

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (08/19):**

BUTTER: Grade AA closed at \$2.0875. The weekly average for Grade AA is \$2.0870 (+.0165).

CHEESE: Barrels closed at \$1.8625 and 40# blocks at \$1.9000. The weekly average for barrels is \$1.9810 (-.1300) and blocks, \$1.9840 (-.0980).

BUTTER HIGHLIGHTS: Churning activity is mixed across the country. Plant maintenance at various facilities and lower milk and cream intakes at other operations in the East are limiting butter output, while elsewhere in the country, cream volumes are increasing and butter production is enhanced. Cream pricing multiples are trending lower. Some of the additional cream volume is being attributed to a decline in ice cream production and increasing volumes of cream from standardizing milk for school bottling programs. Students are returning to the classroom across the country and this activity will continue for the next 3 - 4 weeks, thus the call for fluid milk to refill bottling pipelines will be strong. Butter demand is holding seasonally steady. Retail orders are being enhanced by scattered feature activity with food service orders steady to lighter. The summer vacation season is winding down, thus orders from resort and vacation areas of the country are reflecting end of summer patterns. Butter producers and handlers are reporting more 4th quarter buyer interest than typically is the case for this time of the season. Butter inventories are often lighter than desired. Some handlers are reaching further into inventories to fill current orders.

CHEESE HIGHLIGHTS: The cheese market is weak and prices tumbled on the CME Group cash cheese market this week, breaking below the \$2.00 per pound mark for the first time since early June. Blocks closed on Friday at \$1.9000, -0.1250 from last Friday and barrels at \$1.8625, -0.2175. Some buyers are anticipating loading up for fall needs at these lower prices but they may find that plants may be unable to fill orders due to lack of milk. There continues to be cheese available in parts of the West though more limited offerings through most of the rest of the country. The reopening of schools is also a growing factor in the next few weeks, pulling more milk from manufacturing. Cheese production is steady to generally lower seasonally.

FLUID MILK: Temperatures have moderated across all but the Southern tier and milk production is slowly recovering from the excessive heat of recent weeks. Schools are reopening across many parts of the country and thus Class I demand is capturing more of the milk supply. Florida imported its first loads of milk for the year. Manufacturing milk supplies in the East and Central regions are tight in many cases. Western milk supplies are above year ago levels thanks to moderate temperatures and increased cow numbers. Fluid milk and condensed solids are moving into deficit areas, although transportation costs are a hindrance. The increased Class I demand has increased available cream supplies. Demand is mixed as ice cream production is slowing, while other Class II products are beginning to increase. Lower multiples are increasing interest from butter churns.

DRY PRODUCTS: The NDM market is unsettled, with mixed signals from both buyers and sellers. Western NDM production is heavy while Central and Eastern manufacturers are experiencing lower production. Spot buyers are looking towards discount pricing, while producers are looking at inventories to determine pricing strategies. Lower solid yields from available milk are restricting production in some cases. Downward price pressure from NDM is being reflected in steady to lower buttermilk prices. Spot offerings are meeting lower price expectations as manufacturers balance their inventories. Domestic dry whole milk prices are steady. Dry whey prices are mostly higher as supplies are generally tight. Increased export demand has added to spot whey interest. The WPC 34% market is mixed and is also being influenced by the NDM market. Demand is steady with spot market offerings limited. Lactose demand is strong from domestic and export buyers. Spot offerings are clearing readily.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Europe** continues to decline seasonally, although overall milk volumes are running heavier than last year at this time. This trend is surprising to some milk handlers as weather patterns during July and early August were cool and wet. Cooler summer temperatures are conducive to cow comfort, but wet and muddy pastures are challenging. By mid-August, regions of Western Europe are finally seeing a few consecutive days of sunshine. Some traders and handlers are reporting that, although it is the summer holiday season and Ramadan is ongoing, sales activity is more active than anticipated. Sales, especially to the Middle East, are being reported. Traders are stating that international buyer interest might be resuming as buyers feel that European prices, for some products, might be at the bottom and product is available for immediate and future shipment. Much of current demand is to fill 4th quarter needs. Eastern European milk production is declining seasonally, at a gradual pace. Milk volumes are sufficient to maintain steady manufacturing schedules at most facilities. Stocks of manufactured dairy products are available for internal and international buyer interest. Traders indicate that most sales activity continues to center around an internal market, although international buyer interest is building and sales are being reported. The winter season continues to make its' presence known in **New Zealand** as cold temperatures and heavy snowfall blanketed areas of the North and much of the South Island. Auckland received snow for the first time in many years. The snowfall started on Monday and was still being reported in some areas of the North Island on Wednesday morning. The question that milk producers and handlers are asking is how long will the snow remain on the ground and what impact will this have on early season grass growth and the start of the new milk production season. Areas of the North Island are not prepared or equipped to deal with

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 15	TUESDAY AUG 16	WEDNESDAY AUG 17	THURSDAY AUG 18	FRIDAY AUG 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.0950 (+.0150)	\$2.0925 (-.0025)	\$1.9900 (-.1025)	\$1.8650 (-.1250)	\$1.8625 (-.0025)	:: (-.2175)	:: \$1.9810 (-.1300)
40# BLOCKS	\$2.0400 (+.0150)	\$2.0400 (N.C.)	\$2.0325 (-.0075)	\$1.9075 (-.1250)	\$1.9000 (-.0075)	:: (-.1250)	:: \$1.9840 (-.0980)
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	\$1.5100 (N.C.)	\$1.5100 (N.C.)	\$1.5100 (N.C.)	\$1.5100 (N.C.)	\$1.5100 (N.C.)	:: (N.C.)	:: \$1.5100 (N.C.)
BUTTER							
GRADE AA	\$2.0800 (+.0075)	\$2.0900 (+.0100)	\$2.0900 (N.C.)	\$2.0875 (-.0025)	\$2.0875 (N.C.)	:: (+.0150)	:: \$2.0870 (+.0165)

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

snowfall of this magnitude, thus farm pickups were challenging early in the week. Many feel that the snow fall occurred at a time when milk production still remains seasonally low, thus hopefully no significant negative impact will develop. Typically, New Zealanders start to notice seasonal increases by the end of the August. In **Australia**, conditions are much the same as they have been for the current winter season. Wet conditions in some dairy regions of Victoria (Gippsland) continue to concern milk producers and handlers. Elsewhere within Victoria, temperatures start to warm, but then a cold snap arrives to quickly curtail an early arrival of spring. Although there are negative conditions in both New Zealand and Australia that potentially will impact production development, milk producers and handlers remain optimistic about the upcoming season. Traders and handlers are stating that buyer interest is developing for the upcoming season. Typically, Oceania manufacturers and handlers commit a significant portion of first half milk production to potential customers and this season is no different. At this point, 70% and higher are often figures being reported. Some manufacturers are indicating that they are hesitant to fully commit, while others are more willing to push the upper end. At the **August 16 g/DT auction**, average prices again were mostly lower, with the exception of buttermilk powder, milk protein concentrate, and cheese which were slightly higher. An overall weak trend has continued from the past several trading events, although outlaying contracting period percentages are narrowing. Volumes of product traded at the event are increasing, especially for contracting period 2 which is when the Oceania region is at or slightly past peak milk production.

JULY MILK PRODUCTION (NASS): Milk production in the 23 major States during July totaled 15.4 billion pounds, up 0.8% from July 2010. June revised production at 15.4 billion pounds, was up 1.3% from June 2010. The June revision represented a decrease of 5 million pounds or less than 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,824 pounds for July, 5 pounds below July 2010. The number of milk cows on farms in the 23 major States was 8.47 million head, 93,000 head more than July 2010 and 8,000 head more than June 2011.

MAY MAILBOX PRICES (AMS & CDFA): In May 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.58 per cwt., down \$0.08 from the previous month average and up \$4.50 from May 2010. The component tests of producer milk in April 2011 were: butterfat, 3.65%; protein, 3.04%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased from the previous month in 11 Federal milk order reporting areas and increased in 8 Federal milk order areas. Mailbox prices in May 2011 ranged from \$22.25 in Florida to \$18.09 in New Mexico.

FMMO MARKETING AND UTILIZATION SUMMARY (FMMO): During July, more than 10.7 billion pounds of milk were received from producers. This volume of milk is 0.3% higher than the July 2010 volume. In July 2011 and July 2010, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.3 billion pounds of producer milk were used in Class I products, 6.6% lower than the previous year with decreases in all Federal Milk Order Marketing areas. Calendar composition likely had a negative impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 31% (a new record low), Class II = 13%, Class III = 45% and Class IV = 11%. The weighted average statistical uniform price was \$22.19 per cwt., \$1.15 higher than last month and \$6.00 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the Class I base price for September 2011 is \$21.78. This price is derived from the Class III skim milk pricing factor of \$14.16 and the advanced butterfat pricing factor of \$2.3175. A Class I differential for each orders principal pricing point (county) is added to the base price to determine the Class I price. The advanced Class IV skim milk pricing factor is \$12.59. Thus, the Class II skim milk price for September is \$13.29 and the Class II nonfat solids price is \$1.4767. The two-

week product price averages for September are: butter \$2.0852, nonfat dry milk \$1.5804, cheese \$2.1529, and dry whey \$0.5639.

JUNE FLUID MILK SALES (AMS): During June, over 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6% lower than June 2010. After adjusting for calendar composition, sales in June 2011 were 1.3% lower than June 2010. Estimated sales of total conventional fluid milk products decreased 2.1% from June 2010 and estimated sales of total organic fluid milk products increased 10.4% from a year earlier.

CME GROUP

MONDAY, AUGUST 15, 2011

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$2.0175, 1 @ \$2.0400; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0950; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0725; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0800; LAST OFFER UNCOVERED: NONE

TUESDAY, AUGUST 16, 2011

CHEESE -- SALES: 5 CARS BARRELS: 3 @ \$2.0950, 1 @ \$2.0925, 1 @ \$2.0950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.0925;
 1 CAR 40# BLOCKS @ \$2.0400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.0900; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.0825; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1000

WEDNESDAY, AUGUST 17, 2011

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$2.0100, 1 @ \$1.9975, 1 @ \$1.9900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$2.0325
 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, AUGUST 18, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.8650; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9075
 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 @ \$2.0875

FRIDAY, AUGUST 19, 2011

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.8650, 2 @ \$1.8625; 3 CARS 40# BLOCKS: 1 @ \$1.9075, 2 @ \$1.9050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8625; 1 CAR 40# BLOCKS @ \$1.9000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.0875; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0875

BUTTER MARKETS

NORTHEAST

The CME Group butter price increased \$.0100 Tuesday and closed at \$2.0900. Butter prices on the CME Group have increased \$0.0475 in the last three trading sessions. Scheduled maintenance projects at various plants in August have occurred during the same time period and have significantly limited butter production. Other plants have shut down their churning operations due to lower cream intakes caused by recent declines in milk production. The lack of butter production has increased available cream supplies, pressuring multiples lower. Current butter production is filling orders with no additions to inventory. Some plants are beginning to receive butter orders for this fall. 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 continued to increase early in the week and remains at \$2.0900 at midweek. A firm CME price trend is what many butter producers and handlers anticipate for the balance of the calendar year. Churning schedules remain mixed as producers decide what to do with their cream volumes. Some continue to sell a portion of their cream to other users, while others are maintaining seasonal churning schedules for current and future needs. In some instances, butter producers are stating that cream volumes appear to be a little more available this week with price multiples easing. Some are taking advantage of the offerings while others are still hesitant. Butter stocks remain lighter than desired for this

time of the season. Buyer interest is seasonally steady for retail needs with food service edging lower. Some buyers are looking into future needs, especially for 4th quarter, and talking with suppliers about their potential needs. Some early orders are being placed for future delivery with most of this activity occurring to guarantee supply. Most buyers are fully aware of the butter supply situation and do not want to get caught without during that strong sales period of the year. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Wednesday's close at the CME Group for butter was unchanged at \$2.0900. The price has recovered most of last week's losses as the market has increased \$.0475 since last Thursday. Sales are light this week with only three loads selling at the CME Group. Western butter prices are unsettled. Supplies of butter are tight in many cases as manufacturers are not holding large inventories in storage. Manufacturers are reporting using stored inventory to fill current orders. Demand is good with the beginning of increased fourth quarter interest. Cream supplies are increasing and multiples are showing weakness. Butter churns are considering increasing production schedules as cream prices moderate. Prices for bulk butter range from even to 6 cents under the market, based on the CME with various time frames and averages used.

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
August 13	2,1476 10,357,683	2,1611 7,672,968	1,5889 16,755,158	2,0941 1,914,176	0,5648 6,912,661

CHEESE MARKETS

NORTHEAST

Tuesday's trading on the CME Group saw barrels decline \$0.0025 and close at \$2.0925, while blocks held steady at \$2.0400. Both barrels and blocks advanced \$0.0150 in Monday's trading session. Wholesale prices for Process 5# Sliced cheese declined \$.0200, while Cheddar 40# Block and Muenster declined \$.0625 as result of the weekly average cheese price changes on the CME Group. Swiss Cuts prices were unchanged. Recent declines in milk intakes continue to limit cheese production at most plants. Orders for mozzarella and provolone have significantly increased as the new school year approaches, working inventories lower. Aged cheddar and low fat cheddar orders continue to be strong. Nonfat dry milk continues to be used by some cheese makers to offset declining milk volumes and boost yields.

