

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (09/02):**

BUTTER: Grade AA closed at \$2.0050. The weekly average for Grade AA is \$2.0695 (-.0220).

CHEESE: Barrels closed at \$1.7600 and 40# blocks at \$1.7900. The weekly average for barrels is \$1.7275 (-.0235) and blocks, \$1.7900 (N.C.).

BUTTER HIGHLIGHTS: The CME cash butter price dropped 6 1/2 cents on Friday to close the week at \$2.0050, the lowest cash price since mid-May and the largest 1 day decline since March. Churning activity across the country is generally heavier as cream volumes available to churns builds. Increasing volumes of standardized cream and diversions from Class II operations are the two main reasons for more cream entering the churn. The upcoming Labor Day holiday weekend is also providing additional cream offerings. Already last week, some cream suppliers were seeking processing capacity for anticipated heavier cream volumes this weekend. Some cream buyers did take advantage of the offerings at that time, while others are waiting to see what volumes and prices will be as time gets closer to the holiday weekend. Butter producers that were holding off with additional cream purchases are hopeful that the drop in the cash butter price at the CME on Friday will be favorable for them with their spot cream purchases. Butter orders for fall and the yearend holiday season are arriving and are slightly ahead of typical schedules. Although the Labor Day holiday has not yet occurred, some suppliers do indicate that buyers appear to be more aggressive with their inquiries and subsequent purchases than in recent years. Many feel that buyer aggressiveness is being attributed to potential supply shortages during the next 3 - 4 months and are taking a pro-active approach. According to NASS, July butter production was 21.6% heavier than last July, but 3.9% lighter than June 2011.

CHEESE HIGHLIGHTS: The cheese market is unsettled though showing some signs of a slight recovery in prices. The barrel/block spread is getting more in line with traditional levels. The August CME Group barrel average is \$1.9571, down 15.53 cents from July. The August block average is \$1.9725, a decrease of 14.25 cents from July. For buyers priced on monthly averages, this may aid sales in the short term even though the buyers on a weekly average will be priced lower. The August Class III price is \$21.67, an unprofitable month for most cheese plants operated under Federal Orders. With bottlers building supplies for the reopening of remaining schools over the holiday weekend, less surplus milk will be available for manufacturing. Cheese production is generally steady.

FLUID MILK: Hurricane Irene caused flooding and power outages over the Mid-Atlantic and Northeast regions, but the most significant damage occurred in New England as 6-12 inches of rain caused severe flooding from eastern New York to southern Maine. The full impact of the damage and losses to milk production and dairy manufacturing caused by Irene has yet to be felt or fully assessed. Milk production in the Southeast and Florida are

mostly steady at reduced levels. Milk intakes in the Midwest are fairly steady. California and New Mexico milk production is steady to lower with Arizona trending lower. Milk production in the Pacific Northwest is at expected volumes, while Utah and Idaho milk supplies are above year ago levels. Class I orders are fair to good to fill needs for schools starting/resuming schedules in September. Cream markets are unsettled to weak. Cream demand ahead of the holiday weekend has slowed and buying interest is light. Cream volumes moving to churns to clear loads is expected to increase over the holiday period.

DRY PRODUCTS: Prices for low/medium heat nonfat dry milk declined in the Central and Eastern regions, while trending slightly lower in the West. High heat prices moved lower in the West and held steady in other regions. Nonfat dry milk production in the East increased slightly as some manufacturers cleared their milk supplies through dryers ahead of hurricane Irene. The impact to dairy manufacturing, caused by Irene, has yet to be fully determined. Drying is active in the rest of the country as milk intakes increase seasonally. Buying interest is lower ahead of the holiday weekend. Dry buttermilk prices moved lower and the market tone remains weak. Drying schedules are expected to be higher over the holiday weekend. Stock levels are moderate to heavy and steadily increasing. Dry whey prices continue to show strength with prices increasing. Tight spot supplies and good demand are combining to keep the market on an upward path. Increased milk supplies over the holiday should help increase available whey supplies. Whey protein concentrate 34% prices have decreased and the overall market tone is weakening. Lactose prices are mostly unchanged and inventories are tight. Shipping timelines for contracted loads have improved over recent weeks.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Weather conditions throughout most of Europe have been quite mild for much of the current milk production season. Outside of dry conditions earlier this summer, milk producers and handlers are indicating that the season has been quite favorable for milk output. Last year, temperatures were hot with temperatures this year being more tolerable and in instances, cooler than usual. Milk producers are indicating that in recent weeks, wetter than usual conditions have prevailed in many areas of Europe. For the season thus far, overall milk volumes are generally running heavier than a year ago. As milk volumes seasonally decline, most manufacturing facilities are able to maintain steady production schedules. Stocks of European manufactured dairy products are generally available for both domestic and international buyer interest. Sales activity has remained quite good from both domestic and international buyers. Traders and handlers were quite surprised at the level of sales activity in recent weeks, especially with the summer vacation season and Ramadan occurring. Traders are indicating that skim milk powder is moving both domestically and internationally, but state that whole milk powder sales are more limited, probably due to price. Traders do feel that now that the

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

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 29	TUESDAY AUG 30	WEDNESDAY AUG 31	THURSDAY SEP 01	FRIDAY SEP 02	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7075 (-.0150)	\$1.7050 (-.0025)	\$1.7300 (+.0250)	\$1.7350 (+.0050)	\$1.7600 (+.0250)	:: :: (+.0375)	:: :: \$1.7275 :: (-.0235)
40# BLOCKS	\$1.7900 (N.C.)	\$1.7900 (N.C.)	\$1.7900 (N.C.)	\$1.7900 (N.C.)	\$1.7900 (N.C.)	:: :: (N.C.)	:: :: \$1.7900 :: (N.C.)
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	\$2.0925 (N.C.)	\$2.0900 (-.0025)	\$2.0900 (N.C.)	\$2.0700 (-.0200)	\$2.0050 (-.0650)	:: :: (-.0875)	:: :: \$2.0695 :: (-.0220)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

summer vacations season is coming to a close and Ramadan is over, more buyers will be returning to the marketplace for upcoming fall and winter needs. At the August 25th Dairy Management Committee meeting, no significant dairy issues were addressed or adjusted. The open season for the Private Storage Aid (PSA) scheme for butter is now closed. This program has been open since March 1 and closed in August. Through August 21, nearly 106,000 MT of butter have entered this program, compared to about 94,000 last year. During the open season in 2009, nearly 170,400 MT of butter entered the PSA program. Some of the early offerings into the current program are now eligible for release. Early spring weather patterns are being reported in the **Oceania** region. The snow storm in New Zealand a few weeks ago is history and weather patterns are showing more signs of spring versus late winter. Most milk producers and handlers indicate that the snowfall did little to negatively impact the dairy industry other than disruptions in farm pickups during the early days of the snowfall. In Australia, late winter/early spring conditions are being reported, although some areas of Victoria remain wet and soggy. Milk production trends remain in line with recent projections, New Zealand 2 - 4% higher with Australia in the 1 - 2% increase range. A favorable end to the most recent production season in Oceania is causing producers in Australia and New Zealand to consider expansions. Australian milk producers are indicating that milk production growth during the upcoming year will be restrained by herd growth, but anticipate that production will potentially be more noticeable in the 2012 - 2013 year. Having experienced a number of years of negative or minimal growth, it will take a number of years to turn this trend around, especially for Australian producers. Milk production is now on the increase in New Zealand and increasing slowly in Australia. Milk producers and handlers are very optimistic about the upcoming season and generally favorable early spring conditions are helping with their outlook. With the g/DT trading event occurring twice a month, a three week pause is occurring at the present time before the next event on Tuesday, 6 September. Traders and handlers have mixed opinions on what direction price will trend. Some feel that weakness will continue, while others indicate that the recent weakening trend will cease and possibly prices will firm.

AUGUST AGRICULTURAL PRICE HIGHLIGHTS (NASS): The index of prices received by farmers for dairy products during the month of August 2011 was unchanged at 168. Compared with August 2010, the index was up 40 points (31.3%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2011 was unchanged at 204 from the previous month. Compared with August 2010, the index was up 22 points (12.1%).

CONSUMER PRICE INDEX (BLS): The July CPI for all food is 228.3, up 4.2% from July 2010. The dairy products index is 214.8, up 7.9% from a year ago. The following are the July to July changes for selected products: fresh whole milk is +10.2%; cheese, +8.1%; and butter, +21.0%.

OVER ORDER CHARGES ON PRODUCER MILK IN FMMOS (DAIRY PROGRAMS): For June 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.22, up \$0.08 from the May 2011 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.78 in the Pacific Northwest to \$3.30 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.19, also up \$0.08 from the May 2011 average. Eighty percent of the producer milk used in Class II carried an over-order charge.

SEPTEMBER CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the 2011 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$21.55 (+\$0.26), Class III \$21.67 (+\$0.28), and Class IV \$20.14 (-\$0.19). Product price averages used in computing Class prices are: butter \$2.0695, NDM \$1.5739, cheese \$2.1402, and dry whey \$0.5691. The Class II butterfat price is \$2.3055 and the Class III/IV butterfat price is \$2.2985. Further information may be found at: www.ams.usda.gov/AMSV1.0/PriceFormulas2011

JULY DAIRY PRODUCTS (NASS): Butter production was 135.2 million pounds in July, 21.6% above July 2010, but 3.9 below June 2011. American type cheese production totaled 352.0 million pounds, 4.3% below July 2010 and 3.5% below June 2011. Total Cheese output (excluding cottage cheese) was 859.5 million pounds, 2.0% below July 2010 and 4.0% below June 2011. Nonfat dry milk production, for human food, totaled 133.5 million pounds, 1.4% above July 2010, but 9.0% below June 2011. Dry whey production, for human food, was 78.6 million pounds, 5.6% below July 2010 and 2.5% below June 2011. Ice cream (hard) production totaled 73.2 million gallons, 4.7% below July 2010 and 2.6% below June 2011.

