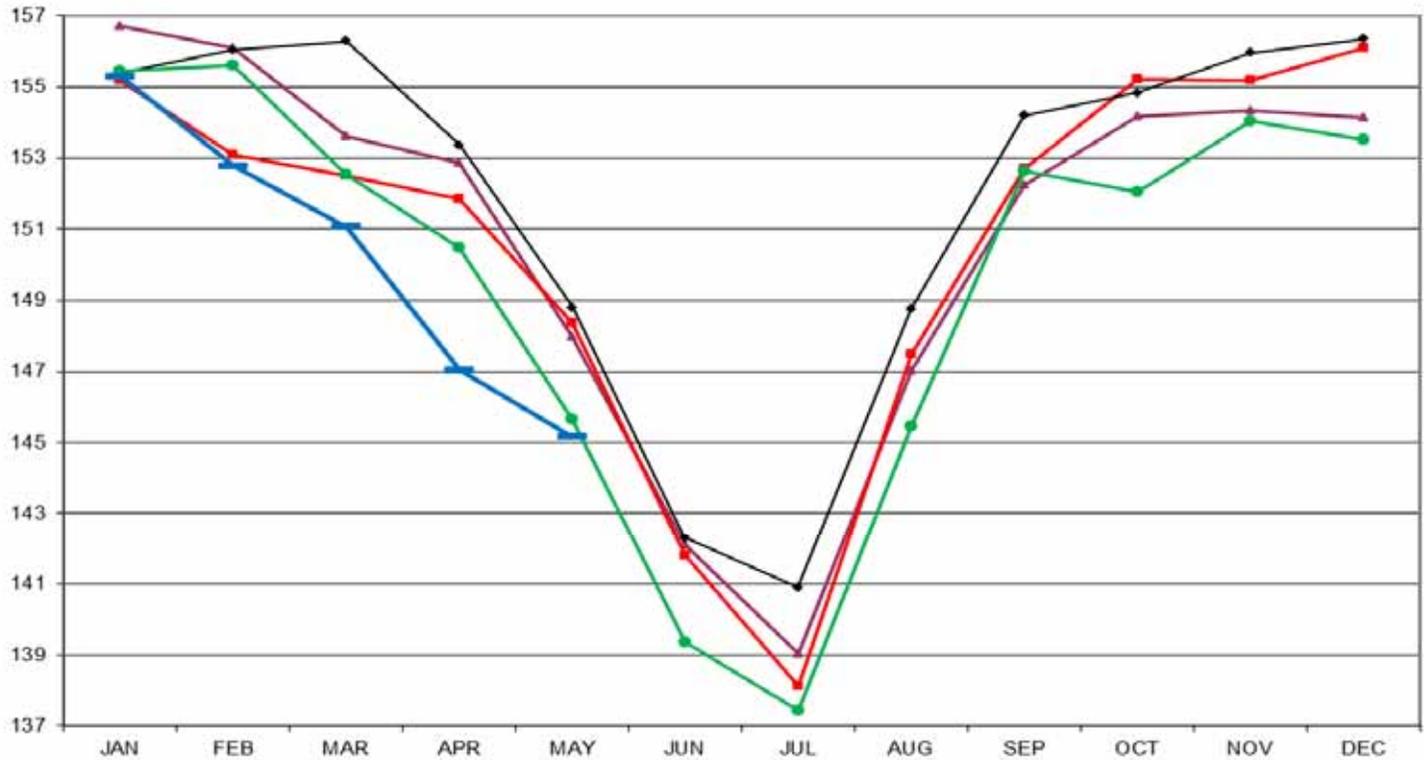
In April 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.66 per cwt., down \$0.84 from the previous month average, and up \$5.15 from April 2010. The component tests of producer milk in April 2011 were: butterfat, 3.70%; protein, 3.06%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except Appalachian States, Southeast States, and Florida. Mailbox prices in April 2011 ranged from \$22.06 in Florida to \$18.08 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	April 2010	March 2011	April 2011
	Dollars per hundredweight		
New England States <u>3/</u>	15.61	21.33	21.10
New York	14.52	20.01	19.91
Eastern Pennsylvania <u>4/</u>	15.16	20.80	20.66
Appalachian States <u>5/</u>	15.71	21.13	21.41
Southeast States <u>6/</u>	16.01	21.07	21.29
Southern Missouri <u>7/</u>	14.00	19.85	19.38
Florida	16.89	21.58	22.06
Western Pennsylvania <u>8/</u>	15.04	21.28	20.69
Ohio	15.20	20.97	20.73
Indiana	14.50	20.44	20.25
Michigan	14.35	20.14	19.90
Wisconsin	14.31	20.78	18.99
Minnesota	14.19	20.36	18.66
Iowa	14.78	20.76	19.75
Illinois	14.67	21.20	20.10
Corn Belt States <u>9/</u>	14.13	20.47	19.46
Western Texas <u>10/</u>	13.97	20.10	19.08
New Mexico	13.09	19.07	18.08
Northwest States <u>11/</u>	14.02	20.32	19.24
All Federal Order Areas <u>12/</u>	14.51	20.50	19.66
California <u>13/</u>	12.93	18.00	17.51