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

Cheddar 40# Block	:	2.4000-2.6750
Process 5# Sliced	:	2.2200-2.5300
Muenster	:	2.4200-2.6250
Grade A Swiss Cuts 10 - 14#	:	3.6425-3.9650

MIDWEST

The cheese market is unsettled as there is still a "window of opportunity" for possible price weakness before schools reopen in force late in the month, depending on milk production estimates. Some buyers hope for lower prices by making minimal orders and maintaining a light inventory while others are less bearish. Plant operators are aware that increased volumes of milk move from cheese production to bottlers as schools reopen for the new year. Some plant operators are trying to build cushion stocks for fall coverage on some items, especially those with longer shelf lives while milk is available. A little extra line time is needed to fill orders in the pipeline for the upcoming holiday and to cover early school needs though most operations seem to be able to just fill a regular work week. Other buyers remember that some varieties typically tighten in fall, mozzarella as well as pepper jack and Colby/jack varieties. Tightness has occurred with muenster also. Balancing the fat/casein ratio for cheese can be problematic with the lower summer milk components. Cheese production is generally steady to lighter seasonally.

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

Process American 5# Loaf	:	2.4700-2.6600
Brick And/Or Muenster 5#	:	2.5925-2.8000
Cheddar 40# Block	:	2.5900-2.8650
Monterey Jack 10#	:	2.5550-2.8650
Blue 5#	:	2.8475-3.4700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4250-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.0450-3.3300

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

	BUTTER	:	CHEESE
08/15/11	7,542	:	138,678
08/01/11	8,265	:	137,538
CHANGE	-723	:	1,140
% CHANGE	-9	:	1

WEST

Wednesday's close at the CME Group for barrels was \$.1025 lower at \$1.9900. This is the first time since the first week of June that barrels are below \$2.0000. Blocks on Wednesday are \$.0075 lower at \$2.0325. The sharp adjustment in the barrel price has returned the barrel/block price relationship to a more familiar ratio. Sales activity for barrels is moderate this week with eight loads trading. Blocks sold at a more modest pace of three loads for the week. Wholesale prices for Western cheese are lower, except for Swiss cheese. Swiss remains strong due to recent Class III price adjustments. The market tone is weaker for cheese as world prices are weaker. Domestic demand is good as contract needs are filled, but spot cheese buyers are looking for lower prices to acquire additional supplies. Manufacturers are wary of building excess inventory at current price levels. According to FAS, quota imports of cheese for January-July 2011 total 87.4 million pounds, up 13.5% from a year ago. The imports stand at 29.3% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 13.8 million pounds, compared to 5.3 million pounds imported for January-July of 2010. Imports of quota Swiss cheese for January-July 2011 total 25.8 million pounds, up 7.8% from last year. The two main countries for the Swiss imports are Norway and Finland, and they account for 16.3 million pounds or 63.2% of the year's total import of Swiss.

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

Process 5# Loaf	:	2.2375-2.4950
Cheddar 40# Block	:	2.2125-2.5650
Cheddar 10# Cuts	:	2.3925-2.6125
Monterey Jack 10#	:	2.4025-2.5625
Grade A Swiss Cuts 6 - 9#	:	3.2200-3.6500

FOREIGN

Wholesale prices continued to decline for the second straight week for all domestic varieties with the exception of Swiss Cuts which held steady. The \$.0625 price decline was brought about by the decline in the weekly average price for CME Group block cheese. Prices for imported varieties were unchanged. Milk production remains at or near seasonal lows and continues to limit production of domestic Swiss and Italian type cheeses. According to FAS, quota imports of Swiss/Emmentaler varieties from January through July 2011 totaled 25.8 million pounds, 7.8% more than the same period last year. Norway and Finland, the two top sources, account for 63.2% of Swiss/Emmentaler imports January through July 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.0400	: 2.5400-4.0275*
Gorgonzola	: 3.6900-6.3900	: 3.0425-3.3025*
Parmesan (Italy)	: -0-	: 3.6625-4.0725*
Provolone (Italy)	: 3.4400-6.3900	: 2.5825-2.7400*
Romano (Cows Milk)	: -0-	: 3.7300-5.8725*
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-	: 3.7350-4.0575
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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CHEESE MARKETS

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U.S. Cheese Imports (USDA-FAS)

	2011 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly
Quota			
July Quota Imports	11.6	- 4.6	-
Jan. - July			
High Tier	13.8	+162.3	N.A.
Quota Imports	87.4	+ 13.5	29.3
July Quota Imports	11.6	- 4.6	-

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	35	0	0	0	0	0
SOUTHEAST STATES	0	0	0	0	25	0

Some badly needed rains have improved pasture and crop conditions in the Northeast region with over 70% of the pastures rated as fair or good and a majority of the corn and soybean crops also rated as fair or good. The cooler, less humid weather covering the region has prompted some marginal bounce backs in milk production. Manufacturing milk supplies in the Mid-Atlantic region remain low as a result of the recent declines in milk production. Some plant managers have noted increased pulls from Class I plants lowering their manufacturing volumes and in response have curtailed churning and drying operations in order to meet their fluid contract commitments. Class I demand is increasing in the Southeast and Florida as more schools are beginning their fall terms. Milk is being pulled from other regions to meet Class I demand as milk production continues to decline in the Southeast and Florida. Temperature issues continue for long haul loads. Florida imported 35 spot loads of milk this week. This is the first time Florida has imported milk this year. Florida weather continues to be hot and humid throughout the day, lowering cow comfort levels. Cream supplies are more readily available this week due a decline in butter production and increased standardized cream volumes coming from Class I plants. Demand for cream is mixed with some ice cream operations slowing production schedules, but cream cheese production remains strong. The increased available cream supply has significantly lowered multiples this week and range 122-142 with the high end of the range occurring early in the week. Condensed skim milk supplies have bounced back marginally as the weather has improved in some areas. Some plant managers that previously restricted their condensed skim contracts to their minimum levels are not having to do so this week, but are holding over excess supplies to ensure next week's commitments are met. Demand for condensed skim remains good from Class II manufacturers. Spot sales of condensed skim are very limited in the East.

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 -	2.5467-2.9401
F.O.B. producing plants: Upper Midwest -	2.6295-3.0229

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.71 - 1.75
Northeast - Class III - spot prices -	1.70 - 1.75

MIDWEST

Fluid interest is steady to slightly improved where schools have reopened for the new year. The extra milk bottled generated more standardized cream, reducing the demand for extra cream by some manufacturers. Cream demand typically wanes from ice cream makers around the start of the school year, depending on the temperature. Current ice cream production is geared toward filling gaps in product lines while still reducing inventory levels. Other Class II product interest is about steady with recent weeks. The closure of a couple of Eastern churns for maintenance caused some extra cream onto the market. Manufacturing milk supplies remain generally tight, though in some areas, bottler load rejects for slightly elevated temperatures keeps

a few scattered plants on heavier than expected schedules. Spot manufacturing milk buyers are generally finding the "cupboard is bare" with demand exceeding the supply. Manufacturing plants continue to operate on lighter schedules. Some plants continue to make milk shipments to meet pooling requirements, also reducing production. Weather concerns continue to affect the feed situation, while parts of Texas cooled and a few even received scattered showers, temperatures remain hot and wearing on man and beast. Large cattle numbers continue to head to market in the drought areas due to limited and expensive feed. While temperatures have moderated in central and northern sections of the region, milk volumes have generally rebounded slightly with different opinions about changes in component levels. Some reports indicate crops such as corn, have recovered from the delayed planting though concern with the heat and scattered dryness. Concern is that pollination may have been affected by the July heat.

WEST

CALIFORNIA milk production is steady as weather conditions are favorable. "The mildest summer in 50 years" was used to describe temperatures for the summer. Milk production is above year ago due to favorable conditions and increased cow numbers in the state. Processing plants are handling the available supplies with some condensed skim and cream being offered out of state. High transportation costs and truck availability are complicating sales. ARIZONA continues to experience hot weather and milk production has suffered. Thunderstorms in the area have increased humidity levels as their monsoon season continues. Class I demand is increased as milk pipelines for schools are filled. Milk and components are being imported to the state to fill manufacturing needs. NEW MEXICO milk production is steady with recent weeks. Manufacturing milk is readily available for local processing needs. Increased demand from schools is reducing the need for manufacturing plants to operate full schedules. CREAM prices are steady to weak as more cream is available in the West. Butter manufacturers are utilizing the extra cream, but are still willing to sell cream rather than build butter inventories at current prices. Sales to ice cream producers are slower than typical years as high ingredient prices have reduced demand. Transportation costs and hot temperatures in the South are restricting long haul sales. The CME Group butter price for Wednesday, August 17 is \$2.0900. This is up 3.25 cents from the previous Wednesday's close. Cream multiples are steady to weak as increased supplies are available. Multiples ranged 118-135 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is mostly steady to marginally lower. Weather conditions are favorable for cow comfort and high quality summer feeds are helping to increase milk supplies above year ago levels. Feed costs are weighing heavily on milk producers as they balance their checkbooks and look to future feed needs. Milk supplies are being utilized within the region in most cases as transportation costs remain high. Manufacturing plants are able to handle the current milk supply. UTAH and IDAHO milk production is well above year ago levels. Mild temperatures continue to be the norm. Dairies have added cows to the herd and fresh forages are pushing milk production levels. High milk prices have allowed dairy farmers to look at expansion in the region. This is tempered by higher feed costs and replacement heifer prices. Recent auctions have seen higher heifer prices with high quality heifers selling over \$1600 per head. Milk processors in the region have adequate capacity to handle the extra milk supplies, but some condensed solids are being sent out of the region to deficit areas.

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: The nonfat dry milk market tone is mixed and prices are both higher and lower. End users seem reluctant to make commitments for inputs beyond the next few weeks. Manufacturers in the Central region, with light to moderate NDM inventories, are not under pressure to discount prices at this time. With slow/delayed deliveries from some Western manufacturers into the Central region reported by market participants, Central NDM may be a good alternative to fill that demand in the near term as both availability and potentially lower transportation costs could pair up favorably. Manufacturing milk intakes are steady to lower as the demand from the fluid market builds. This is yielding lower NDM production at some plants. Resale offers of nonfat dry milk loads are more readily available this week, with some price discounts to the current Central market. Several market participants interpret this as a short term inventory management strategy by resellers rather than a sure sign that the NDM market is on a long term decline.

EAST: Prices were mixed on the nonfat dry milk market with the low end of the full range increasing, while the high end of the mostly range declined. Production of nonfat dry milk continues to be very limited in the East with some plants not drying at all as manufacturing milk supplies have declined. Plants that are drying are doing so on reduced schedules and often focusing on high heat or specialty product production. Most market transactions are of the resale variety with limited spot market trading. The nonfat dry milk market continues to be unsettled with current availability offset by concerns for future manufacturing milk supplies due to Class I demand increases.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.6600 MOSTLY: 1.5300 - 1.6400
 HIGH HEAT: 1.6500 - 1.7500

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are steady with a weak undertone. The market appears to be getting mixed signals from various pricing indices that are used in determining contract sales. Buyers and sellers are often taking different views of upcoming prices and supplies. Demand for spot loads of NDM are moderate to good, with many buyers looking for discounted pricing. Manufacturers are measuring current inventories and are often reluctant to move product at sharply lower prices. Schools are opening across the West and are expected to reduce available milk supplies to powder manufacturers. Increased production of SMP has reduced available domestic supplies of nonfat dry milk. Condensed skim sales out of the region are reported to be slowing. Sales of NDM above immediate needs are slow except at reduced prices.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4300 - 1.6100 MOSTLY: 1.4500 - 1.5700
 HIGH HEAT: 1.5700 - 1.7500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 12	\$1.6005	13,236,092	0
August 5	\$1.5690	12,431,138	0

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

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The spread of the Central region dry buttermilk range price series narrowed this week and the market tone is unsettled. Some manufacturers indicate churning activity is on the rise as multiples on cream loads have declined in the last week. This price decline is linked to a decrease in cream demand from ice cream makers and an increase in supply of cream loads generated by bottlers gearing up for the school season. More active churning is sending more buttermilk to the dryers. Manufacturers' stocks of dry buttermilk are building seasonally. Market participants anticipate a near term increase in interest in dry buttermilk as the baking season approaches, but demand from that sector is slow to emerge.

EAST: Prices for dry buttermilk narrowed with the average of the range remaining unchanged. Butter and consequently dry buttermilk production declined significantly as scheduled maintenance projects shut down butter production at two plants. Dry buttermilk inventories are being worked lower as product moves through contracts. Supplies are fairly tight in the East with light spot market activity.