CME GROUP

MONDAY, AUGUST 29, 2011

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.7150, 1 @ \$1.7125, 1 @ \$1.7100, 1 @ \$1.7075; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, AUGUST 30, 2011

CHEESE -- SALES: 5 CARS BARRELS @ \$1.7050; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7025; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7900
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.0800, 1 @ \$2.0900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, AUGUST 31, 2011

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.7025, 3 @ \$1.7075; 3 CARS 40# BLOCKS @ \$1.7925; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7500; 1 CAR 40# BLOCKS @ \$1.7900
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$2.0900

THURSDAY, SEPTEMBER 1, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$1.7275; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7350; 1 CAR 40# BLOCKS @ \$1.7900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7500
 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 @ \$2.0700

FRIDAY, SEPTEMBER 2, 2011

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.7500, 2 @ \$1.7600; 1 CAR 40# BLOCKS @ \$1.7900; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7500; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.0050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0100

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$0.0025 Tuesday and closed at \$2.0900. The butter price has hovered within \$0.0025 of the \$2.0900 price for the last 11 trading sessions. Butter production continued to increase this week as a plant that was shut down for maintenance has resumed production and as another plant activated churns to take care of some extra supplies of cream. Current butter supplies are filling orders with some plants adding marginally to inventories. Butter orders for fall and the holiday season are beginning to arrive and are ahead of last year's schedule. Churning schedules are expected to be active through the upcoming holiday weekend as cream supplies are anticipated to be readily available. 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 eased slightly early in the week to settle at \$2.0900 at midweek. Churning activity in the Central part of the country continues to increase as available cream volumes build. Cream offerings are increasing as Class II cream based product production declines and standardized cream from milk bottling programs increases. Also with the approaching Labor Day holiday weekend, Class II operations are often looking at reducing production schedules, thus diverting cream volumes to other uses. Already last week, some cream suppliers were seeking processing capacity for anticipated heavier cream volumes this upcoming weekend. Some cream buyers did take advantage of the offerings at that time, while others are waiting to see what volumes and prices will be as time gets closer to the

holiday period. Butter producers are also speculating that following the holiday period, Class II operations will resume processing schedules, but anticipate that the cream flow through those operations will not be as strong as prior to the holiday weekend. If this is the case and cream prices are favorable, butter production will remain active. Butter demand is generally steady, although some retail orders are heavier with food service orders generally lighter. Both of these demand trends are typical for the end of the summer vacation season and the resumption of at home eating patterns and family activities. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Butter trading on the CME Group for Wednesday closed unchanged at \$2.0900. Trading for the week is light with only two loads changing hands as the market moved fractionally lower on Tuesday. Western butter prices are trading in a narrow range. The market is experiencing good domestic demand as buyers continue to buy for current needs. Retail grocery store demand is uneven depending on price, with club stores reporting strong sales. Some extra interest is being shown for increased orders for fall usage. Cream prices are weaker and churns are operating busy schedules to take advantage of the lower prices. The extra cream is coming from bottlers and lower usage from some Class II plants in advance of the holiday weekend. Stocks of butter are adequate, with some butter being pulled from inventory to fill current orders. 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 27	2.0929 10,745,531	2.0827 8,801,765	1.5698 15,177,375	2.0509 4,606,895	0.5794 6,231,464

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with blocks closing unchanged at \$1.7900, while barrels declined \$0.0025 and closed at \$1.7050. CME Group trading has been fairly active during the last 10 trading sessions with 47 loads of barrels and 15 loads of blocks transacted. Coming off of last week's CME Group weekly average price declines, wholesale prices for Process 5# Sliced cheese declined \$.2300, while Cheddar 40# Block and Muenster declined \$.1950. Swiss Cut prices were unchanged. The majority of destruction from hurricane Irene has been because of flooding with southern Vermont, New Hampshire, Maine and Eastern New York experiencing the greatest damage. Some power outages and milk shipment delays have caused some cheese production interruptions. Except for those areas hardest hit, cheese production is quickly recovering from the storm. Mozzarella production schedules have increased as most schools are scheduled to resume this week.

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

Cheddar 40# Block	:	2.1075-2.3825
Process 5# Sliced	:	1.8600-2.1700
Muenster	:	2.1275-2.3325
Grade A Swiss Cuts 10 - 14#	:	3.6425-3.9650

MIDWEST

Some unsettledness persists in the cheese market as buyers continue to hope for additional weakness while cheese plant operators deal with "red ink" on cheese produced in August when compared to the expected Class III milk price. Whether holiday related or not, current orders seem to be lighter than expected after the recent price decline and small rebound on the block price. The wide barrel/block spread is a concern for buyers though barrel and process interest usually eases commercially as Labor Day approaches and the summer vacation and travel season winds down. Many packagers and processors will operate on lighter schedules next week with at least a few on a shorter (4 day) schedule already this week. Interest from hard hit Eastern vacation locations is likely limited for the near term. Some improvement is noted in demand for aged hard Italian varieties. Depending on customer, some improvement is noted in mozzarella demand as schools/colleges reopen. Manufacturing milk availability is affected by school milk demand as remaining schools will resume after Labor Day. Milk intakes seem little changed from recent weeks and components are occasionally slightly improved.

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

Process American 5# Loaf	:	2.1100-2.6600
Brick And/Or Muenster 5#	:	2.3000-2.8000
Cheddar 40# Block	:	2.3000-2.8650
Monterey Jack 10#	:	2.2625-2.8650
Blue 5#	:	2.5550-3.4700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1350-2.9650
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
		:	
08/29/11	7,473	:	140,676
08/01/11	8,265	:	137,538
CHANGE	-792	:	3,138
% CHANGE	-10	:	2

WEST

Cheese prices on the CME Group exchange are rebounding from last Wednesday's recent low price. Wednesday's close for barrels was \$1.7300. Blocks on Wednesday closed at \$1.7900. The barrel market has recovered \$.0375 since last Wednesday. The block market is up \$.0600 from a week ago. Continuing last week's trend, sales of barrels are active with thirteen loads moving this week. Blocks had much lower trading levels with three loads sold for the week. Western wholesale cheese prices are sharply lower as prices have declined on the CME Group. Swiss prices are the exception as prices are tied to Class III formulas and will see some adjustments in the near future. Lower prices have increased buying interest as end users look to catch the market at or near the bottom. Export interest is also higher at current price levels, yet sales are slow to develop. CWT assistance to qualified coops is slowing as their budget nears the end of the fiscal year. Stocks of cheese are adequate to fulfill contract needs.

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

Process 5# Loaf	:	1.8775-2.1350
Cheddar 40# Block	:	1.9200-2.2725
Cheddar 10# Cuts	:	2.1000-2.3200
Monterey Jack 10#	:	2.1100-2.2700
Grade A Swiss Cuts 6 - 9#	:	3.2200-3.6500

FOREIGN

Wholesale prices suffered another significant decline, \$0.1950, for all domestic varieties with the exception of Swiss Cuts which were unchanged. Prices for imported varieties were unchanged. In the last four weeks, domestic wholesale prices, excluding Swiss cuts, have declined \$0.3675. The price reductions follow the declines in the weekly average price for CME Group block cheese. Hurricane Irene has caused milk delivery delays, cheese production interruptions and product shipping delays in the Northeast. Recent increases in domestic Swiss cheese prices have some Swiss cheese makers concerned that the higher prices may hamper future sales.

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

			NEW YORK	
VARIETY	:	IMPORTED	:	DOMESTIC
	:		:	
Blue	:	2.6400-5.0400	:	2.2475-3.7350*
Gorgonzola	:	3.6900-6.3900	:	2.7500-3.0100*
Parmesan (Italy)	:	-0-	:	3.3700-3.7800*
Provolone (Italy)	:	3.4400-6.3900	:	2.2900-2.4475*
Romano (Cows Milk)	:	-0-	:	3.4375-5.5800*
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-	:	3.7350-4.0575
Swiss Cuts Finnish	:	2.5900-2.8500	:	-0-

* = Price change.

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	64	0	51	0	0	0
SOUTHEAST STATES	0	0	0	0	90	0

Hurricane Irene dumped 6-12 inches of rain over New England causing severe flooding and power outages from eastern New York to southern Maine. Vermont's governor said his state was facing "a full blown flooding catastrophe". Many roads are closed due to wash outs, downed trees and/or bridges being damaged or destroyed. Some communities in the Northeast have been without power for over 96 hours. The full extent of the loss and damage inflicted by Irene on the region has yet to be determined. Manufacturing milk supplies were at near normal levels as the week began as many producers shipped prior to the storms arrival. Manufacturing milk supplies in the Mid-Atlantic region were above expectations as Class I demand was not fully realized due to many schools delaying openings in response to the approach of hurricane Irene. Some flooding in Virginia and power outages along the Eastern seaboard were experienced because of the storm, but disruptions to dairy producers and manufacturers in the region were relatively minor. Manufacturing plant managers are anticipating increased volumes over the upcoming holiday weekend and strong Class I pulls next week as schools resume. Milk production remains at reduced levels in Florida as producers dry off cows prior to calving. Class I pulls remain strong. Temperatures are beginning to moderate in central and northern areas of the state. Forecasters are keeping a wary eye on another tropical storm system in the Atlantic heading towards Florida. Milk production in the Southeast region is increasing slightly as temperatures have moderated and as some producers are adding to their herds. Class I pulls are leveling off with most schools back in session. Temperature issues continue to be a problem for long hauls. Numerous manufacturing plants ran their cream inventories down prior to the approach of hurricane Irene. Increased volumes of standardized cream from Class I plants added to the overall cream supplies this week. Demand for cream was fairly good early in the week, but declined with the approach of the upcoming holiday weekend as some ice cream manufacturers are shutting down a day or two early. Multiples ranged from 128-138 with bottled cream manufacturers, needing low DMC and rBST free cream, supporting the upper end of the range. Condensed skim milk supplies are about even with the previous weeks volumes as Class I pulls are not at anticipated levels due to hurricane Irene. Demand for condensed skim is declining ahead of the holiday. Supplies are moving through contracts with very limited spot sales activity, resulting in marginal volume increases going to Class IV manufacturing.

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 -	2.6771-2.8863
F.O.B. producing plants: Upper Midwest -	2.5830-2.8444

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.63 - 1.68
Northeast - Class III - spot prices -	1.70 - 1.75

MIDWEST

Orders for Class I milk are steady to higher with most bottlers maintaining some type of schedule during the holiday weekend to build stocks of school milk packages for the last schools to reopen. At least

one large bottler started using more NDM in some products and less condensed skim this week. Orders are often improved for high fat products such as dips and sour cream for holiday weekend activities. More cream is expected to clear to churns over the holiday weekend, as most ice cream and cream cheese operations will be down an extra day or two around the holiday. Cream multiples are lower as alternative buyers are fewer. Cream volumes are larger between some rebound in fat levels in milk intakes and larger volumes of standardized cream from bottlers as school volumes increase. Manufacturing milk volume remains limited though reported prices are steady to fractionally lower for the upcoming holiday weekend. Some plant operators are trying to delay production of some orders until September in the hope of less red ink from cheese production versus the August Class III milk price. A small price reduction was reported in late August manufacturing milk sales with a rebound for September sales delivered before the holiday weekend. For some handlers, milk availability is the issue with some buyers just not able to acquire needed volumes in the upper Midwest. Current milk intakes are fairly steady with a small rebound in fat test but little change reported in protein levels. Just a few cornfields have been chopped in Wisconsin, mainly just on lighter soils. Some soybean leaves are already yellow. Some later cutting alfalfa is also being put up. With higher hay prices and demand, chancing a late cutting before the killing frost could cause more fields to be harvested in September. The winter feed supply will be pricey to obtain, particularly in and near the hard hit drought areas.