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

ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

MILLION POUNDS

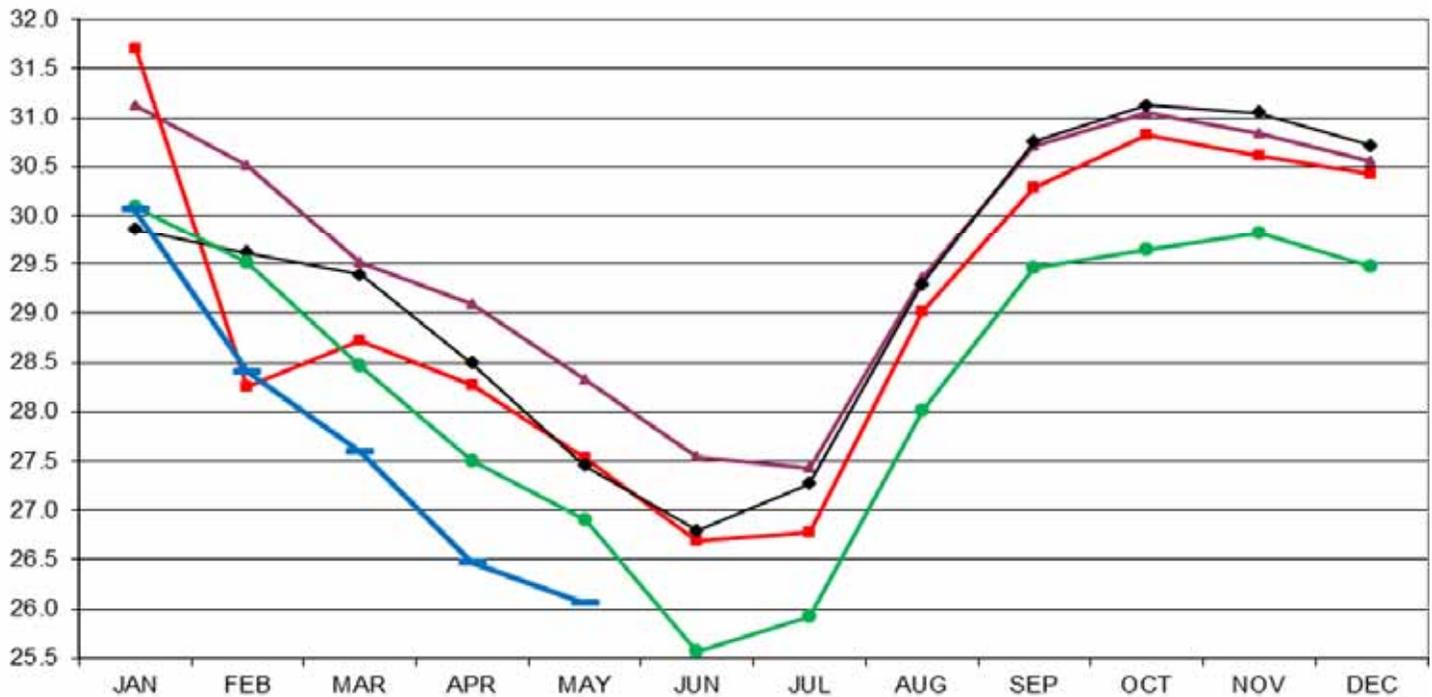


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

— 2007 — 2008 — 2009 — 2010 — 2011

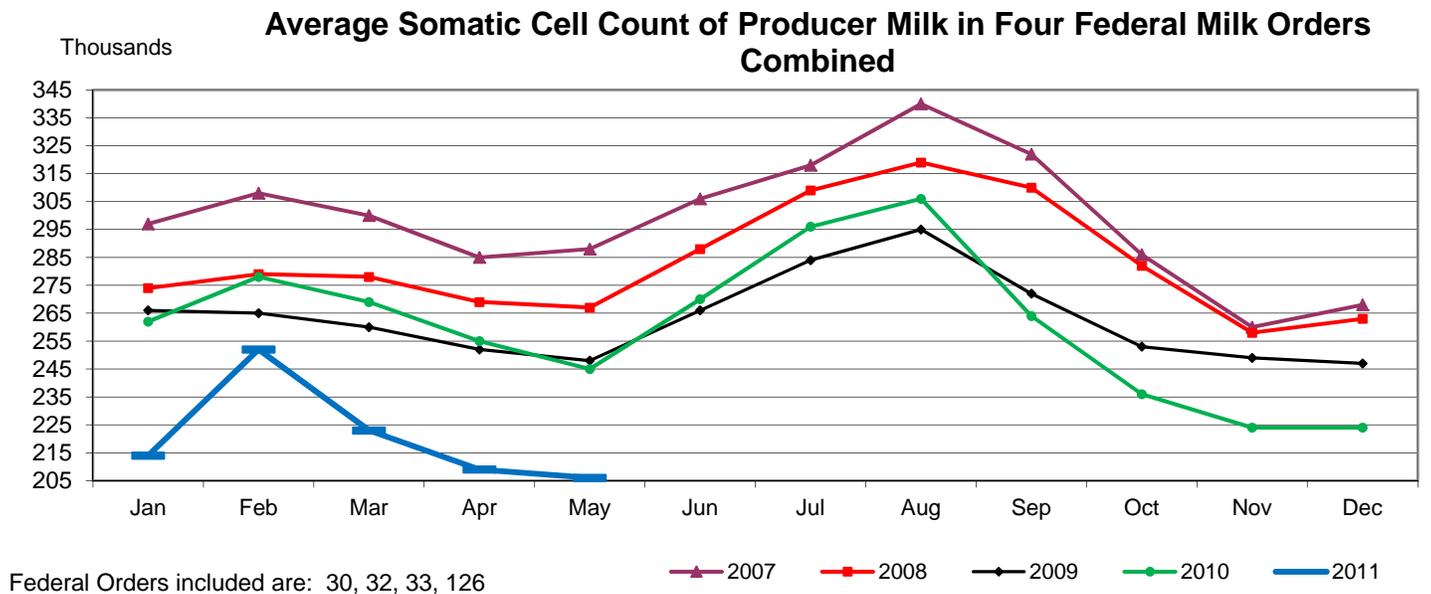
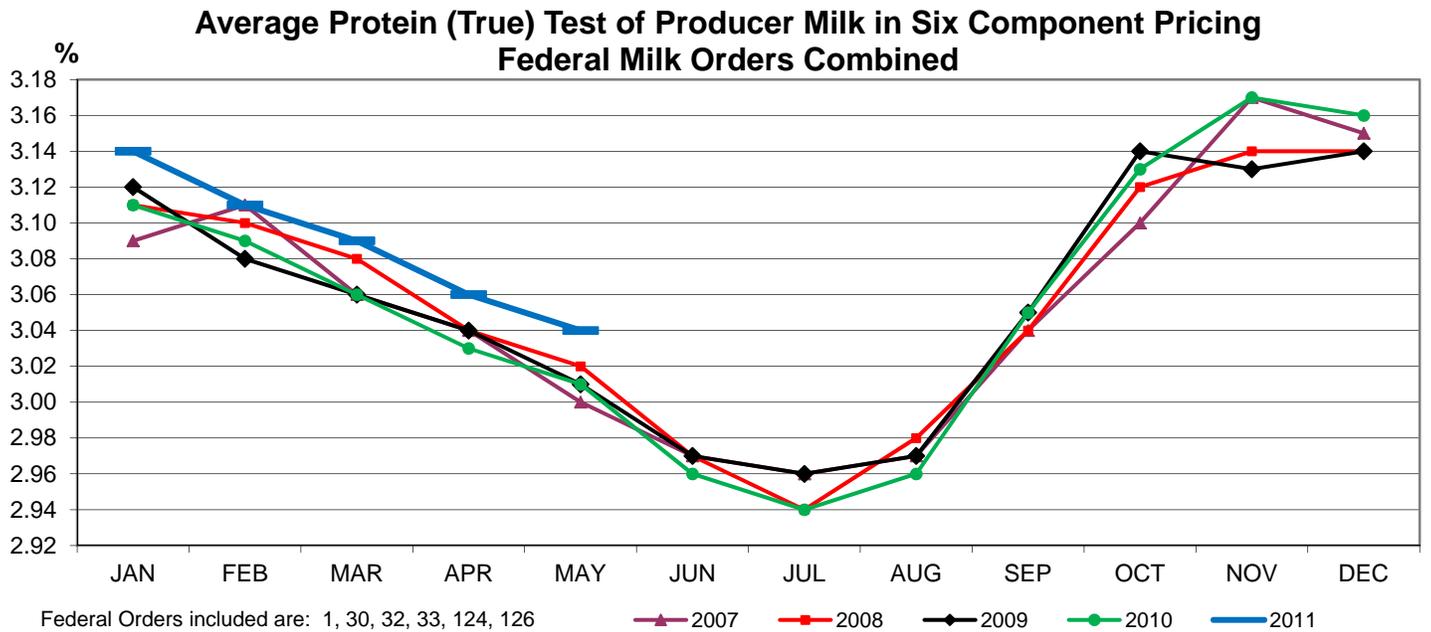
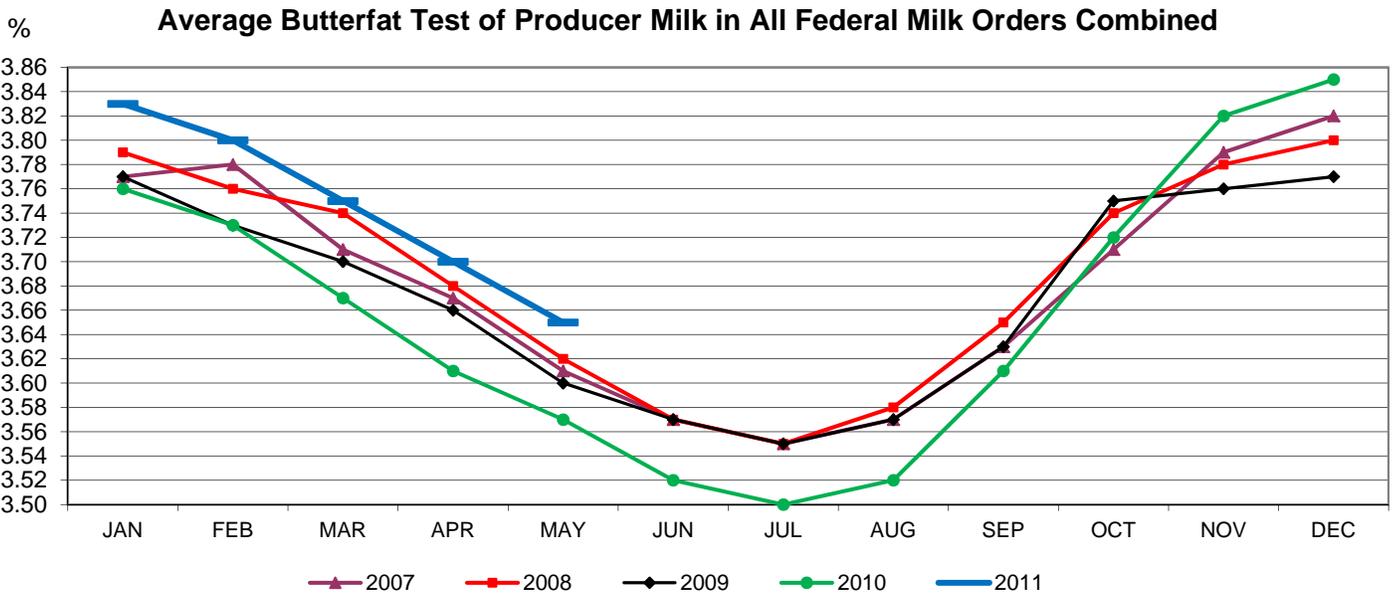
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS

%



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

— 2007 — 2008 — 2009 — 2010 — 2011



DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 78

REPORT: 28

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

DATE: 07/15/2011

EAST

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

INTERNATIONAL

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

CENTRAL

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

ORGANIC

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

CENTRAL/WEST

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

SOUTHWEST

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

MARKET NEWS PORTAL

www.marketnews.usda.gov

NORTHWEST/MOUNTAIN

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

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

NATIONAL SUPERVISOR

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

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