F.O.B. CENTRAL/EAST: 1.4300 - 1.5200

DRY BUTTERMILK - WEST

Western dry buttermilk prices are steady to lower. Demand is lower than expected at current prices. Class II usage is below expectations as ice cream manufacturing has slowed. Demand for condensed buttermilk has reduced available supplies for drying. Butter manufacturers are selling cream in some instances rather than building inventories and thus tightening buttermilk supplies. Schools are opening and the increased Class I demand is expected to add to cream availability. Current stocks of buttermilk are adequate for immediate needs with some excess offerings being offered to the spot market. Weaker nonfat dry milk prices are weighing on buttermilk prices where end users can choose between protein sources.

F.O.B. WEST: 1.2800 - 1.4100 MOSTLY: 1.3500 - 1.4000

DRY WHOLE MILK - NATIONAL

Maintenance on churns and other equipment in some locations is channeling higher percentages of farm milk intakes into dry whole milk production for the week. Producers indicate that although dry whole milk inventories are building, loads are largely spoken for via contract commitments. Despite indications of weakening prices for international dry whole milk, domestic dry whole milk prices are steady.

F.O.B. PRODUCING PLANT: 1.9200 - 2.0600

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 mostly higher on a firm market. Interest from domestic and international buyers is ongoing. Dry whey production has picked up somewhat as manufacturing milk availability continues its recovery from the drop recorded in July. Some Italian cheese producers indicate cheese orders are improving as fall approaches and this is allowing higher dry whey production. F.O.B. dry whey spot load availability increased slightly this week, but some manufacturers indicate this is more a function of selectively pruning shipments to customers rather than increases in overall dry whey inventories. The F.O.B. spot loads cleared readily to customers on waiting lists. Resale loads of dry whey are also in demand, with prices reportedly occupying the \$.60 - \$.71 zone. ANIMAL FEED MILK REPLACER dry whey prices are higher as demand from that market sector has improved over the last few weeks. In some cases, the purchase of higher protein content dairy products spurred dry whey purchases to provide the inputs for blending ingredients to the desired protein levels. Animal feed blending operators indicate orders for finished dry feed blends improved somewhat from week to week. Some blenders attribute this round of orders to "beat the next price increase" strategies rather than improved health of the animal raising market sector.

F.O.B. CENTRAL: .5200 - .5950 MOSTLY: .5300 - .5750
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4000 - .5600

DRY WHEY - NORTHEAST

Prices for dry whey held steady this week with the market having a firm undertone. Production of dry whey has declined as cheese production has decreased, caused by the recent declines in milk intakes. Spot market activity is very limited as most supplies are channeled to fill contract commitments. Some manufacturers that recently fell behind in their contracted deliveries have made up some ground, but remain behind on their delivery schedules. Resale activity has picked up with prices well above the market range. Demand for dry whey from bakery manufacturers has strengthened domestic demand, while export demand remains steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5500 - .6100

DRY WHEY - WEST

Western dry whey prices are fractionally higher this week. Contract prices have firmed following various pricing indices. The bulk of whey sales for the week continue to be directed towards contract fulfillment. Spot market activity is slow as manufacturers are committed for most of their dry whey production. Whey production schedules are reduced in some areas due to a combination of lower cheese manufacturing and less milk solids in the fluid milk supply. Demand for whey is moderate to good with the export side of the market showing more interest. Stocks of whey are tight for needs above committed volumes.

NONHYGROSCOPIC: .5550 - .6125 MOSTLY: .5750 - .6100

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Weaker spot load pricing from a few manufacturers pushed the bottom of the whey protein concentrate 34% range price series 10 cents lower, while other spot loads captured higher prices and moved the top of the range price series higher. The WPC 34% market is unsettled as demand is variable depending on the market sector being served. Edible WPC 34% manufacturers, with regular purchasers in the animal feed sector, note that recent availability of whey protein concentrate blends with higher fat contents and off-grade nonfat dry milk have flooded that market with lower priced options for dairy proteins. Some of those WPC 34% manufacturers indicate their edible WPC 34% inventories are building steadily, which is prompting interest in clearing product to the spot market, with pricing reflecting some inventory pressure. Central and Western WPC 34% manufacturers, more closely tied to the edible markets, indicate customer demand is steady and stocks available for spot market offerings are limited to occasional loads that are clearing to steady to higher interest.

F.O.B. EXTRA GRADE 34% PROTEIN:1.4000 - 1.6650 MOSTLY: 1.5200 - 1.5700

LACTOSE - CENTRAL AND WEST

Spot market sales pushed the top of the lactose range price series 2.75 cents higher this week, recapturing some of the price territory lost the previous week. Spot offerings from manufacturers are limited, but are popping up from time to time and clearing readily. Spot pricing reflects quality, mesh size, availability and packaging. Some spot offers are tied to push back from customers or some rearranging of shipment timing at buyers' requests. A few manufacturers are not participating in the spot market as contract commitments are at or above current lactose holdings. Some allocation of lactose is taking place, with manufacturers filling weekly or monthly commitments on a partial basis until inventories rebuild. Lactose demand is strong from domestic and international buyers. Several manufacturers indicate that some new customers are shopping for 2012 supplies in quantities over 5 - 10 loads per month. With many lactose manufacturers being close to full commitment with current customers, opportunities are limited for wedging in new customers requesting 5 - 10 or more loads per month. With the current demand for lactose being active, the push is on from some current customers to open 2012 discussions. A few lactose manufacturers have committed portions of projected 2012 lactose output, but many will focus on fourth quarter before tackling 2012 contracts.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4700 - .7000 MOSTLY: .5500 - .6400

CASEIN - NATIONAL

Casein markets and prices remain unchanged. Domestic buyers continue to question supply availability as the casein season winds down in Europe and is about to resume in Oceania. European suppliers remain optimistic about their end of season production schedules and supply levels for the upcoming winter months. In the Oceania region, manufacturers and handlers are hopeful that the casein production season might get started a little earlier this year and maintain a longer season at peak milk output levels. Domestic buyers are stating that rennet volumes are sufficient for needs with acid tighter and less available.

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 AUGUST 15 - 19, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	WEEK ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/10	LAST YEAR	08/12/11	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 07/30/11 & 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	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.7	7.7	3.2	18.7	3.3	N.A.	N.A.	13.4	2.7	51.6	1,717.2	40.2	45.2
2010-Dairy	N.A.	0.6	7.3	2.4	18.9	6.6	0.8	N.A.	14.7	3.8	56.9	1,635.0	48.1	43.8
2011-All cows	0.1	0.8	9.6	13.6	36.4	27.8	N.A.	N.A.	19.1	3.7	128.3	3,795.5		
2010-All cows	N.A.	0.7	9.3	13.8	31.3	21.6	13.5	N.A.	17.8	6.6	118.3	3,731.1		

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)

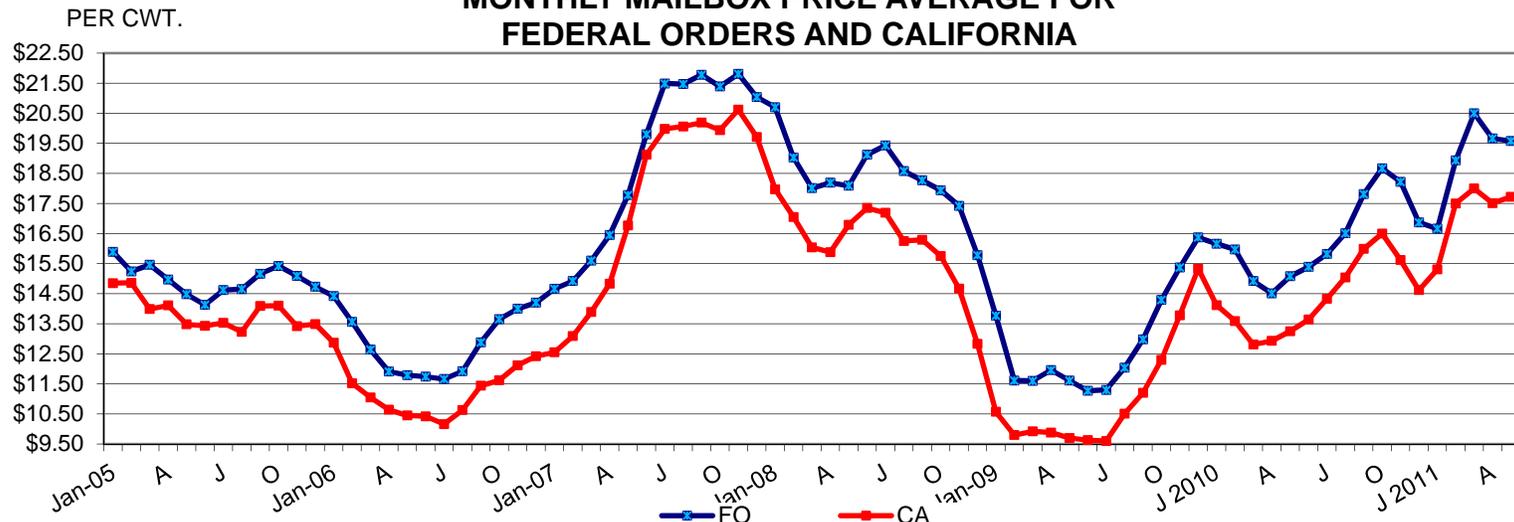
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	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	21.43	21.78			
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29					
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39					
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33					

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

MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 7—20, 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 Europe continues to decline seasonally, although overall milk volumes are running heavier than last year at this time. This trend is surprising to some milk handlers as weather patterns during July and early August were cool and wet. Cooler summer temperatures are conducive to cow comfort, but wet and muddy pastures are challenging. By mid-August, regions of Western Europe are finally seeing a few consecutive days of sunshine. Some traders and handlers are reporting that, although it is the summer holiday season and Ramadan is ongoing, sales activity is more active than anticipated. Typically at this time of the summer, sales slow, but this year appears to be an exception. Sales, especially to the Middle East, are being reported. Traders are stating that they are seeing huge disparities in international price quotes, thus sales activity is shifting to regions that have the best price at this time. Traders are also stating that international buyer interest might be resuming as buyers feel that European prices, for some products, might be at the bottom and product is available for immediate and future shipment. Much of current demand is to fill 4th quarter needs. A firm Euro though is causing exports to be more complicated and challenging.

BUTTER/BUTTEROIL: European butter markets are unsettled with prices trending lower. Churning activity is seasonally declining as milk volumes decrease. For much of the current season, butter production has been strong and stocks are available for both internal and international buyer interest. In most instances, butter sales are centered around internal demand with international demand very quiet. Prices, higher than international buyers are willing to pay is the reason for slow international sales. International buyers are looking to other international sources for their needs where prices are lower.

82% BUTTERFAT: 5,700 - 5,925
 99% BUTTERFAT: 6,025 - 6,325

SKIM MILK POWDER (SMP): European skim milk powder markets are generally steady with prices holding unchanged to slightly lower. Milk production is declining seasonally, thus is butter/powder. Stocks of skim powder are available for both internal and international buyers interest. Sales activity continues to center around an internal market, although international sales are being reported. Some traders are surprised at the development of international sales for this time of the summer as sales typically are slow due to the summer holiday season and Ramadan. Intervention skim milk powder, distributed to the most deprived persons feeding program, continues to appear in the marketplace. Often, managers of these programs choose to sell their allotments so that they can purchase other needed items. Although this powder is edible, but due to age, most of it is ending up in animal feed channels. Due to this available powder, some animal feed buyers are able to obtain needed volumes and are not reaching into commercial powder markets, thus freeing up current powder stocks for current and future needs.

1.25% BUTTERFAT: 3,200 - 3,400

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices in Europe are weak. Demand for European whole milk powder is basically limited to an internal market as prices remain higher than international buyers are willing to pay. Stocks of powder are available. Traders and handlers speculate that if prices continue to ease, international buyers might return to the European market, especially if whole milk powder supplies are limited internationally.

26% BUTTERFAT: 4,125 - 4,300

SWEET WHEY POWDER: European whey powder markets are generally steady with prices basically unchanged. Cheese production is seasonally active, thus whey volumes are being generated and available. Sales activity continues to center around an internal market, although international sales are being reported. Supply availability and price are attracting some international buyers to the European market once again.

NONHYGROSCOPIC: 1,100 - 1,250

EASTERN OVERVIEW: Eastern European milk production is declining seasonally, at a gradual pace. Cool temperatures have been present for much of the past 6 weeks which is conducive to cow comfort. Milk volumes are sufficient to maintain steady manufacturing schedules at most facilities. Stocks of manufactured dairy products are available for internal and international buyer interest. Traders indicate that most sales activity continues to center around an internal market. International buyer interest is building and sales are being reported.