WEST

CALIFORNIA milk production continues to trend steady to lower with total intakes above year ago levels across all areas. Some parts of the state had a bit of hot weather last week, which caused a slight dip in milk output. The upcoming Labor Day weekend is not expected to tax plant capacity. Some smaller plants are taking additional time off around the holiday and are pushing that milk back. Class I orders are fair to good to fill in needs for schools starting/resuming schedules in September. Other retail orders are fair to improved where buyers readjust to school year, home eating patterns. At the farm level, feed costs and availability are major concerns for the dairy producers in the state. Corn, soybean and hay prices have moved sharply higher and the supply of dairy quality hay is limited. There is competition with exporters for available hay supplies. Hot weather conditions continue to be the big story across the milk producing areas of ARIZONA. Daytime high temperatures over 110 degrees and warm nighttime temperatures continue to stress the milk cows. Milk production is trending lower. Processing plants are running on reduced schedules to match the milk intakes. Class I sales have leveled off. NEW MEXICO milk production is steady to trending lower. Weather conditions remain hot and are causing milk per cow to be suppressed. In addition, feed costs are hampering any gains in milk production as producers assess rations in attempts to limit input costs. Processing plants continue to run on active schedules and levels remain above projections and expectations. The holiday weekend will likely push more milk to those plants. Milk exports to other regions have been slow to take place this year. CREAM markets are unsettled to weak. Cream demand ahead of the holiday weekend has slowed. Buying interest is light to very light and cream is projected to move into butter churns to clear loads. Trucking cream long distances around the holiday is proving to be challenging. Demand from ice cream producers has slowed seasonally and there are only limited increases in production of other cream based products. The CME butter price closed at \$2.0900 on Wednesday, August 31, down 0.25 cents from a week ago. Cream multiples are

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FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

under pressure and trade from 110-123, varying on class usage and basing point. Milk production in the PACIFIC NORTHWEST is following expected volumes as good weather continues in the region. Local milk supplies are reported to be more manageable as schools resume and bottlers are taking more fluid milk. The upcoming holiday weekend will add to manufacturing supplies, but processors are prepared for the temporary additional volumes. High milk prices are welcomed by milk producers, yet feed costs and availability are worrisome to many dairies. UTAH and IDAHO milk supplies are above year ago levels. Good weather and increased herd numbers have raised manufacturing milk volumes. Increased interest from cheese producers is helping to clear milk within the region. Most milk supplies are expected to be handled locally for the holiday weekend. Crops in the region are catching up from the late start of the growing season. Corn is reported to be good. The greatest concern to dairies is availability of alfalfa and the corresponding high prices. According to the NASS Agricultural Prices report for August, mid-month U.S. prices for baled alfalfa hay were \$191/ton, \$73/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$220, +\$100; California \$232, +\$114; Colorado \$190, +\$65; Idaho \$230, +\$117; Nevada \$219, +\$99; New Mexico \$259, +\$103; Oregon \$226, +\$86; Utah \$188, +\$88; and Washington \$195, +\$60. Transportation costs are also adding significantly to delivered hay prices. For the United States, alfalfa prices went up \$2.00 per ton from July's value.

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are unchanged for high heat, but low/medium heat NDM prices decreased on both the range and mostly price series. A few manufacturers revised pricing in the short term for formulas that formerly included premiums to various NDM indices. F.O.B. sales perked up with the help of those revised prices. Resale offers of nonfat dry milk to the market are reported as numerous. Some buyers are finding those resellers' recent price adjustments sufficient to justify taking on some NDM ownership for near term needs. NDM production is active as milk intakes increase seasonally. Declines in contract based condensed skim sales into Class II accounts has freed up those condensed skim volumes to clear through the dryers. Nonfat dry milk inventories are steady to building.

EAST: Nonfat dry milk prices for low/medium heat declined on both ends of the range, while high heat held steady. Nonfat dry milk production in the East increased marginally as some manufacturers ran their supplies of condensed skim through the driers prior to the landfall of hurricane Irene. The full impact of the damage and losses to milk production and dairy manufacturing caused by Irene has yet to be felt or fully assessed. Manufacturing plant managers anticipate increased drying schedules over the upcoming holiday weekend. Supplies of nonfat dry milk are fairly tight in the East with most of the supplies committed to contract buyers. Buyers looking for additional loads are having success securing product from manufacturers outside the region and through resale transactions at prices below Eastern contract price levels. Demand has increased as cheese makers are switching from condensed skim milk to lower priced nonfat dry milk. The nonfat dry milk market continues to project an unsettled trend as traders attempt to reconcile current available supplies with a limited production outlook to determine workable price levels for the current market.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.6350 MOSTLY: 1.4500 - 1.6000
 HIGH HEAT: 1.5700 - 1.7000

NONFAT DRY MILK - WEST

Western low/medium nonfat dry milk prices are trending slightly lower. The market undertone remains weak and offerings are available from the plant level at discounts and in the resale markets. The situation remains where buyers are pulling index based NDM, but are not having further sales and are continuing to discount holdings and take a loss in order to stimulate any sales. While this is not uncommon to happen in a pricing cycle, the length of time that this pricing inversion is occurring is creating problems for those first buyers. Export movements appear to be more focused on SMP for nearby sales. Drying activity is increasing ahead of and into the holiday weekend and is expected to build as milk and components back up into the balancing plants. Stock levels are varied and available from most producers in the region. Western high heat prices continue to move lower in a lightly tested market. Buying interest is lower ahead of the holiday weekend and remains slow overall, in part because of the weak NDM complex. Stocks are light to moderate and most producers have holdings to service existing needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.6000 MOSTLY: 1.4200 - 1.5700
 HIGH HEAT: 1.5200 - 1.7100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are lower. Sales to end users in the baking and dry mix industries are establishing a toehold as those manufacturers gear up for their active production seasons. Churning activity is steady to higher as decreasing cream prices and interest provide less incentive to sell cream loads into the spot market. Several plants anticipate butter and dry buttermilk production will increase throughout the week and into the extended holiday weekend. These increases in production will be spurred by other plant closures over the weekend. Dry buttermilk inventories are building steadily.

EAST: Prices for dry buttermilk declined on the low end of the range this week. Production of dry buttermilk increased following the increases in butter production as cream supplies were readily available and demand for cream weakened. Condensed buttermilk sales to ice cream manufacturers also declined, which factored into the increase in dry buttermilk production. The full impact of the damage and losses to milk production and dairy manufacturing caused by Irene has yet to be felt or fully assessed. Dry buttermilk inventories are expanding. Supplies are moving through contracts with very little spot market activity. Demand has weakened in the face of declining ice cream production with some traders anticipating the market to move lower. The weaker nonfat dry milk market continues to cast a weak undertone on the dry buttermilk market.

F.O.B. CENTRAL/EAST: 1.3200 - 1.5200

DRY BUTTERMILK - WEST

Western dry buttermilk prices and the market tone remain weak. Demand is light. Sales are slow going into the holiday weekend. Producers are discounting product to move inventories. There continues to be volumes of buttermilk that are being exported at competitive pricing levels. Drying schedules are expected to be higher over the holiday weekend as butter churning increases and buttermilk solids are available. Stock levels are moderate to heavy and available from most producers in the region.

F.O.B. WEST: 1.2500 - 1.3600 MOSTLY: 1.2700 - 1.3300

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to slightly lower as contract prices adjust to various indices. Production is building steadily at some locations as manufacturers gear up for meeting September – December contract commitments.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 26	\$1.5805	10,294,846	0
August 19	\$1.5768	16,085,622	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 firm and the mostly price series gained some ground on both ends. Contract dry whey loads encompass most of the sales activity for the week. Contract sales into some ice cream accounts have slowed markedly over the last few weeks as those accounts grapple with the wind down from their peak seasons. Any dry whey spot loads that materialize at manufacturers' facilities are: largely due to market sector pushback, scarce, and generally clear readily to buyers already on existing customer lists. Cheese and whey production are inching higher seasonally. Opinions on milk supplies run the gamut from short to plentiful. Some plants indicate milk supplies are still constraining operations to some extent, forcing a lag in filling both cheese and dry whey orders. With the announcement of Class III milk prices so close at hand, a few cheese plants are reportedly holding off taking some of the milk available to them as a strategy to better handle input costs. Also, the extended holiday may offer opportunities to purchase spot loads of milk at a discount. A few Central plants are augmenting regional milk intakes by receiving milk loads from plants in the West. Some of those Western plants have milk supplies above processing capacity. ANIMAL FEED DRY WHEY production is steady to higher, varying from location to location. Spot sales to the calf feed blending industry are steady on a contract basis and any intermittently available spot offers are clearing readily.

F.O.B. CENTRAL: .5300 - .5950 MOSTLY: .5425 - .5825
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4050 - .5600

DRY WHEY - NORTHEAST

Prices for dry whey moved higher for the second consecutive week as the low end of the range increased on contract formulation. Production of dry whey has leveled off and in some cases marginally declined due to cheese production interruptions caused by hurricane Irene. The full impact of the damage and losses to milk production and dairy manufacturing caused by Irene has yet to be felt or fully assessed. Demand, both domestic and export, remains very good. Nearly all supplies are moving through contracts with very limited spot market activity. Resale transactions are active with prices well above the market range.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5750 - .6100

DRY WHEY - WEST

Western dry whey prices continued to exhibit strength. Tight spot supplies and good demand are combining to keep the market on an upward path. Whey production schedules are closely tied to contract fulfillment. Demand for spot loads of whey is increasing with fall orders beginning to show up in the marketplace. Export demand has slowed as reports of lower priced European whey are garnering the attention of some foreign buyers. Stocks of available spot whey are tight in most cases. Increased supplies of manufacturing milk headed towards cheese plants over the upcoming holiday should help to increase available whey supplies.

NONHYGROSCOPIC: .5700 - .6225 MOSTLY: .5900 - .6175

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices decreased on the mostly price range as some manufacturers decreased premiums to the WPC 34% market and finalized spot sales. One or two spot load sales with approved supplier status captured premiums to the market, but the overall WPC 34% market tone is weakening. Buyer price resistance has reportedly curtailed recent spot market sales activity for manufacturers and resellers alike. While several resellers indicate their WPC 34% holdings are building, manufacturers' inventories of WPC 34% reportedly range from light to comfortable. Thus, burdensome manufacturer inventories do not seem entirely responsible for the shift in F.O.B. pricing strategies. Most market participants point to the uncertain NDM market as the motivation for bringing WPC 34% spot prices closer in line with a dairy product with similar protein attributes. Decreases in WPC 34% prices are offering opportunities to producers of whey end products with protein values above 34% to obtain condensed WPC loads at lower prices and boost production of the higher protein end products.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4000 - 1.6600 MOSTLY: 1.4700 - 1.5400

LACTOSE - CENTRAL AND WEST

Lactose inventories are tight, limiting spot market sales action for many manufacturers. Dairy Market News lactose prices are mostly unchanged. Lactose production remains dependent on farm milk supplies and some plants indicate farm milk intakes are hindering plants in reaching full operational capacity. The timing on fulfillment of lactose contract orders has improved, though, for several plants over the last few weeks. More plants describe their shipments as on time and some manufacturers narrowed the time delay between scheduled and actual shipping dates from multiple weeks down to a week or less on contract loads. Buyer inquiries about the fourth quarter and 2012 are still forthcoming. A few fourth quarter contracts were recently finalized, but many manufacturers are abstaining until late September on those discussions. Contract requests from buyers for 2012 are mostly being shelved until late 2011 market conditions become more evident.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4700 - .7200 MOSTLY: .5500 - .6600

CASEIN - NATIONAL

Casein markets and prices remain firm, although market participant believe that a weaker trend is developing for later this year. Suppliers and handlers continue to report that they are in good balance with supply/demand. The European production season is winding down and output during the current season has been as projected. Most manufacturers state that they have sufficient volumes for commitments, but have minimal uncommitted volumes. The Oceania milk production season is just getting underway, thus casein output has not officially resumed. Early season milk volumes appear to be running a little heavier than anticipated, thus the casein production season might be able to resume a little earlier than usual as milk volumes increase toward peak levels.