Exchange rates for selected foreign currencies: August 15, 2011

1.0211 Canadian Dollar	.0220 Indian Rupee
.2431 Argentina Peso	.8328 New Zealand Dollar
.0818 Mexican Peso	1.0507 Australian Dollar
.3490 Polish Zloty	.0130 Japanese Yen
1.4444 Euro	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0818) = 12.2249 Mexican Pesos. Source: "Wall Street Journal"

Information gathered August 7—20, 2011

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OCEANIA

OVERVIEW: The winter season continues to make its' presence known in New Zealand as an unusually cold temperatures and heavy snowfall blanketed areas of the North and much of the South Island. Auckland received snow for the first time in many years. The snowfall started on Monday and was still being reported in some areas of the North Island on Wednesday morning. The question that milk producers and handlers are asking is how long will the snow remain on the ground and what impact will this have on early season grass growth and the start of the new milk production season. Areas of the North Island are not prepared or equipped to deal with snowfall of this magnitude, thus farm pickups were challenging early in the week. Many feel that the snow fall occurred at a time when milk production still remains seasonally low, thus hopefully no significant negative impact will develop. Typically, New Zealanders start to notice seasonal increases by the end of the August. In Australia, conditions are much the same as they have been for the current winter season. Wet conditions in some dairy regions of Victoria (Gippsland) continue to concern milk producers and handlers. These wet conditions could negatively impact the startup and early weeks of the upcoming production season. Elsewhere within Victoria, temperatures start to warm, but then a cold snap arrives to quickly curtail an early arrival of spring. Although there are negative conditions in both New Zealand and Australia that potentially will impact production development, milk producers and handlers remain optimistic about the upcoming season. Production estimates remain at earlier projections with New Zealand around 4 - 5% higher while Australians' are looking at a 1 - 2% increase. Traders and handlers are stating that buyer interest is developing for the upcoming season. Typically, Oceania manufacturers and handlers commit a significant portion of first half milk production to potential customers and this season is no different. At this point, 70% and higher are often figures being reported. Some manufacturers are indicating that they are hesitant to fully commit, while others are more willing to push the upper end. At the August 16 g/DT auction, average prices again were mostly lower, with the exception of buttermilk powder, milk protein concentrate, and cheese which were slightly higher. An overall weak trend has continued from the past several trading events, although outlaying contracting period percentages are narrowing. The average prices covering all contracting periods and the percentage change from the previous event average are: anhydrous milk fat, \$4,273 per MT, -0.3%; buttermilk powder, \$3,420, +2.5%; skim milk powder \$3,438, -0.8%; whole milk powder, \$3,385, -2.2%; milk protein concentrate, \$5,965, +5.9%; rennet casein, \$9,473, -0.3%; and cheddar cheese, \$4,270, +1.6%. Volumes of product traded at the event are increasing, which many anticipated, especially for contract #2 which is when the Oceania region is at or slightly past peak milk production.

BUTTER: Oceania butter markets are steady to weak with prices unchanged to lower. The new milk production season is about to resume, thus butter operations are finishing up winter maintenance projects. Butter producers and handlers are very optimistic about the upcoming season. Traders and handlers are stating that a significant portion of first half milk production is committed through the various manufactured dairy products with butter/powder commitments running 70 - nearly 100%. For those butter

producers that are not fully committed, they are taking a cautious approach to commitments, at least until they have a better picture of the milk production season.

82% BUTTERFAT: 4,100 - 4,800

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are weak. The new milk production season is still a few weeks away, thus fresh powder production remains basically nonexistent. The new milk production season might be getting off to a slower start than previously anticipated due to a late season snow storm on both islands of New Zealand earlier this week and wet conditions in some dairy regions of Australia. Other than these weather related factors, milk producers and handlers remain very optimistic about the upcoming milk and powder production season. At the August 16 g/DT event, skim milk powder averaged, for all contracting periods, 0.8% lower than earlier in the month. For the near term contract #1 (October), the price averaged \$3,456 per MT, down 0.8% from the previous average; contract #2 (November - January) \$3,409, -1.0%; and for contract #3 (February - April) \$3,916, +0.4%. Contract volumes are increasing as these contracting periods will occur during Oceania's upcoming milk production season.

1.25% BUTTERFAT: 3,300 - 3,800

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are weak. Powder stocks remain seasonally low as the new milk and powder production season will soon resume. At the August 16 g/DT event, prices for all whole milk powder contracts averaged \$3,385 per MT, -2.2% when compared to the all contract average earlier in the month. The near term contract #1 (October) price averaged \$3,359 per MT, -2.9% when compared to the previous average. For contract #2 (November - January) the average price was \$3,354, down 2.6% from the previous average with contract #3 (February - April) averaging \$3,544 which was steady with the previous average. Contracting volumes are increasing and for this event totaled 22,000 MT.

26% BUTTERFAT: 3,359 - 3,700

CHEDDAR CHEESE: Cheese production in the Oceania region is at seasonally low levels, although the new milk production season is just around the corner. Cheese producers are very optimistic about the upcoming production season. Traders and handlers are stating that sales negotiations are ongoing and a significant portion of first half milk production has been committed through cheese and other manufactured dairy product sales. Traders indicate that most sales are to regular customers with some of their needs slightly heavier than previous years. Cheese production data for Australia for the fiscal year July 2010 - June 2011, indicates that output was 4.9% lighter than the 2009 - 2010 year. Australian cheese producers have mixed opinions on the production trends, but for the most part are looking for a 2011 - 2012 production season to be in line with the most recent season. At the August 16 g/DT trading event, cheddar cheese averaged, for all contracting periods, \$4,270 per MT, 1.6% higher than the previous all contract average. The near term contract (October) averaged \$4,379 per MT, 5.8% higher than earlier in the month.

39% MAXIMUM MOISTURE: 4,300 - 4,600

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

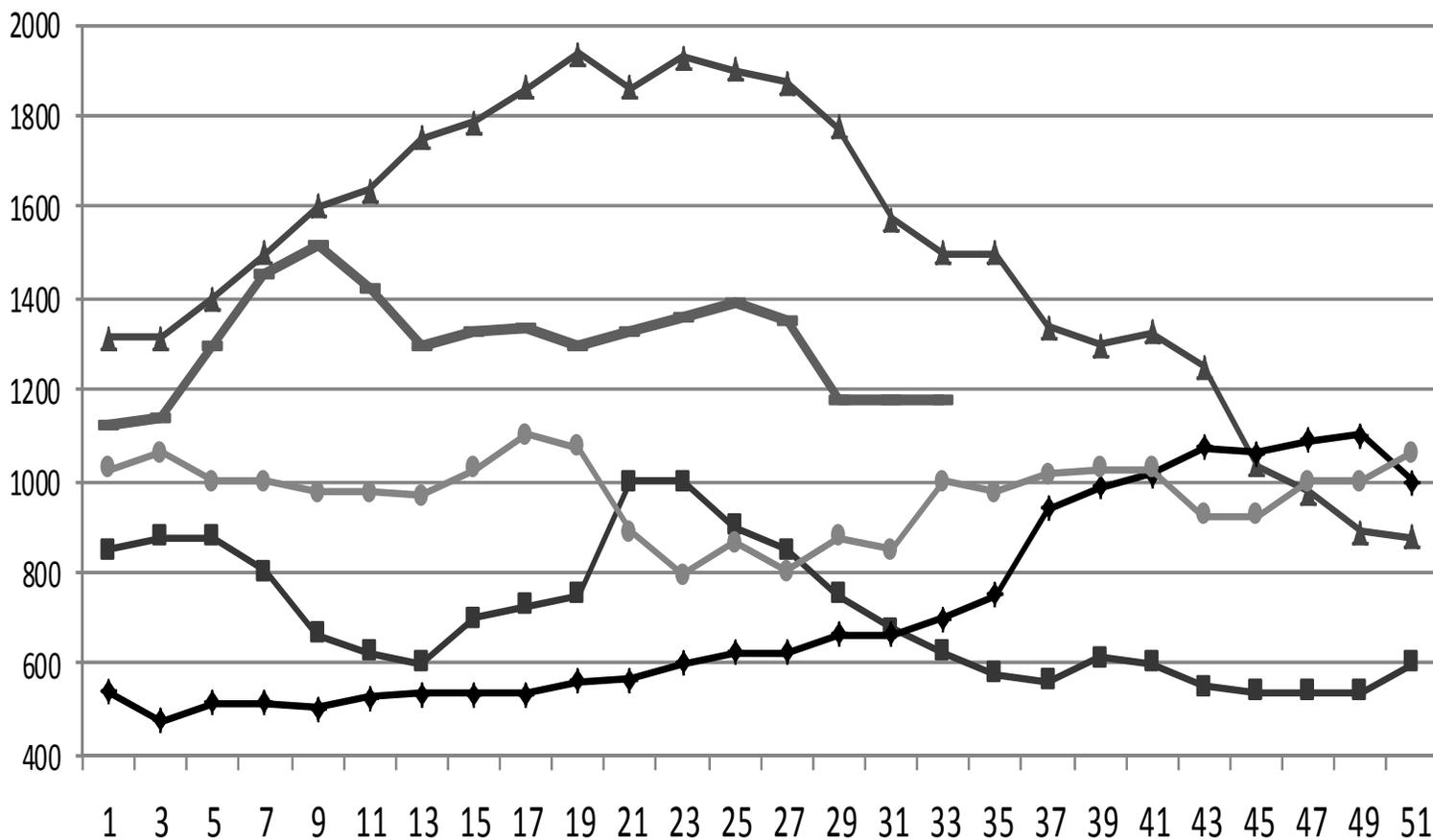
Information gathered August 7—20, 2011

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AUGUST 16, 2011 Global/Dairy Trading (g/DT) event 50 recap US \$ per metric ton								
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		All Contracts	
	October 2011		November 2011 - January 2012		February - April 2012			
Anhydrous Milk Fat	\$4,150	-3.2%	\$4,290	1.5%	\$4,605	0.9%	\$4,273	-0.3%
Buttermilk Powder	\$3,335	N.A.	\$3,540	2.5%	N.A.	N.A.	\$3,420	2.5%
Skim Milk Powder	\$3,456	-0.8%	\$3,409	-1.0%	\$3,916	0.4%	\$3,438	-0.8%
Whole Milk Powder	\$3,359	-2.9%	\$3,354	-2.6%	\$3,544	0.0%	\$3,385	-2.2%
Milk Protein Concentrate	\$6,120	5.8%	\$5,845	6.0%	N.A.	N.A.	\$5,965	5.9%
Rennet Casein	\$9,501	-0.2%	\$9,448	-0.4%	N.A.	N.A.	\$9,473	-0.3%
Cheese	\$4,379	5.8%	\$4,196	-0.8%	N.A.	N.A.	\$4,270	1.6%