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 29 - SEPTEMBER 2			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 08/26/11	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 08/13/11 & 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	8.5	3.3	18.2	3.6	N.A.	N.A.	14.0	2.8	53.2	1,823.6	41.8	45.0
2010-Dairy	N.A.	0.6	6.8	2.8	18.6	5.1	0.3	N.A.	13.1	3.1	52.1	1,743.8	46.0	44.0
2011-All cows	0.1	0.9	10.5	13.9	36.0	28.9	N.A.	N.A.	19.1	4.0	127.3	4,052.1		
2010-All cows	N.A.	0.6	8.6	13.2	31.4	20.9	12.0	N.A.	16.8	5.9	113.2	3,959.2		

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

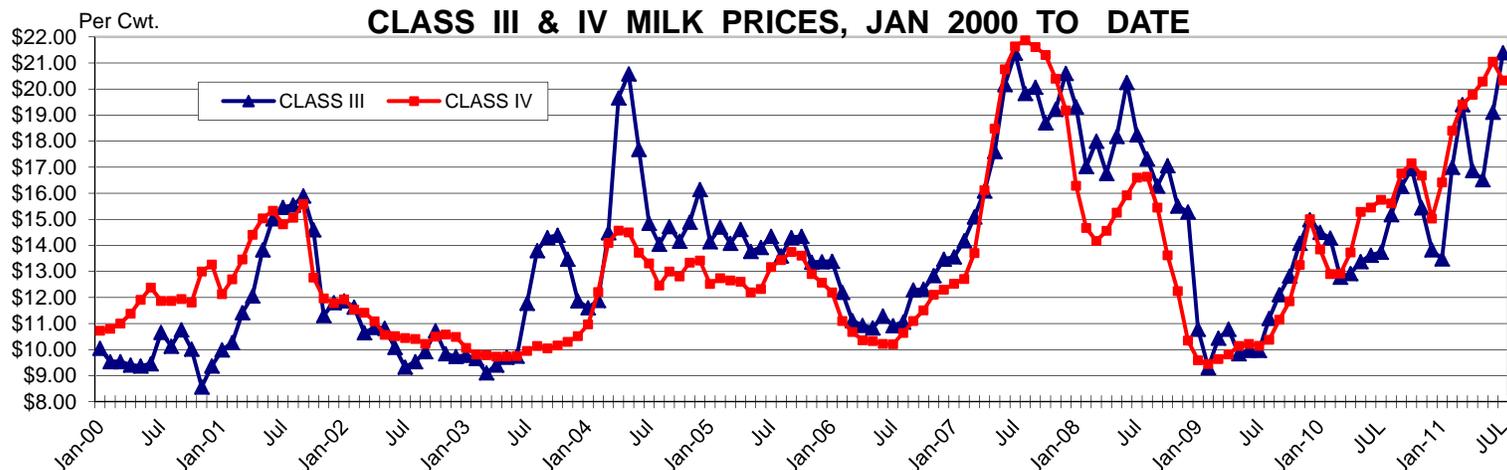
CLASS IV MILK PRICES, (3.5% BF)

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	21.55				
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67				
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14				

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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 21—September 3, 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: Weather conditions throughout most of Europe have been quite mild for much of the current milk production season. Outside of dry conditions earlier this summer, milk producers and handlers are indicating that the season has been quite favorable for milk output. Last year, temperatures were hot with temperatures this year being more tolerable and in instances, cooler than usual. Milk producers are indicating that in recent weeks, wetter than usual conditions have prevailed in many areas of Europe. For the season thus far, overall milk volumes are generally running heavier than a year ago. As milk volumes seasonally decline, most manufacturing facilities are able to maintain steady production schedules. Stocks of European manufactured dairy products are generally available for both domestic and international buyer interest. Sales activity has remained quite good from both domestic and international buyers. Traders and handlers were quite surprised at the level of sales activity in recent weeks, especially with the summer vacation season and Ramadan occurring. Traders are indicating that skim milk powder is moving both domestically and internationally, but state that whole milk powder sales are more limited, probably due to price. Traders do feel that now that the summer vacations season is coming to a close and Ramadan is over, more buyers will be returning to the marketplace for upcoming fall and winter needs. At the August 25th Dairy Management Committee meeting, no significant dairy issues were addressed or adjusted. There were no offers for tender refunds and all common refunds remain at zero. The open season for the Private Storage Aid (PSA) scheme for butter is now closed. This program has been open since March 1 and closed in August. Through August 21, nearly 106,000 MT of butter have entered this program, compared to about 94,000 last year. During the open season in 2009, nearly 170,400 MT of butter entered the PSA program. Some of the early offerings into the current program are now eligible for release.

BUTTER/BUTTEROIL: European butter markets and prices remain firm. Most sales activity is centered around an internal market as European prices are higher than international buyers are willing to pay. Churning activity is seasonally declining, although butter stocks are readily available for buyer interest. The open season for the Private Storage Aid (PSA) scheme for butter is now closed. This program has been open since March 1 and closed in August. Through August 21, nearly 106,000 MT of butter have entered this program, compared to about 94,000 last year. During the open season in 2009, nearly 170,400 MT of butter entered the PSA program. Some of the early offerings into the current program are now eligible for release.

82% BUTTERFAT:	5,775 - 5,925
99% BUTTERFAT:	6,100 - 6,350

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are generally unchanged. Some price strength is being reported at the lower end of the reported range. Milk production is seasonally edging lower thus butter/powder production is also on the decline. Stocks of skim milk powder are available and domestic and international sales are being reported. Typically at this time of the season, sales are slow due to the summer vacation season and Ramadan, but this year, sales have remained active during this period. Traders and handlers can only speculate that sales will

continue to develop as those that were absent from the market will soon return for fall and winter needs. Current European prices are competitive with other international offerings, thus good volumes of skim milk powder are clearing. Intervention skim milk powder, distributed through the Most Deprived Persons Feeding program, is coming back onto the market as program recipients sell a portion, and in instances all, of their receipts. Program managers sell this commodity so that they can purchase other needed items. This powder is edible, but often due to the age, is ending up in animal feed channels. With this powder clearing to the animal feed industry, demand for commercial animal feed volumes is lighter.

1.25% BUTTERFAT:	3,225 - 3,400
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WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are weak. Current sales activity is centered around an internal market as European prices are higher than international buyers are willing to pay. Stocks are available, but price is the limiting factor. Traders and handlers feel that current prices will need to ease about \$200 - 300 before potential buyers might be interested in European supplies. One factor that may stabilize prices for European sourced product is the potential lack of supply elsewhere in the international marketplace.

26% BUTTERFAT:	4,050 - 4,250
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SWEET WHEY POWDER: European whey powder markets are generally holding steady, although prices are fluctuating. Cheese production is seasonally declining thus whey volumes are lighter, but available for buyer needs. Some European whey handlers are adjusting their prices to keep product moving. International buyer interest is active, but price is often the stumbling block in finalizing sales.

NONHYGROSCOPIC:	1,150 - 1,275
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EASTERN OVERVIEW: In Eastern Europe, cooler temperatures and wetter than usual conditions are also being reported. Milk producers and handlers are indicating that the cooler temperatures are conducive to cow comfort, but the wet conditions are proving to be challenging for some producers. Milk volumes are often running heavier than last year, although some Eastern European countries are reporting output to be trailing last season. Stocks of manufactured dairy products are available for domestic and international buyers. For some products, Eastern European manufacturers are indicating that sales are being finalized for product that is higher priced in Western regions.

Exchange rates for selected foreign currencies: August 29, 2011

1.0236 Canadian Dollar	.0217 Indian Rupee
.2389 Argentina Peso	.8461 New Zealand Dollar
.0802 Mexican Peso	1.0657 Australian Dollar
.3503 Polish Zloty	.0130 Japanese Yen
	1.4511 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0802) = 12.4688 Mexican Pesos. Source: "Wall Street Journal"

Information gathered August 21—September 3, 2011

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OCEANIA

OVERVIEW: Early spring weather patterns are being reported in the Oceania region. The snow storm in New Zealand a few weeks ago is history and weather patterns are showing more signs of spring versus late winter. Most milk producers and handlers indicate that the snowfall did little to negatively impact the dairy industry other than disruptions in farm pickups during the early days of the snowfall. In Australia, late winter/early spring conditions are being reported, although some areas of Victoria remain wet and soggy. Milk production trends remain in line with recent projections, New Zealand 2 - 4% higher with Australia in the 1 - 2% increase range. A favorable end to the most recent production season in Oceania is causing producers in Australia and New Zealand to consider expansions. Australian milk producers are indicating that milk production growth during the upcoming year will be restrained by herd growth, but anticipate that production will potentially be more noticeable in the 2012 - 2013 year. Having experienced a number of years of negative or minimal growth, it will take a number of years to turn this trend around, especially for Australian producers. Milk production is now on the increase in New Zealand and increasing slowly in Australia. Milk producers and handlers are very optimistic about the upcoming season and generally favorable early spring conditions are helping with their outlook. With the g/DT trading event occurring twice a month, a three week pause is occurring at the present time before the next event on Tuesday, 6 September. Traders and handlers have mixed opinions on what direction price will trend. Some feel that weakness will continue, while others indicate that the recent weakening trend will cease and possibly prices will firm. Trading volumes are unchanged to generally higher for the various products traded at the event. Contracting periods will run from November through May 2012 which is during a significant portion of the current milk production season of the Oceania region. Traders and handlers are indicating that buyer interest is basically centered around contractual commitments with additional buyer interest slow to develop. Traders are stating that buyers appear to be hesitant with their purchases, but are looking for bargains.

BUTTER: Oceania butter markets and prices are generally holding steady, although some slight weakness is being reported on the lower end of the reported range. The new milk production season is now underway in both New Zealand and Australia, thus new production will soon be available for commitments. Manufacturers and handlers are indicating that a significant portion of first half milk production has been committed to customer needs through the manufacture of butter, anhydrous milk fat, and other

dairy products. Butterfat processors are indicating that churning schedules remain seasonally calm, but as milk volumes increase churning schedules will also build. Currently, new stocks are limited, but are starting to accumulate for customer needs.

82% BUTTERFAT: 4,000 - 4,800

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are generally steady, although a slight upturn in commercial prices is starting to develop. Traders and handlers are indicating that the new milk production season is now underway in New Zealand and will soon have noticeable increases in Australia, thus drying schedules are building as the milk flow develops. A significant portion of early production has been fully committed, thus minimal volumes are reported to be available for spot buyer interest. Traders are stating that most sales activity is centered around contractual commitments with new buyers hesitant at this time. In many instances, early production is quickly clearing facilities with uncommitted volumes minimal.

1.25% BUTTERFAT: 3,400 - 3,800

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm. Many traders and handlers feel that the weakness of recent g/DT events might be turning around soon. Commercial prices are starting to firm as the new milk production season gets underway. Traders and handlers indicate that sales activity is starting to be more brisk. At the upcoming g/DT event on Tuesday, 6 September, near term trading volumes of whole milk powder will be heavier. At the event, Contract #1 (November) will see 9,500 MT of whole milk powder offered, Contract #2 (December - February) 13,000 MT, and 3,500 MT for Contract #3 (March - May). Contract 2 and 3 volumes are unchanged from the last event.

26% BUTTERFAT: 3,500 - 3,900

CHEDDAR CHEESE: Oceania cheese markets and prices are generally holding steady. The new milk production season is just getting underway in the region, thus cheese output remains seasonally low, but is increasing. Traders and handlers are indicating that most current and future production is committed to regular and ongoing customer needs. Most of these buyers have placed their orders for the first half of the milk production season. Cheese manufacturers are optimistic about the upcoming season, but remain cautious with their commitments.

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	08/18	08/19	08/22	08/23	08/24	08/25	08/26	08/29	08/30	08/31
CME - CLASS III MILK FUTURES (Pit-Traded)										
AUG 11	21.47 (6574) 0	21.48 (6538) 4	21.53 (6580) 0	21.50 (6566) 0	21.52 (6544) 0	21.52 (6536) 0	21.57 (6519) 0	21.58 (6494) 0	21.55 (6456) 0	21.57 (6454) 0
SEP 11	19.03 (6276) 0	18.65 (6264) 4	18.70 (6218) 0	17.97 (6215) 5	17.78 (6303) 2	18.53 (6180) 3	18.62 (6144) 3	18.64 (6058) 0	18.73 (6067) 0	18.69 (6114) 0
OCT 11	18.21 (5008) 0	17.98 (5002) 5	18.05 (4972) 0	17.42 (5004) 0	17.43 (5119) 2	18.18 (5070) 0	18.39 (5042) 5	18.48 (5038) 0	18.63 (5004) 0	18.62 (5029) 0
NOV 11	17.99 (4430) 0	17.87 (4458) 0	18.00 (4488) 0	17.51 (4494) 0	17.48 (4526) 2	18.23 (4494) 0	18.24 (4470) 0	18.29 (4496) 0	18.38 (4493) 0	18.38 (4449) 0
DEC 11	17.77 (3864) 0	17.70 (3877) 0	17.80 (3919) 0	17.53 (3928) 0	17.55 (3939) 0	17.94 (4039) 0	17.95 (4054) 0	18.00 (4125) 0	17.99 (4138) 0	18.01 (4206) 0
JAN 12	17.08 (1424) 0	17.12 (1459) 0	17.20 (1478) 0	17.01 (1481) 0	16.98 (1512) 0	17.20 (1590) 0	17.24 (1594) 0	17.28 (1613) 0	17.28 (1612) 0	17.35 (1634) 0
FEB 12	16.96 (1237) 0	17.00 (1259) 0	17.02 (1267) 0	16.92 (1293) 0	16.88 (1318) 0	16.98 (1354) 0	17.00 (1374) 0	16.99 (1377) 0	16.99 (1379) 0	17.03 (1387) 0
MAR 12	16.96 (1271) 3	17.04 (1300) 7	17.04 (1310) 0	16.94 (1329) 0	16.90 (1343) 0	16.94 (1376) 0	17.00 (1392) 0	16.99 (1398) 0	17.05 (1417) 0	17.04 (1417) 0
APR 12	16.90 (960) 3	16.95 (990) 7	16.92 (997) 0	16.82 (1030) 0	16.79 (1042) 0	16.85 (1080) 0	16.90 (1083) 0	16.93 (1082) 0	16.93 (1117) 0	16.93 (1117) 0
MAY 12	16.90 (930) 3	16.92 (950) 7	16.92 (960) 0	16.85 (995) 0	16.82 (1016) 0	16.86 (1028) 0	16.95 (1034) 0	16.92 (1034) 0	16.92 (1050) 0	16.92 (1051) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
AUG 11	19.90 (862) 0	19.90 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0	20.00 (862) 0
SEP 11	19.45 (706) 0	19.45 (706) 0	19.45 (706) 0	19.45 (706) 0	19.35 (707) 0	19.35 (707) 0	19.35 (707) 0	19.35 (707) 0	19.35 (707) 0	19.35 (707) 0
OCT 11	18.75 (599) 0	18.75 (599) 0	18.75 (599) 0	18.75 (599) 0	18.45 (599) 0	18.45 (599) 0	18.45 (599) 0	18.55 (600) 0	18.55 (604) 0	18.55 (604) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
AUG 11	204.25 (939) 0	205.00 (939) 0	205.00 (939) 0	205.00 (939) 0	205.05 (939) 0	205.05 (939) 0	206.50 (938) 2	206.50 (938) 0	206.50 (938) 0	206.50 (938) 0
SEP 11	205.00 (815) 1	204.98 (815) 0	204.98 (815) 0	205.00 (821) 21	205.00 (821) 20	205.00 (821) 0	205.00 (821) 0	205.00 (820) 0	205.00 (820) 0	205.00 (820) 0
OCT 11	204.00 (693) 11	204.00 (693) 0	204.00 (693) 0	202.00 (701) 11	201.98 (701) 0	201.00 (703) 2	201.00 (703) 0	201.00 (703) 0	201.98 (704) 1	201.98 (704) 0
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
AUG 11	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0	155.00 (425) 0
SEP 11	150.50 (328) 0	150.50 (328) 0	150.50 (328) 0	150.50 (328) 0	150.48 (328) 0	150.00 (328) 0	150.00 (328) 0	150.00 (328) 0	150.00 (328) 0	150.00 (328) 0
OCT 11	142.03 (281) 0	142.03 (281) 0	142.03 (281) 0	142.03 (281) 0	142.03 (281) 0	141.75 (285) 0	141.75 (285) 0	141.75 (285) 0	141.75 (285) 0	142.50 (285) 0
CME – WHEY (Electronic-Traded)										
AUG 11	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	57.00 (202) 0	57.00 (202) 0
SEP 11	54.55 (231) 12	54.88 (244) 13	54.88 (250) 6	54.88 (250) 0	54.50 (252) 2	54.50 (252) 0	54.50 (253) 3	55.10 (253) 0	55.75 (253) 0	56.00 (253) 0
OCT 11	52.00 (259) 5	52.50 (262) 3	52.48 (268) 6	51.00 (277) 11	50.80 (280) 8	52.50 (279) 2	53.50 (281) 3	53.35 (281) 2	54.00 (281) 1	55.00 (281) 1
CME – CHEESE CSC (Electronic-Traded)										
AUG 11	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0	2.13 (331) 0
SEP 11	1.87 (359) 9	1.84 (359) 2	1.84 (359) 0	1.78 (359) 0	1.76 (359) 2	1.76 (359) 0	1.83 (353) 19	1.83 (353) 0	1.83 (353) 0	1.83 (353) 0
OCT 11	1.80 (391) 12	1.80 (397) 7	1.80 (397) 0	1.74 (433) 38	1.74 (444) 21	1.80 (444) 8	1.83 (447) 3	1.83 (447) 5	1.84 (448) 6	1.84 (448) 0
NOV 11	1.80 (395) 6	1.79 (399) 5	1.80 (399) 0	1.77 (403) 5	1.77 (403) 2	1.77 (401) 4	1.82 (401) 1	1.83 (401) 0	1.83 (401) 0	1.83 (401) 0
DEC 11	1.77 (375) 0	1.77 (378) 3	1.78 (378) 0	1.77 (379) 6	1.77 (379) 0	1.77 (381) 3	1.80 (381) 0	1.81 (381) 0	1.81 (381) 0	1.82 (414) 35
JAN 12	1.76 (190) 5	1.75 (190) 0	1.75 (190) 0	1.74 (191) 1	1.74 (191) 0	1.76 (193) 4	1.76 (193) 0	1.76 (193) 0	1.76 (193) 0	1.79 (237) 45

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

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2011	2010
	AUG 01 - 05	AUG 08 - 12	AUG 15 - 19	AUG 22 - 26	AUG 29 - 31	or Total	or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 2.4875 - 2.6775	:: 2.4900 - 2.6800	:: 2.4700 - 2.6600	:: 2.3400 - 2.6600	:: 2.1100 - 2.6600	:: 2.5355	: 2.0216
-- Brick And/Or Muenster 5#	:: 2.6675 - 2.7500	:: 2.6550 - 2.7500	:: 2.5925 - 2.8000	:: 2.4950 - 2.8000	:: 2.3000 - 2.8000	:: 2.6707	: 2.1271
-- Cheddar 40# Block	:: 2.5900 - 2.8650	:: 2.5900 - 2.8650	:: 2.5900 - 2.8650	:: 2.4950 - 2.8650	:: 2.3000 - 2.8650	:: 2.6983	: 2.2655
-- Monterey Jack 10#	:: 2.6300 - 2.8650	:: 2.6175 - 2.8650	:: 2.5550 - 2.8650	:: 2.4575 - 2.8650	:: 2.2625 - 2.8650	:: 2.6953	: 2.3090
-- Blue 5#	:: 2.9225 - 3.4700	:: 2.9100 - 3.4700	:: 2.8475 - 3.4700	:: 2.7500 - 3.4700	:: 2.5550 - 3.4700	:: 3.1440	: 2.6570
-- Mozzarella 5 - 6#	:: 2.5000 - 2.9650	:: 2.4875 - 2.9650	:: 2.4250 - 2.9650	:: 2.3275 - 2.9650	:: 2.1350 - 2.9650	:: 2.6804	: 2.3064
-- Grade A Swiss Cuts 6 - 9#	:: 2.7500 - 3.3300	:: 2.9900 - 3.3300	:: 3.0450 - 3.3300	:: 3.0450 - 3.3300	:: 3.0450 - 3.3300	:: 3.1495	: 2.8850