EUROPEAN WHEY POWDER

\$US PER METRIC TON



REPORT #

SOURCE/DATA BY DMN

▲ 2007 ■ 2008 ◆ 2009 ● 2010 — 2011

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	08/04	08/05	08/08	08/09	08/10	08/11	08/12	08/15	08/16	08/17
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUL 11	21.38 (6736) 0	21.39 (6565) 0								
AUG 11	21.45 (6407) 0	21.50 (6380) 0	21.55 (6862) 0	21.56 (6805) 0	21.62 (6742) 0	21.50 (6634) 3	21.56 (6604) 0	21.60 (6626) 0	21.57 (6623) 0	21.50 (6553) 0
SEP 11	20.16 (6306) 10	20.35 (6361) 2	20.28 (6443) 2	20.17 (6516) 0	19.87 (6656) 16	19.12 (6594) 6	19.49 (6563) 1	19.63 (6536) 1	19.64 (6466) 14	18.89 (6498) 0
OCT 11	19.27 (5202) 0	19.25 (5151) 4	19.05 (5175) 0	18.95 (5216) 0	18.69 (5206) 2	18.04 (5090) 1	18.45 (5072) 16	18.49 (5044) 1	18.44 (5055) 4	17.99 (5109) 0
NOV 11	18.47 (4130) 0	18.45 (4114) 4	18.37 (4146) 0	18.38 (4254) 0	18.15 (4246) 2	17.77 (4277) 1	18.00 (4343) 16	18.07 (4380) 1	18.08 (4386) 4	17.85 (4417) 0
DEC 11	17.60 (3619) 0	17.57 (3640) 4	17.49 (3654) 0	17.58 (3688) 0	17.55 (3716) 0	17.48 (3701) 0	17.60 (3778) 16	17.65 (3822) 1	17.68 (3828) 0	17.62 (3845) 0
JAN 12	17.12 (1032) 0	17.10 (1080) 0	17.04 (1104) 0	17.10 (1162) 0	17.14 (1184) 0	17.06 (1235) 0	17.10 (1294) 0	17.05 (1301) 1	17.08 (1334) 0	17.02 (1375) 0
FEB 12	16.97 (929) 1	16.97 (957) 0	16.95 (986) 0	16.97 (994) 0	16.97 (1029) 0	16.89 (1086) 0	16.96 (1134) 0	16.96 (1135) 1	16.98 (1162) 0	16.94 (1191) 0
MAR 12	16.99 (944) 1	16.98 (988) 0	16.93 (1011) 0	16.95 (1017) 0	16.97 (1054) 0	16.90 (1103) 0	16.92 (1154) 0	16.92 (1156) 1	16.96 (1175) 0	16.95 (1226) 0
APR 12	16.91 (689) 1	16.93 (715) 1	16.89 (735) 0	16.91 (744) 0	16.92 (788) 0	16.90 (824) 0	16.88 (856) 2	16.90 (862) 1	16.94 (891) 0	16.92 (909) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUL 11	20.51 (710) 0	20.33 (713) 0								
AUG 11	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0	19.98 (862) 0
SEP 11	19.45 (715) 0	19.45 (705) 0	19.45 (705) 10	19.45 (705) 0	19.10 (705) 0	19.10 (705) 0	19.10 (705) 0	19.10 (705) 0	19.10 (705) 0	19.45 (706) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUL 11	204.00 (721) 0	203.04 (805) 0								
AUG 11	209.00 (941) 0	209.00 (941) 0	209.00 (941) 0	206.50 (940) 1	204.03 (939) 1	203.98 (939) 1	203.98 (939) 0	203.98 (939) 0	203.98 (939) 0	204.00 (939) 1
SEP 11	208.00 (819) 4	207.50 (819) 0	206.50 (819) 0	203.00 (820) 2	202.50 (820) 0	198.00 (817) 14	200.00 (815) 5	201.00 (815) 0	205.00 (815) 2	205.00 (815) 0
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JUL 11	162.00 (441) 0	161.59 (441) 0								
AUG 11	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0	155.00 (437) 0
SEP 11	148.53 (333) 0	148.53 (333) 0	148.53 (333) 0	148.53 (333) 0	147.00 (332) 0	147.00 (332) 0	147.00 (332) 0	147.00 (332) 0	147.00 (332) 0	149.00 (334) 0
CME - WHEY (Electronic-Traded)										
JUL 11	55.00 (188) 0	54.94 (188) 0								
AUG 11	56.50 (202) 0	57.00 (202) 1	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0	57.00 (202) 0
SEP 11	55.73 (204) 15	56.50 (205) 6	56.50 (205) 4	56.50 (205) 0	55.75 (212) 7	53.25 (214) 3	54.35 (216) 3	54.00 (220) 4	54.75 (221) 1	54.43 (225) 4
CME - CHEESE CSC (Electronic-Traded)										
JUL 11	2.12 (245) 0	2.12 (226) 0								
AUG 11	2.11 (325) 0	2.12 (326) 3	2.12 (329) 0	2.13 (329) 1	2.14 (330) 5	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0
SEP 11	2.00 (309) 0	2.00 (310) 2	2.00 (310) 0	1.99 (311) 2	1.97 (316) 8	1.91 (322) 11	1.92 (324) 9	1.93 (337) 17	1.94 (337) 0	1.87 (351) 18
OCT 11	1.92 (322) 9	1.91 (323) 1	1.90 (323) 0	1.87 (322) 1	1.86 (323) 1	1.83 (323) 0	1.85 (330) 14	1.87 (351) 27	1.85 (373) 26	1.80 (391) 21
NOV 11	1.86 (366) 9	1.84 (366) 4	1.84 (366) 0	1.84 (366) 1	1.83 (366) 0	1.81 (366) 0	1.81 (376) 13	1.82 (378) 2	1.82 (382) 7	1.79 (395) 18
DEC 11	1.77 (341) 13	1.77 (341) 1	1.76 (353) 16	1.76 (350) 3	1.76 (350) 0	1.76 (357) 8	1.78 (358) 10	1.79 (358) 3	1.78 (367) 15	1.77 (375) 10

^{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.

JULY MILK PRODUCTION

Milk production in the 23 major States during July totaled 15.4 billion pounds, up 0.8 percent from July 2010. June revised production at 15.4 billion pounds, was up 1.3 percent from June 2010. The June revision represented a decrease of 5 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,824 pounds for July, 5 pounds below July 2010.

The number of milk cows on farms in the 23 major States was 8.47 million head, 93,000 head more than July 2010, and 8,000 head more than June 2011.

JULY 2011 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2010	2011	2010	2011	2010	2011	% CHANGE FROM 2010
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	179	186	1,870	1,885	335	351	4.8
CA	1,753	1,775	1,940	2,000	3,401	3,550	4.4
CO	119	128	2,050	2,015	244	258	5.7
FL	115	120	1,530	1,580	176	190	8.0
ID	569	582	2,000	2,050	1,138	1,193	4.8
IL	101	98	1,575	1,540	159	151	-5.0
IN	169	170	1,730	1,695	292	288	-1.4
IA	209	200	1,760	1,710	368	342	-7.1
KS	120	124	1,760	1,765	211	219	3.8
MI	359	367	2,020	1,945	725	714	-1.5
MN	470	471	1,675	1,560	787	735	-6.6
MO	100	96	1,190	1,140	119	109	-8.4
NM	324	330	2,095	2,105	679	695	2.4
NY	611	610	1,790	1,790	1,094	1,092	-0.2
OH	270	266	1,640	1,560	443	415	-6.3
OR	120	123	1,730	1,770	208	218	4.8
PA	541	540	1,680	1,630	909	880	-3.2
TX	415	435	1,775	1,835	737	798	8.3
UT	85	88	1,860	1,840	158	162	2.5
VT	136	134	1,550	1,600	211	214	1.4
VA	95	96	1,505	1,440	143	138	-3.5
WA	252	265	2,030	2,060	512	546	6.6
WI	1,263	1,264	1,795	1,730	2,267	2,187	-3.5
23 STATE TOTAL	8,375	8,468	1,829	1,824	15,316	15,445	0.8

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

2/ Excludes milk sucked by calves.

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

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

In May 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.58 per cwt., down \$0.08 from the previous month average, and up \$4.50 from May 2010. The component tests of producer milk in April 2011 were: butterfat, 3.65%; protein, 3.04%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased from the previous month in 11 Federal milk order reporting areas and increased in 8 Federal milk order areas. Mailbox prices in May 2011 ranged from \$22.25 in Florida to \$18.09 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	May 2010	April 2011	May 2011
	Dollars per hundredweight		
New England States <u>3/</u>	16.23	21.10	21.26
New York	15.22	19.91	19.99
Eastern Pennsylvania <u>4/</u>	15.84	20.66	20.79
Appalachian States <u>5/</u>	16.26	21.41	21.39
Southeast States <u>6/</u>	16.36	21.29	21.35
Southern Missouri <u>7/</u>	14.40	19.38	19.31
Florida	17.50	22.06	22.25
Western Pennsylvania <u>8/</u>	16.20	20.69	20.62
Ohio	16.26	20.73	20.64
Indiana	15.44	20.25	20.14
Michigan	15.50	19.90	19.86
Wisconsin	14.71	18.99	18.64
Minnesota	14.50	18.66	18.86
Iowa	15.22	19.75	19.53
Illinois	15.11	20.10	19.69
Corn Belt States <u>9/</u>	14.61	19.46	19.23
Western Texas <u>10/</u>	14.37	19.08	19.09
New Mexico	13.50	18.08	18.09
Northwest States <u>11/</u>	14.66	19.24	19.11
All Federal Order Areas <u>12/</u>	15.08	19.66	19.58
California <u>13/</u>	13.25	17.51	17.72

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

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, JULY 2011

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During July, more than 10.7 billion pounds of milk were received from producers. This volume of milk is 0.3 percent higher than the July 2010 volume. In July 2011 and July 2010, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.3 billion pounds of producer milk were used in Class I products, 6.6 percent lower than the previous year with decreases in all Federal Milk Order Marketing areas. Calendar composition likely had a negative impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 31% (a new record low), Class II = 13%, Class III = 45% and Class IV = 11%. The weighted average statistical uniform price was \$22.19 per cwt., \$1.15 higher than last month and \$6.00 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2011										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	1,995.8	-4.8	772.8	-9.1	39	25	25	11	22.76
Appalachian (Charlotte)	005	499.4	3.1	331.5	-0.2	67	16	8	9	23.35
Florida (Tampa)	006	222.0	-1.1	188.3	-6.7	85	9	0	6	25.44
Southeast (Atlanta)	007	543.1	-1.6	347.9	-6.8	64	9	11	16	23.69
Upper Midwest (Chicago)	030 3/	2,827.8	-3.0	320.9	-9.7	11	4	83	2	21.60
Central (Kansas City)	032 3/	1,229.5	9.7	330.5	-7.3	27	14	43	16	21.60
Mideast (Cleveland)	033 3/	1,400.0	9.6	474.2	-6.8	34	19	38	9	21.91
Pacific Northwest (Seattle)	124	734.0	7.0	172.0	-4.6	23	6	41	30	21.34
Southwest (Dallas)	126	922.8	-7.7	324.8	-5.4	35	10	43	12	22.56
Arizona (Phoenix)	131	353.8	4.7	110.1	-1.7	31	8	27	34	21.58
ALL MARKET AVERAGE OR TOTAL	3/	10,728.2	0.3	3,373.1	-6.6	31	13	45	11	22.19

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

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

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 125 million pounds of milk that normally would have been associated with these markets. In July 2010, the estimated not pooled volume of milk was 401 million pounds, occurring in order numbers 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is +2.2%.

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for September 2011 is \$21.78 per cwt. This price is derived from the Class III skim milk pricing factor of \$14.16 and the advanced butterfat pricing factor of \$2.3175. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to August 2011, the Class I base price increased \$0.35 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.33 per cwt., \$0.028 per gallon; reduced fat milk (2%), \$0.24 per cwt., \$0.021 per gallon; fat-free (skim milk), \$0.15 per cwt., \$0.013 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$12.59. Thus, the Class II skim milk price for September is \$13.29 per cwt., and the Class II nonfat solids price is \$1.4767. **Product Price Averages.** The two-week product price averages for September are: butter \$2.0852, nonfat dry milk \$1.5804, cheese \$2.1529, and dry whey \$0.5639.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/}				
September 2011				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	25.03	17.41	2.3500
Appalachian (Charlotte) ^{5/ 6/}	005	25.18	17.56	2.3515
Southeast (Atlanta) ^{6/ 7/}	007	25.58	17.96	2.3555
Florida (Tampa) ^{6/ 8/}	006	27.18	19.56	2.3715
Midwest (Cleveland) ^{9/}	033	23.78	16.16	2.3375
Upper Midwest (Chicago) ^{10/}	030	23.58	15.96	2.3355
Central (Kansas City) ^{11/}	032	23.78	16.16	2.3375
Southwest (Dallas) ^{12/}	126	24.78	17.16	2.3475
Arizona (Phoenix)	131	24.13	16.51	2.3410
Pacific Northwest (Seattle) ^{13/}	124	23.68	16.06	2.3365
All-Market Average		24.67	17.05	2.3464

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. ^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55. ^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

JUNE FLUID MILK SALES

During June, over 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6 percent lower than June 2010. After adjusting for calendar composition, sales in June 2011 were 1.3 percent lower than June 2010. Estimated sales of total conventional fluid milk products decreased 2.1 percent from June 2010 and estimated sales of total organic fluid milk products increased 10.4 percent from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,106	6,801	-2.4	-2.9
Flavored Whole Milk	41	262	-4.0	-3.8
Reduced Fat Milk (2%)	1,459	9,027	-0.6	-2.0
Low Fat Milk (1%)	526	3,510	-1.0	-0.4
Fat-Free Milk (Skim)	611	3,882	-3.1	-3.4
Flavored Fat-Reduced Milk	174	2,015	-9.2	-0.9
Buttermilk	38	234	0.1	1.4
Total Conventional Milk Products 5/	3,956	25,750	-2.1	-2.2
Organic Whole Milk	39	246	14.0	23.7
Organic Reduced Fat Milk	46	286	3/	3/
Organic Low Fat Milk	35	203	3/	3/
Organic Fat-Free Milk (Skim)	37	232	3/	3/
Organic Flavored Milk	6	49	3/	3/
Organic Fat-Reduced Milk 4/	124	771	9.3	18.8
Total Organic Milk Products	163	1,017	10.4	20.0
Total Fluid Milk Products 5/	4,120	26,767	-1.6	-1.6
Total Fluid Milk Products Adjusted 5/ 6/	4,129	26,816	-1.3	-1.4