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.4750 - 2.7500	:: 2.4625 - 2.7375	:: 2.4000 - 2.6750	:: 2.3025 - 2.5775	:: 2.1075 - 2.3825	:: 2.5080	: 2.0706
-- Process 5# Sliced	:: 2.2375 - 2.5475	:: 2.2400 - 2.5500	:: 2.2200 - 2.5300	:: 2.0900 - 2.4000	:: 1.8600 - 2.1700	:: 2.3079	: 1.8382
-- Muenster	:: 2.4950 - 2.7000	:: 2.4825 - 2.6875	:: 2.4200 - 2.6250	:: 2.3225 - 2.5275	:: 2.1275 - 2.3325	:: 2.4930	: 2.0556
-- Grade A Swiss Cuts 10 - 14#	:: 3.3475 - 3.6700	:: 3.6425 - 3.9650	:: 3.6425 - 3.9650	:: 3.6425 - 3.9650	:: 3.6425 - 3.9650	:: 3.7396	: 3.1938

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 2.2550 - 2.5125	:: 2.2575 - 2.5150	:: 2.2375 - 2.4950	:: 2.1075 - 2.3650	:: 1.8775 - 2.1350	:: 2.2992	: 1.8339
-- Cheddar 40# Block	:: 2.2850 - 2.6375	:: 2.2725 - 2.6250	:: 2.2125 - 2.5650	:: 2.1150 - 2.4675	:: 1.9200 - 2.2725	:: 2.3582	: 1.9243
-- Cheddar 10# Cuts	:: 2.4650 - 2.6850	:: 2.4525 - 2.6725	:: 2.3925 - 2.6125	:: 2.2950 - 2.5150	:: 2.1000 - 2.3200	:: 2.4720	: 2.0381
-- Monterey Jack 10#	:: 2.4750 - 2.6350	:: 2.4625 - 2.6225	:: 2.4025 - 2.5625	:: 2.3050 - 2.4650	:: 2.1100 - 2.2700	:: 2.4520	: 2.0181
-- Grade A Swiss Cuts 6 - 9#	:: 2.9250 - 3.3550	:: 3.2200 - 3.6500	:: 3.2200 - 3.6500	:: 3.2200 - 3.6500	:: 3.2200 - 3.6500	:: 3.3709	: 2.8250

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.8635 - 3.1125	:: 2.9848 - 3.2791	:: 2.5467 - 2.9401	:: 2.6714 - 2.9218	:: 2.6771 - 2.8863	:: 2.8976	: 3.1799
-- Upper Midwest - f.o.b	:: 2.7598 - 3.0295	:: 2.7498 - 3.0689	:: 2.6295 - 3.0229	:: 2.5879 - 2.8801	:: 2.5830 - 2.8444	:: 2.8244	: 2.9227

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 1.71 - 1.75	:: 1.71 - 1.75	:: 1.71 - 1.75	:: 1.63 - 1.68	:: 1.63 - 1.68	:: 1.7039	: 1.2920
-- Class III	:: 1.40 - 1.46	:: 1.70 - 1.75	:: 1.70 - 1.75	:: 1.70 - 1.75	:: 1.70 - 1.75	:: 1.6609	: 1.0223

MONTHLY SUMMARY AND AVERAGES FOR AUGUST 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2011	2010
	AUG 01 - 05	AUG 08 - 12	AUG 15 - 19	AUG 22 - 26	AUG 29 - 31	or Total	or Total

DRY PRODUCTS

NONFAT DRY MILK

-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.5300 - 1.6800	:: 1.4500 - 1.6600	:: 1.5000 - 1.6600	:: 1.4200 - 1.6600	:: 1.4000 - 1.6350	:: 1.5632	: 1.2066
-- Mostly	:: 1.5500 - 1.6500	:: 1.5300 - 1.6500	:: 1.5300 - 1.6400	:: 1.5000 - 1.6400	:: 1.4500 - 1.6000	:: 1.5783	: 1.2182
-- High Heat	:: 1.6500 - 1.7500	:: 1.6500 - 1.7500	:: 1.6500 - 1.7500	:: 1.5700 - 1.7000	:: 1.5700 - 1.7000	:: 1.6774	: 1.3249
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.4500 - 1.5900	:: 1.4300 - 1.6100	:: 1.4300 - 1.6100	:: 1.4200 - 1.6300	:: 1.4000 - 1.6000	:: 1.5185	: 1.1265
-- Mostly	:: 1.4700 - 1.5700	:: 1.4500 - 1.5700	:: 1.4500 - 1.5700	:: 1.4300 - 1.5700	:: 1.4200 - 1.5700	:: 1.5080	: 1.1236
-- High Heat	:: 1.5900 - 1.7700	:: 1.5700 - 1.7500	:: 1.5700 - 1.7500	:: 1.5300 - 1.7500	:: 1.5200 - 1.7100	:: 1.6541	: 1.2624

WHEY POWDER (Nonhygroscopic)

-- Central (f.o.b.)	:: 0.5000 - 0.5850	:: 0.5100 - 0.5900	:: 0.5200 - 0.5950	:: 0.5300 - 0.5950	:: 0.5300 - 0.5950	:: 0.5543	: 0.3427
-- Mostly	:: 0.5200 - 0.5550	:: 0.5300 - 0.5600	:: 0.5300 - 0.5750	:: 0.5400 - 0.5800	:: 0.5425 - 0.5825	:: 0.5505	: 0.3450
-- West (f.o.b.)	:: 0.5450 - 0.6100	:: 0.5475 - 0.6100	:: 0.5550 - 0.6125	:: 0.5625 - 0.6175	:: 0.5700 - 0.6225	:: 0.5843	: 0.3739
-- Mostly	:: 0.5650 - 0.6050	:: 0.5675 - 0.6050	:: 0.5750 - 0.6100	:: 0.5825 - 0.6125	:: 0.5900 - 0.6175	:: 0.5921	: 0.3756
-- Northeast (f.o.b.)	:: 0.5500 - 0.6100	:: 0.5500 - 0.6100	:: 0.5500 - 0.6100	:: 0.5675 - 0.6100	:: 0.5750 - 0.6100	:: 0.5835	: 0.3675

WHEY PROTEIN CONCENTRATE

-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.5000 - 1.6300	:: 1.5000 - 1.6200	:: 1.4000 - 1.6650	:: 1.4000 - 1.6100	:: 1.4000 - 1.6600	:: 1.5392	: 0.9788
-- Mostly	:: 1.5300 - 1.5800	:: 1.5200 - 1.5700	:: 1.5200 - 1.5700	:: 1.4900 - 1.5600	:: 1.4700 - 1.5400	:: 1.5376	: 0.9555

ANIMAL FEED - WHEY

-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3975 - 0.5500	:: 0.3975 - 0.5500	:: 0.4000 - 0.5600	:: 0.4050 - 0.5600	:: 0.4050 - 0.5600	:: 0.4782	: 0.2780

BUTTERMILK (Min. 30% protein)

-- Central And East (f.o.b.)	:: 1.4000 - 1.6000	:: 1.4000 - 1.5500	:: 1.4300 - 1.5200	:: 1.3600 - 1.5600	:: 1.3200 - 1.5200	:: 1.4700	: 1.3600
-- West (f.o.b.)	:: 1.3500 - 1.4450	:: 1.3000 - 1.4350	:: 1.2800 - 1.4100	:: 1.2500 - 1.3950	:: 1.2500 - 1.3600	:: 1.3512	: 1.2168
-- Mostly	:: 1.3700 - 1.4100	:: 1.3500 - 1.4100	:: 1.3500 - 1.4000	:: 1.2800 - 1.3800	:: 1.2700 - 1.3300	:: 1.3598	: 1.2009

WHOLE MILK POWDER

-- National (f.o.b.)	:: 1.9200 - 2.0600	:: 1.9200 - 2.0600	:: 1.9200 - 2.0600	:: 1.9200 - 2.0800	:: 1.9200 - 2.0600	:: 1.9922	: 1.6161
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LACTOSE

-- Central And West (f.o.b.)	:: 0.4700 - 0.7400	:: 0.4700 - 0.6725	:: 0.4700 - 0.7000	:: 0.4700 - 0.7300	:: 0.4700 - 0.7200	:: 0.5909	: 0.2969
-- Mostly	:: 0.5500 - 0.6200	:: 0.5500 - 0.6300	:: 0.5500 - 0.6400	:: 0.5500 - 0.6600	:: 0.5500 - 0.6600	:: 0.5952	: 0.3249

CASEIN - Edible - National (f.o.b.)

-- Nonrestricted - Rennet	:: 4.8100 - 5.1400	:: 4.8100 - 5.1400	:: 4.8100 - 5.1400	:: 4.8100 - 5.1400	:: 4.8100 - 5.1400	:: 4.9750	: 4.1000
-- Nonrestricted - Acid	:: 5.1000 - 5.2600	:: 5.1000 - 5.2600	:: 5.1000 - 5.2600	:: 5.1000 - 5.2600	:: 5.1000 - 5.2600	:: 5.1800	: 4.0750

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR AUGUST 2011

COMMODITY	REPORT NUMBER 31 AUG 1 - 5	REPORT NUMBER 32 AUG 8 - 12	REPORT NUMBER 33 AUG 15 - 19	REPORT NUMBER 34 AUG 22 - 26	REPORT NUMBER 35 AUG 29 - 31	2011 * Average	2010 * Average
BUTTER*							
-- GRADE AA							
--Monday	2.1000	2.1000	2.0800	2.0875	2.0925		
--Tuesday	2.1025	2.0700	2.0900	2.0925	2.0900		
--Wednesday	2.1025	2.0675	2.0900	2.0925	2.0900		
--Thursday	2.1025	2.0425	2.0875	2.0925			
--Friday	2.1025	2.0725	2.0875	2.0925		2.0882	1.9900
--Weekly Average**	2.1020	2.0705	2.0870	2.0915			
CHEESE*							
-- BARRELS							
--Monday	2.1300	2.1350	2.0950	1.8625	1.7075		
--Tuesday	2.1300	2.1350	2.0925	1.7575	1.7050		
--Wednesday	2.1300	2.1350	1.9900	1.6925	1.7300		
--Thursday	2.1300	2.0700	1.8650	1.7200			
--Friday	2.1350	2.0800	1.8625	1.7225		1.9571	1.6006
--Weekly Average**	2.1310	2.1110	1.9810	1.7510			
-- 40# BLOCKS							
--Monday	2.1525	2.1300	2.0400	1.8700	1.7900		
--Tuesday	2.1500	2.1000	2.0400	1.7800	1.7900		
--Wednesday	2.1500	2.1000	2.0325	1.7300	1.7900		
--Thursday	2.1325	2.0550	1.9075	1.7800			
--Friday	2.1325	2.0250	1.9000	1.7900		1.9725	1.6367
--Weekly Average**	2.1435	2.0820	1.9840	1.7900			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.6100	1.6100	1.6100	1.6100	1.6100		
--Tuesday	1.6100	1.6100	1.6100	1.6100	1.6100		
--Wednesday	1.6100	1.6100	1.6100	1.6100	1.6100		
--Thursday	1.6100	1.6100	1.6100	1.6100			
--Friday	1.6100	1.6100	1.6100	1.6100		1.6100	1.2250
--Weekly Average**	1.6100	1.6100	1.6100	1.6100			
-- GRADE A							
--Monday	1.5100	1.5100	1.5100	1.5100	1.5100		
--Tuesday	1.5100	1.5100	1.5100	1.5100	1.5100		
--Wednesday	1.5100	1.5100	1.5100	1.5100	1.5100		
--Thursday	1.5100	1.5100	1.5100	1.5100			
--Friday	1.5100	1.5100	1.5100	1.5100		1.5100	1.2061
--Weekly Average**	1.5100	1.5100	1.5100	1.5100			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$22.00 in August, up \$0.10 from July 2011 and up \$5.30 from August 2010. Alfalfa hay price was \$191.00 in August, up \$73.00 from August 2010. Corn price was \$6.62 in August, up \$2.97 from August 2010. Soybean price was \$12.90 in August, up \$2.80 from August 2010. The milk-feed price ratio was 1.89 in August, down 0.47 from August 2010.

The index of prices received by farmers for dairy products during the month of August 2011 was unchanged at 168. Compared with August 2010, the index was up 40 points (31.3 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2011 was unchanged at 204 from the previous month. Compared with August 2010, the index was up 22 points (12.1 percent).

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., AUGUST 2011 WITH COMPARISONS

State	All-Milk price 1/ 2/				Alfalfa hay, baled		Corn		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	July		August		August		August		August	
	2010	2011	2010	2011 3/	2010	2011 3/	2010	2011 3/	2010	2011 3/
AZ	15.90	21.60	16.40	21.90	120.00	220.00	---	---	---	---
CA	14.69	20.52	15.42	20.50	118.00	232.00	---	---	---	---
CO	15.90	21.60	16.60	22.00	125.00	190.00	3.68	6.90	---	---
ID	14.60	19.90	15.30	20.20	113.00	230.00	---	---	---	---
IN	17.20	22.00	17.90	22.30	---	---	3.80	7.20	---	---
IA	16.00	22.10	16.80	22.50	110.00	128.00	3.61	6.45	10.00	13.00
MI	16.70	22.70	17.50	23.00	105.00	105.00	3.78	6.95	10.20	12.80
MN	15.30	22.50	16.50	22.60	115.00	115.00	3.42	5.90	9.87	12.40
NM	15.40	21.10	16.10	22.00	156.00	259.00	---	---	---	---
NY	17.40	23.00	18.00	23.20	130.00	135.00	---	---	---	---
OH	17.20	23.10	18.00	23.40	157.00	188.00	3.83	7.22	---	---
PA	18.10	23.50	18.50	23.70	140.00	177.00	4.15	7.95	---	---
TX	16.70	22.50	17.40	22.90	180.00	246.00	3.80	6.90	---	---
WA	15.80	22.30	16.40	22.50	135.00	195.00	---	---	---	---
WI	15.20	22.10	16.40	22.10	100.00	105.00	3.49	6.60	10.20	12.60
U.S.	15.90	21.90	16.70	22.00	118.00	191.00	3.65	6.62	10.10	12.90

1/ Prices are shown at reported butterfat test. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

3/ Preliminary.

MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., AUGUST 2011 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	August 2010	July 2011	August 2011 3/
IA	2.44	2.24	2.20
MI	2.52	2.22	2.26
MN	2.43	2.37	2.41
OH	2.21	1.98	1.93
WI	2.49	2.28	2.25
U.S.	2.36	1.92	1.89

1/ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. 2/ Available states that provided all necessary data to compute milk feed price ratios.

3/ Preliminary.

GENERAL PRICE MEASURES, U.S., AUGUST 2011 WITH COMPARISONS

Item	August 2010	July 2011	August 2011 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	128	168	168
Prices paid by farmers for commodities and services, interest taxes, and wage rates	182	204	204

1/ Preliminary.

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

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAY 2011	227.0	3.5	211.3	6.9	211.9	13.6	215.0	5.7	215.5	23.4	223.2	8.5
JUN 2011	227.4	3.7	212.3	7.2	213.2	10.9	216.0	6.9	213.6	21.7	223.1	7.2
JUL 2011	228.3	4.2	214.8	7.9	213.6	10.2	220.9	8.1	218.3	21.0	224.4	7.4
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Dollars											
MAY	3.653	3.178	3.693	2.922	4.052	3.912	5.435	4.713	4.614	4.563		
JUN	3.622	3.297	3.605	2.953	3.922	4.074	5.443	4.525	4.854	4.528		
JUL	3.654	3.313	3.694	3.155	4.093	3.956	5.596	4.631	4.862	4.432		

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

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

Item	Apr.-Jun. 2010	Percent change ^{2/}	Apr.-Jun. 2011	Percent change ^{2/}	Jan.-Jun. 2010	Percent change ^{2/}	Jan.-Jun. 2011	Percent change ^{2/}
	Million Pounds							
MILK								
Production	49,809	1.9	50,434	1.3	97,201	1.0	98,855	1.7
Marketings	49,570	1.9	50,192	1.3	96,727	1.0	98,375	1.7
Beginning Commercial Stocks ^{3/}	13,100	3.7	12,109	-7.6	11,334	12.8	10,927	-3.6
Imports ^{3/}	593	-43.1	671	13.2	1,382	-30.1	1,378	-0.3
Total Supply ^{4/}	63,263	1.5	62,972	-0.5	109,443	1.5	110,680	1.1
Ending Commercial Stocks ^{3/}	13,466	-6.6	13,358	-0.8	13,466	-6.6	13,358	-0.8
Net Removals ^{3/}	21	124.1	0	-100.0	112	220.0	112	0.0
Commercial Disappearance ^{4/}	49,776	3.7	49,614	-0.3	95,865	2.7	97,322	1.5
SELECTED PRODUCTS ^{5/}								
Butter	382.7	2.5	411.6	7.6	765.3	2.0	832.5	8.8
American Cheese	1,078.0	3.8	1,088.9	1.0	2,096.8	0.2	2,167.7	3.4
Other Cheese	1,566.7	3.6	1,649.8	5.3	3,074.7	4.4	3,262.9	6.1
Nonfat Dry Milk	415.7	14.1	377.5	-9.2	784.1	12.0	749.7	-4.4
Fluid Milk Products ^{6/}	13,285.1	-1.4	13,042.0	-1.8	27,188.9	-1.2	26,766.6	-1.6

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

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. *Fluid Milk Products*.

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

For June 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.22 per cwt., up \$0.08 from the May 2011 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.78 in the Pacific Northwest to \$3.30 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.19 per cwt., also up \$0.08 per cwt. from the May 2011 average. Eighty percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.89	1.20
Southeast	007	2.88	2.30
Florida	006	3.30	0.79
Mideast	033	2.12	1.42
Upper Midwest	030	2.09	1.24
Central	032	1.88	0.97
Pacific Northwest	124	0.78	0.60
All Reporting Areas Combined 3/		2.22	1.19

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

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

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

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

Component Price Information: Under the Federal milk order pricing system, the butterfat price for August 2011 is \$2.2985 per pound. Thus, the Class II butterfat price is \$2.3055. The protein and other solids prices for August are \$3.8305 and \$0.3811 per pound, respectively. These component prices set the Class III skim milk price at \$14.12 per cwt. The August Class IV skim milk price is \$12.53 which is derived from the nonfat solids price of \$1.3920 per pound. **Product Price Averages:** The product price averages for August are: butter \$2.0695, nonfat dry milk \$1.5739, cheese \$2.1402, and dry whey \$0.5691.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} ^{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	AUGUST 2011				SEPTEMBER 2011
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	24.68	21.55	21.67	20.14	25.03
Appalachian (Charlotte) ^{5/} ^{6/}	005	24.83	21.55	21.67	20.14	25.18
Southeast (Atlanta) ^{6/} ^{7/}	007	25.23	21.55	21.67	20.14	25.58
Florida (Tampa) ^{6/} ^{8/}	006	26.83	21.55	21.67	20.14	27.18
Mideast (Cleveland) ^{9/}	033	23.43	21.55	21.67	20.14	23.78
Upper Midwest (Chicago) ^{10/}	030	23.23	21.55	21.67	20.14	23.58
Central (Kansas City) ^{11/}	032	23.43	21.55	21.67	20.14	23.78
Southwest (Dallas) ^{12/}	126	24.43	21.55	21.67	20.14	24.78
Arizona (Phoenix)	131	23.78	21.55	21.67	20.14	24.13
Pacific Northwest (Seattle) ^{13/}	124	23.33	21.55	21.67	20.14	23.68
All-Market Average	---	24.32	21.55	21.67	20.14	24.67

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 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 market.

^{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.

JULY 2011 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 135.2 million pounds in July, 21.6 percent above July 2010 but 3.9 below June 2011. **AMERICAN TYPE CHEESE** production totaled 352.0 million pounds, 4.3 percent below July 2010 and 3.5 percent below June 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 859.5 million pounds, 2.0 percent below July 2010 and 4.0 percent below June 2011. **NONFAT DRY MILK** production, for human food, totaled 133.5 million pounds, 1.4 percent above July 2010 but 9.0 percent below June 2011. **DRY WHEY** production, for human food, was 78.6 million pounds, 5.6 percent below July 2010 and 2.5 percent below June 2011. **ICE CREAM** (hard) production totaled 73.2 million gallons, 4.7 percent below July 2010 and 2.6 percent below June 2011.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUL 2011	PERCENT CHANGE FROM:			PRODUCT	JUL 2011	PERCENT CHANGE FROM:		
	1,000 LBS.	JUL 2010	JUN 2011	YEAR TO DATE 1/		1,000 LBS.	JUL 2010	JUN 2011	YEAR TO DATE 1/
BUTTER	135,202	21.6	-3.9	14.5	SOUR CREAM	99,454	5.8	-7.0	4.0
CHEESE					YOGURT (PLAIN AND FLAVORED)	336,893	-1.2	-10.4	3.2
AMERICAN TYPES 2/	351,989	-4.3	-3.5	-0.2	DRY WHEY, HUMAN FOOD	78,589	-5.6	-2.5	---
CHEDDAR	260,689	-5.4	-3.7	-2.9	DRY WHEY, ANIMAL FEED	3,270	-22.8	-0.6	---
OTHER AMERICAN	91,300	-1.0	-2.8	---	DRY WHEY, TOTAL 8/	81,859	-6.5	-2.4	1.6
BRICK & MUENSTER	11,733	14.1	-0.3	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	57,982	-2.7	-6.4	---	HUMAN FOOD	2,284	-26.4	-28.1	---
HISPANIC	16,868	-3.6	-6.7	---	ANIMAL FEED	4,591	1.6	-5.4	---
TOTAL ITALIAN TYPES	363,959	-0.4	-4.6	4.9	LACTOSE, HUMAN FOOD & ANIMAL FEED	84,975	5.7	-5.0	13.0
MOZZARELLA	290,019	-0.3	-2.7	4.2	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	73,940	-0.7	-11.2	---	HUMAN FOOD 9/	32,150	-3.2	-2.8	---
SWISS	27,176	-4.0	-4.4	---	ANIMAL FEED 9/	2,778	-14.0	-20.2	---
ALL OTHER TYPES	29,758	4.3	4.1	---	TOTAL 9/	34,928	-4.2	-4.4	-0.9
TOTAL	859,465	-2.0	-4.0	2.3	25.0-49.9 PERCENT 10/	19,293	-10.1	-6.2	---
COTTAGE CHEESE, CURD 3/	34,374	-6.5	-9.6	---	50.0-89.9 PERCENT 10/	15,635	4.3	-2.2	---
COTTAGE CHEESE, CREAM 4/	27,338	-3.9	-4.5	-1.1	PROTEIN ISOLATES 11/	5,236	1.7	-1.8	---
COTTAGE CHEESE, LOWFAT 5/	30,307	-9.5	-11.8	-0.5	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSD WHOLE MILK	43,340	-2.6	-1.6	---	ICE CREAM (HARD)	73,185	-4.7	-2.6	-4.7
DRY BUTTERMILK	6,902	20.3	-8.2	---	ICE CREAM, LOWFAT (HARD)	15,591	6.9	-5.5	---
DRY WHOLE MILK	4,265	-33.1	-11.6	---	ICE CREAM, LOWFAT (SOFT)	25,383	3.4	-5.7	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	6,574	-14.2	-36.6	---	ICE CREAM, LOWFAT (TOTAL)	40,974	4.7	-5.6	5.2
NONFAT DRY MILK (NDM), HUMAN	133,494	1.4	-9.0	-3.7	SHERBET, HARD	3,685	-17.8	-19.1	-12.7
SKIM MILK POWDERS (SMP) 7/	39,653	75.3	19.1	61.2	YOGURT (TOTAL)	5,059	6.5	2.5	2.1