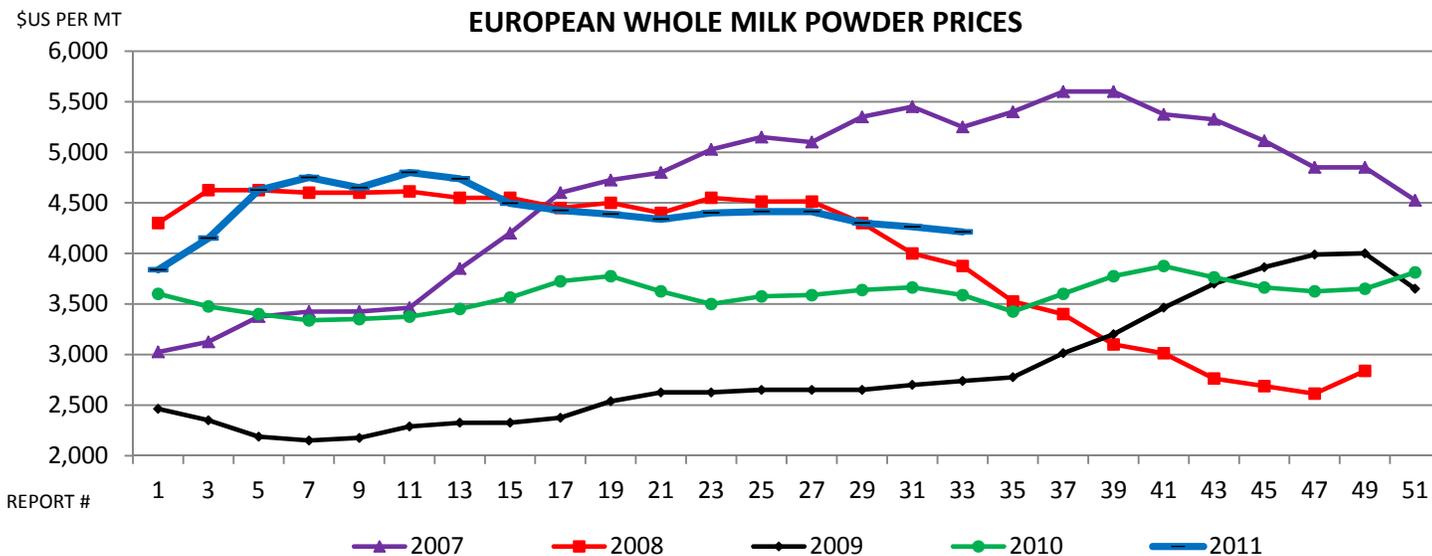
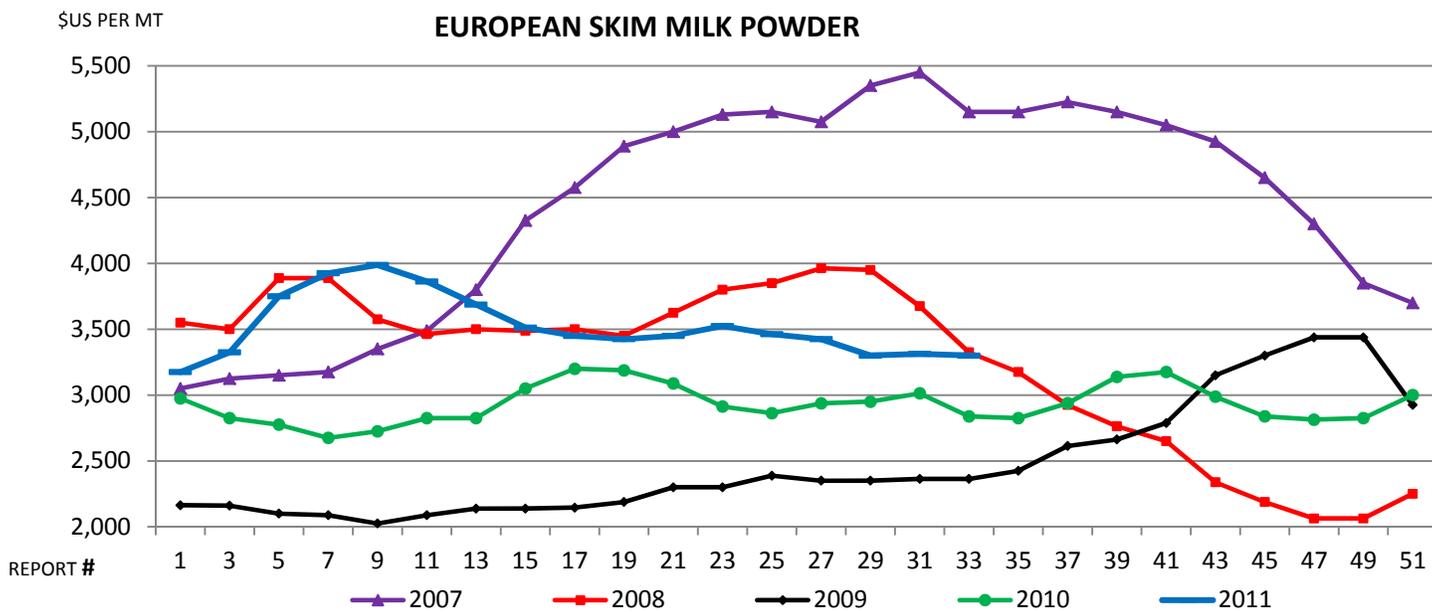
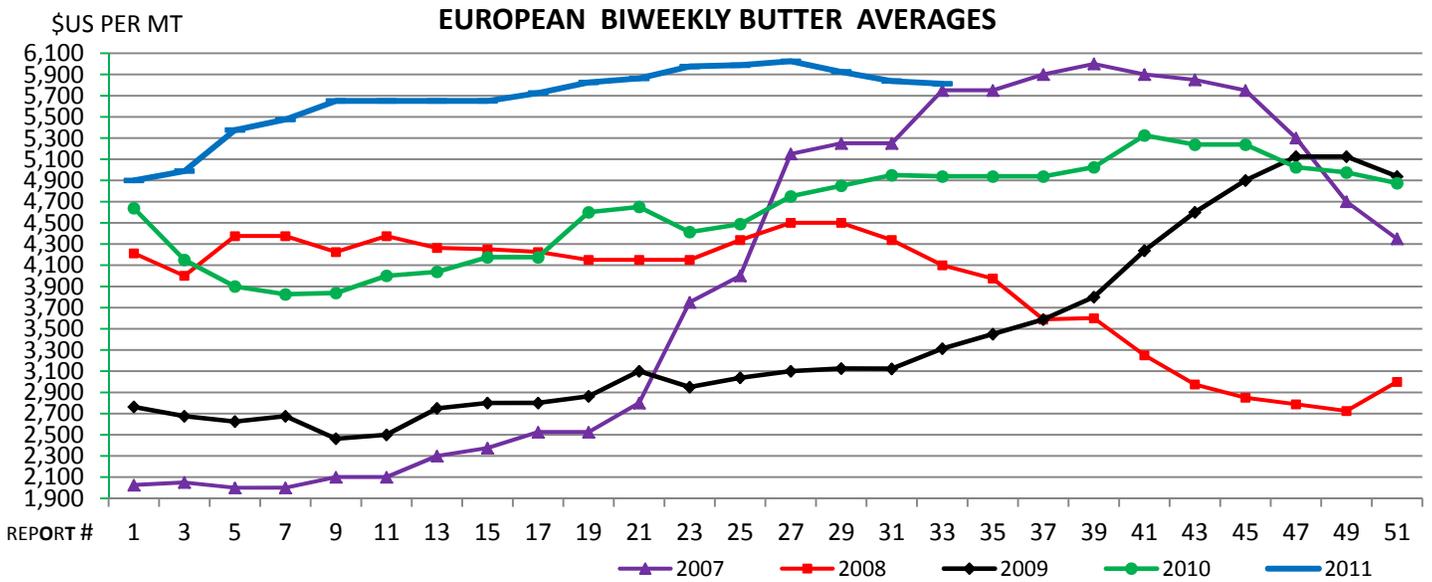
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 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>

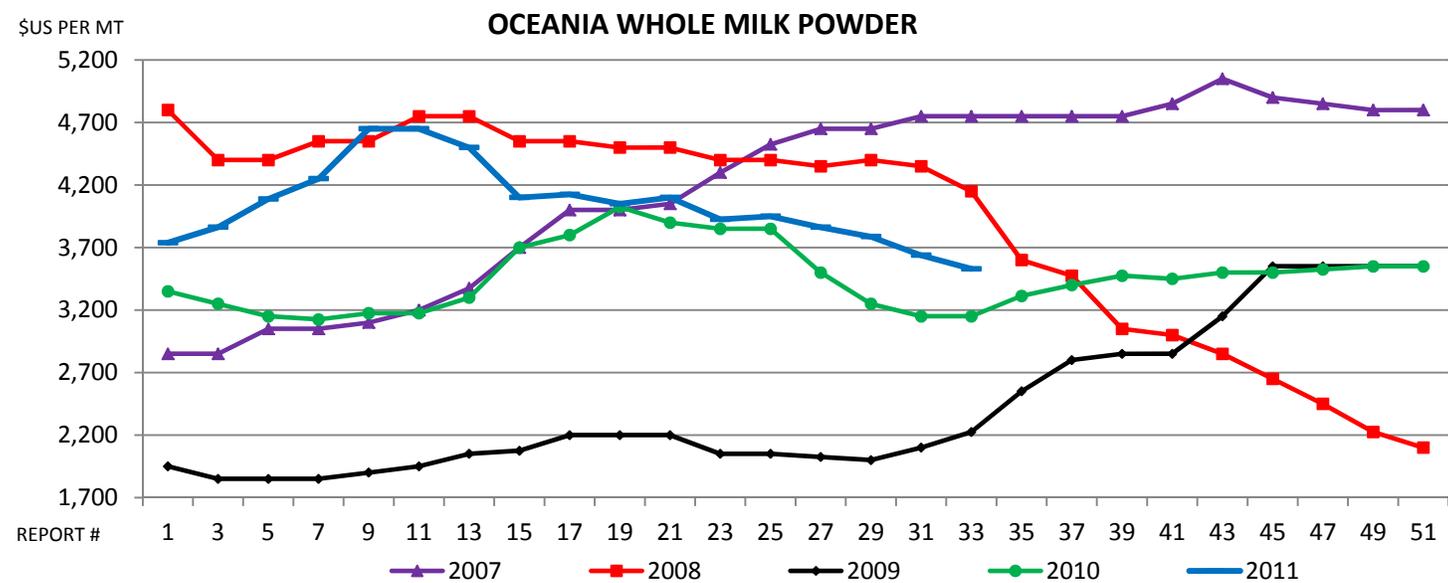
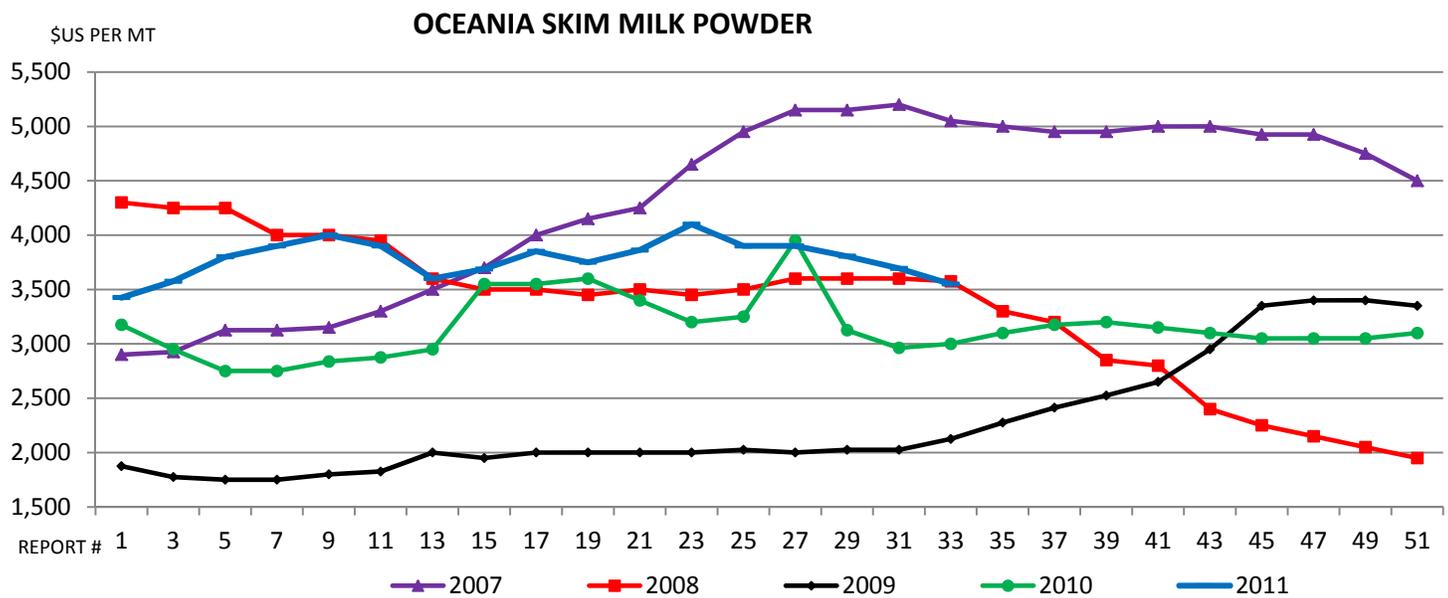
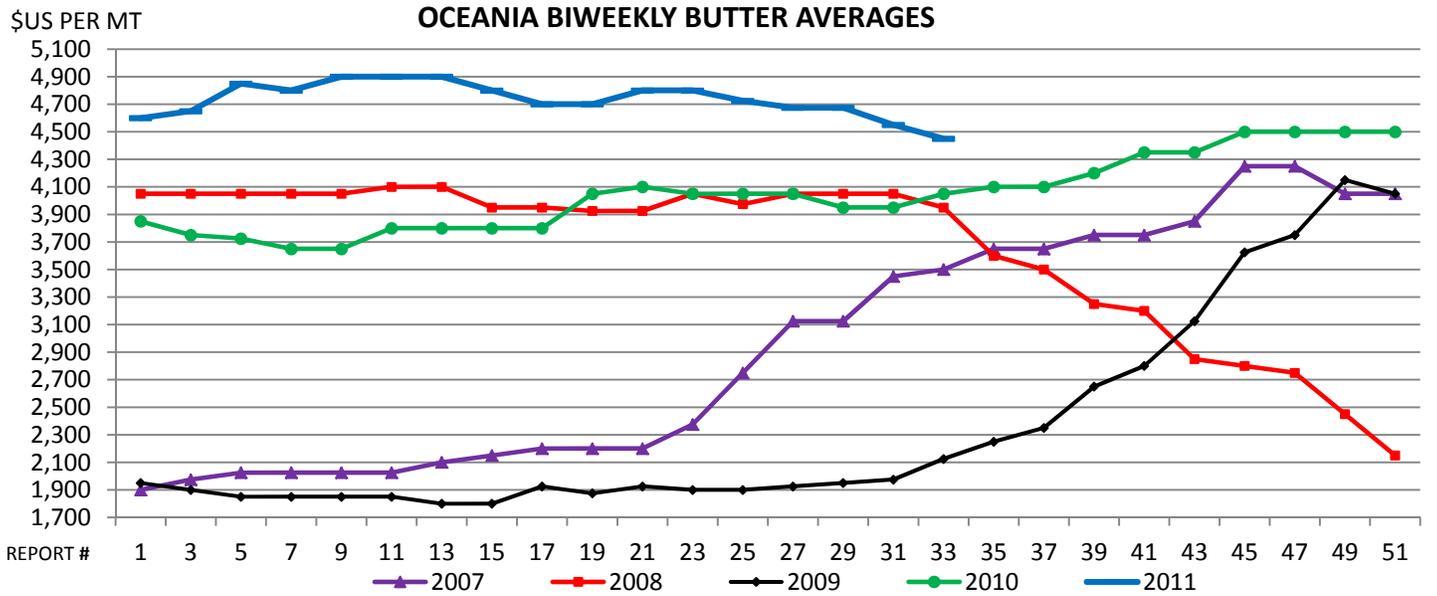
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JUNE 2011, WITH COMPARISONS 1/

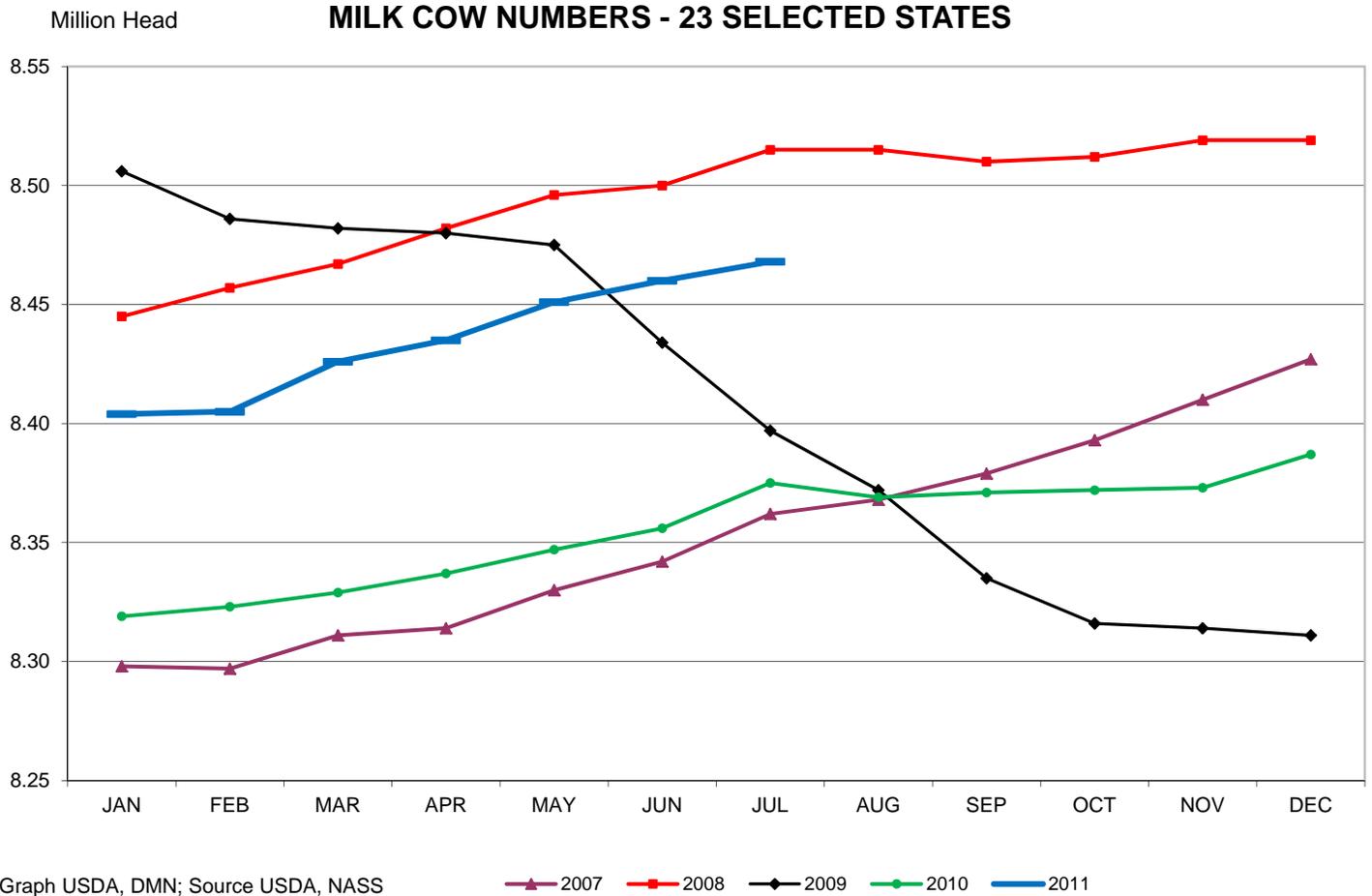
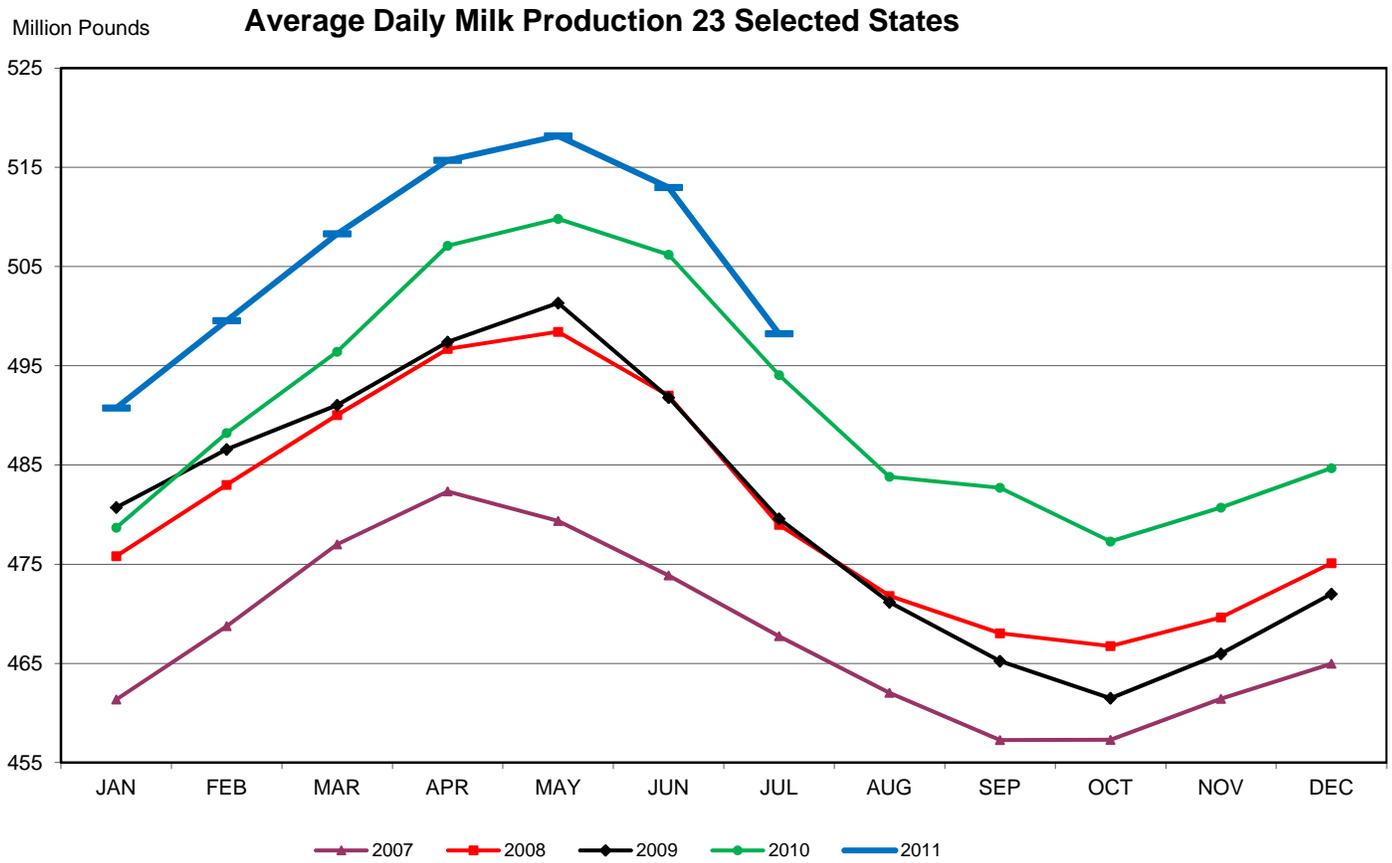
Area (Order Number)	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	712	4,526	-2.9	-2.1
Appalachian (005)	273	1,776	-2.3	-1.3
Southeast (007)	371	2,436	-1.0	-1.9
Florida (006)	223	1,462	-0.7	-2.4
Mideast (033)	448	2,976	-0.8	-2.3
Upper Midwest (030)	323	2,119	-2.6	-1.4
Central (032)	339	2,245	0.1	-0.3
Southwest (126)	388	2,227	-0.4	-0.2
Arizona (131)	87	587	-2.0	-0.5
Pacific Northwest (124)	173	1,103	-1.5	0.0
California (---)	501	3,169	-2.4	-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.