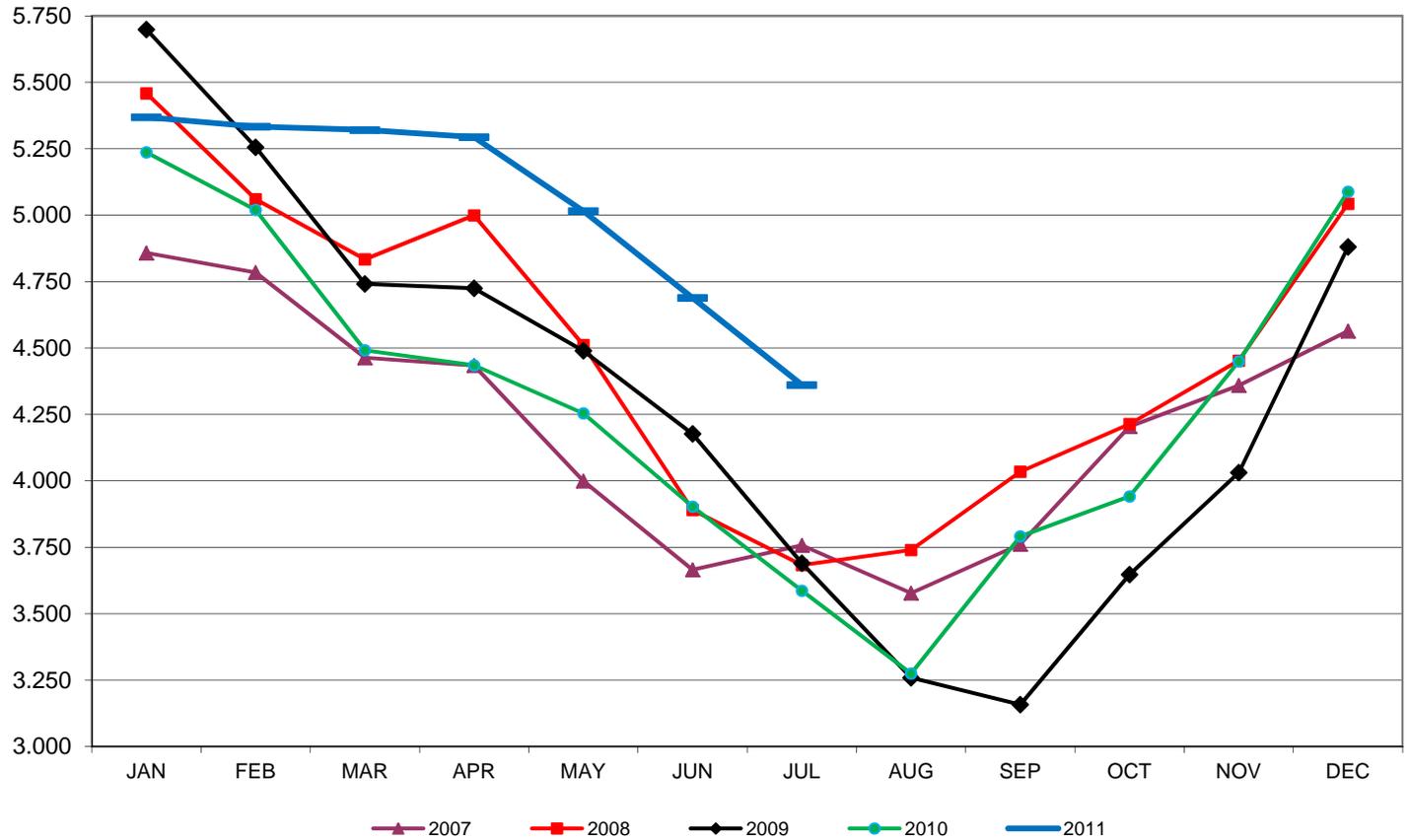
MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	JUL 2011	PERCENT OF:		PRODUCT	JUL 2011	PERCENT OF:	
	1,000 LBS.	JUL 2010	JUN 2011		1,000 LBS.	JUL 2010	JUN 2011
DRY WHEY, HUMAN FOOD	43,798	-6.6	-0.3	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,965	-42.3	61.2	HUMAN FOOD 9/	34,472	-4.4	3.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	4,185	-59.5	-6.6	ANIMAL FEED 9/	1,324	-28.4	-32.1
LACTOSE, HUMAN FOOD & ANIMAL FEED	76,107	-9.3	-1.6	TOTAL 9/	35,796	-5.6	1.7
CANNED EVAP & CONDSD WHOLE MILK	89,075	-29.2	9.5	25.0-49.9 PERCENT 10/	17,123	-20.8	1.2
DRY BUTTERMILK	18,404	98.2	-1.9	50.0-89.9 PERCENT 10/	18,673	14.7	2.1
NONFAT DRY MILK (NDM), HUMAN FOOD	192,916	-2.3	1.6	PROTEIN ISOLATES 11/	4,829	-46.3	7.5

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

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

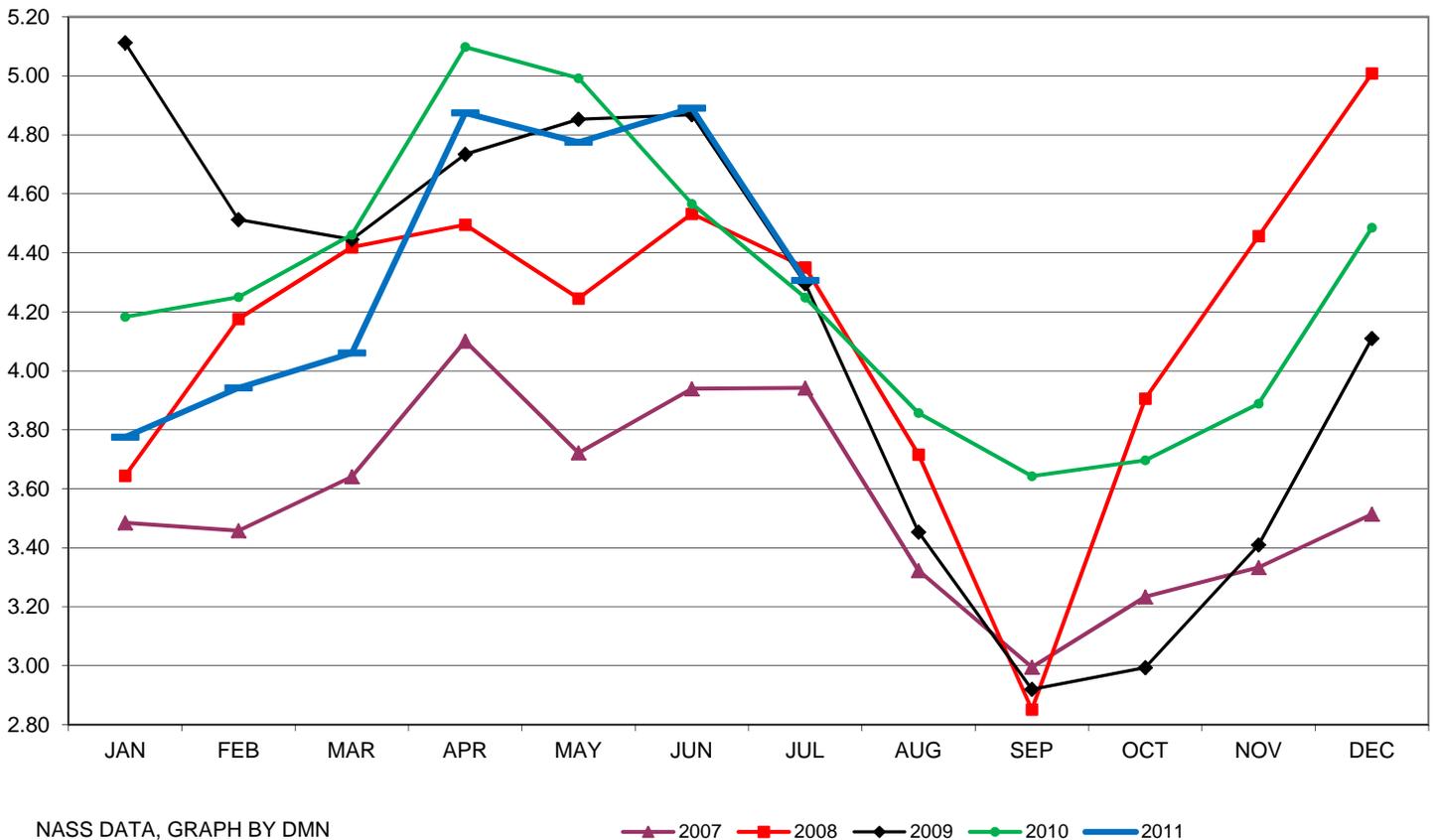
MILLION POUNDS

DAILY AVERAGE U.S. BUTTER PRODUCTION



MILLION POUNDS

DAILY AVERAGE U.S. NDM PRODUCTION



NASS DATA, GRAPH BY DMN

2007 2008 2009 2010 2011

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