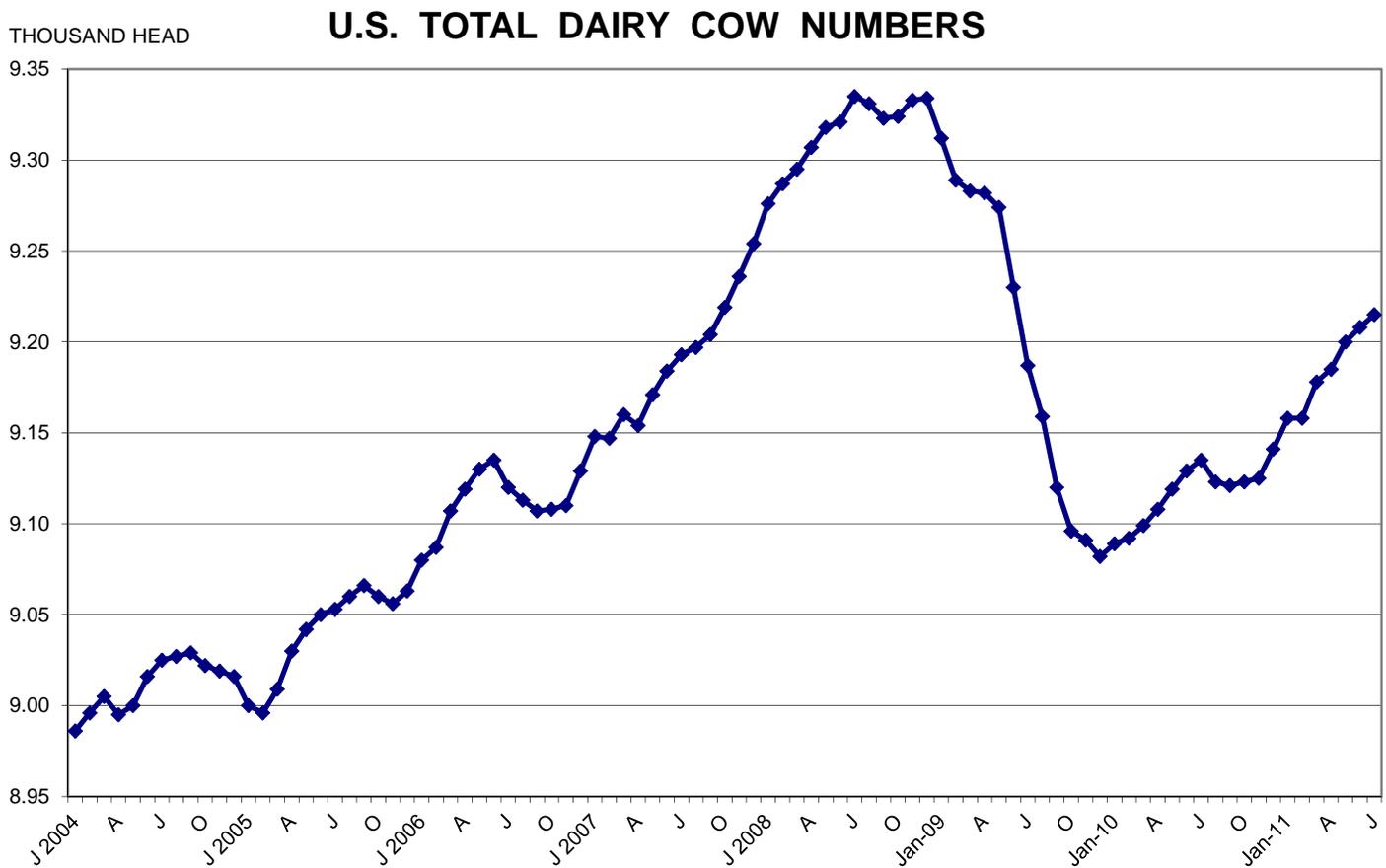
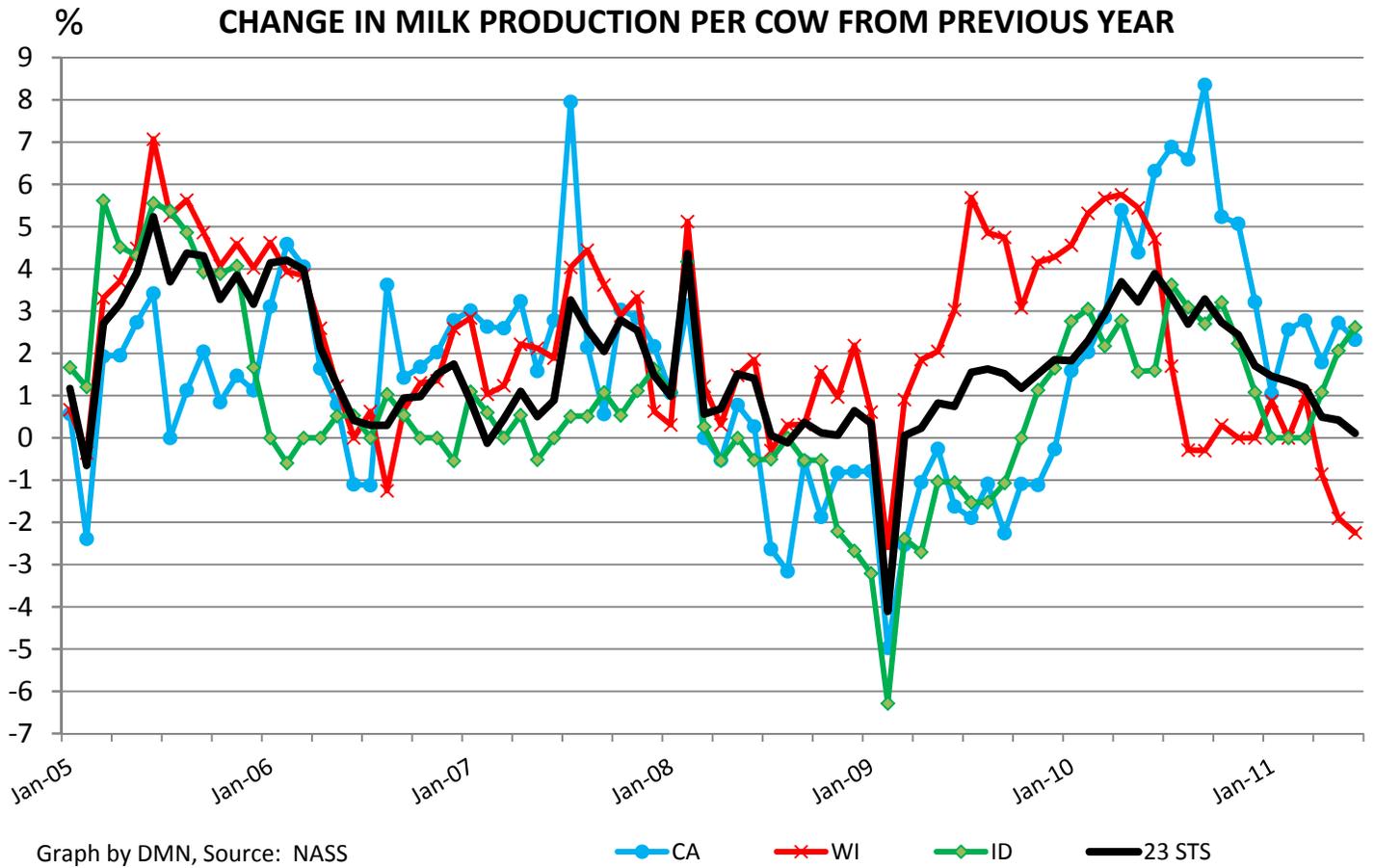
Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, June 2011.





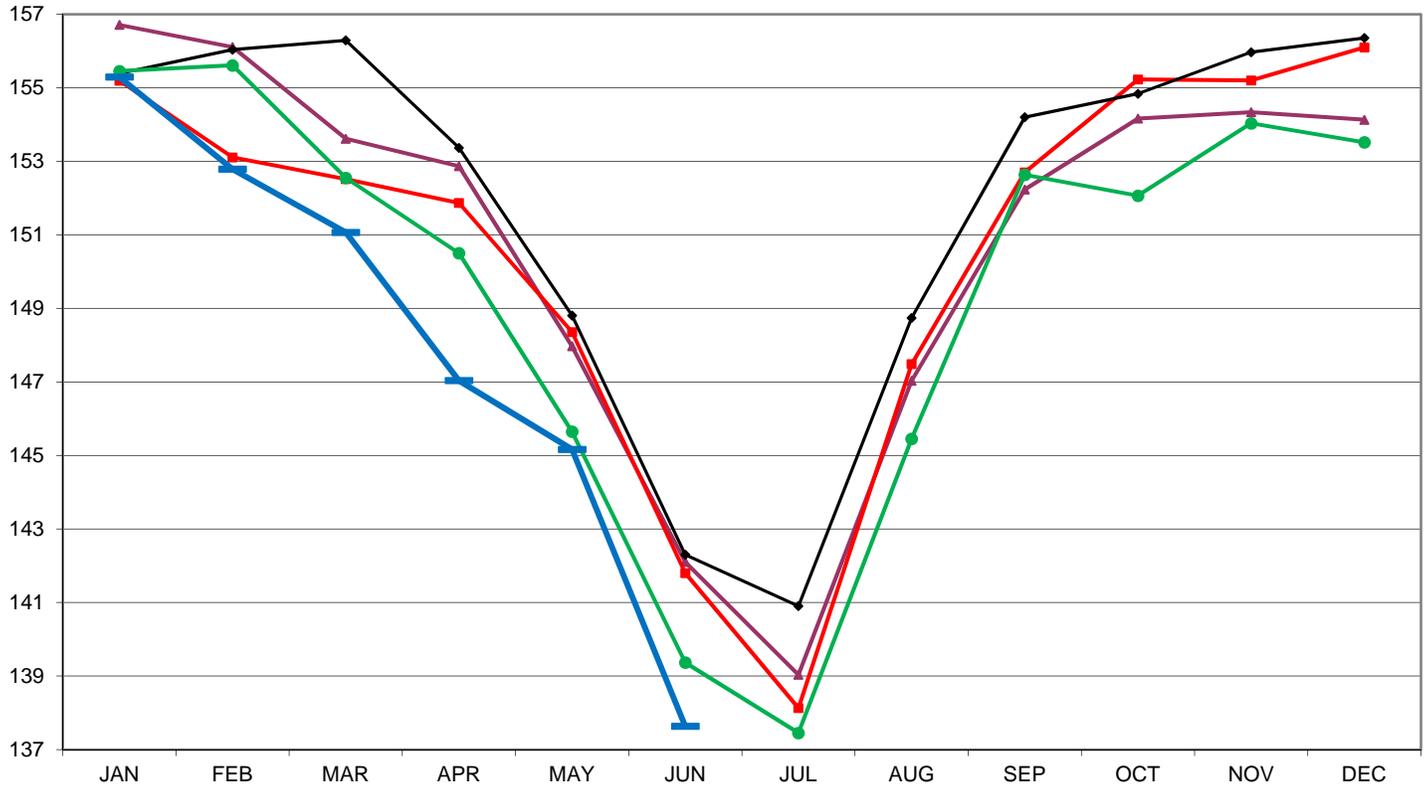


Graph USDA, DMN; Source USDA, NASS



ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

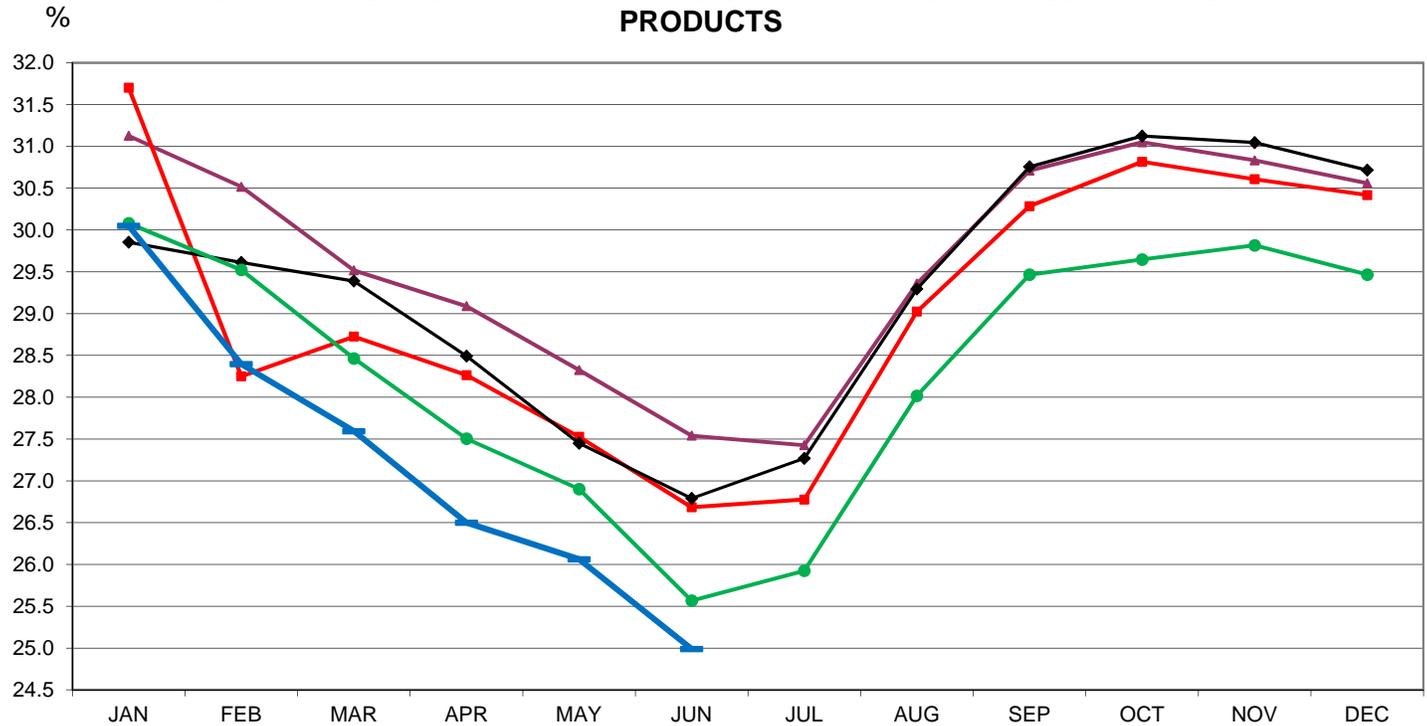
MILLION POUNDS



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

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