

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (09/16):**

BUTTER: Grade AA closed at \$1.9025. The weekly average for Grade AA is \$1.9045 (-.0574).

CHEESE: Barrels closed at \$1.7200 and 40# blocks at \$1.7775. The weekly average for barrels is \$1.7245 (-.0061) and blocks, \$1.7825 (-.0063).

BUTTER HIGHLIGHTS: The cash butter price at the CME has remained under the \$2.0000 level since September 6 and closed the week at \$1.9025. Churning schedules across the country are mixed, although overall churning is heavier. Some butter producers are cautious with their cream purchases as the cash butter price declines. Cream volumes are readily available as standardized cream volumes increase and Class II cream demand eases. Butter orders are typical for this time of the season. Retail orders are once again increasing following the Labor Day holiday, but buyers remain hesitant to purchase too heavily as the cash price remains unsettled. More retail buyers are indicating that potential features might be considered that were previously not. Food service buyers appear to be taking a slower approach to future orders as this time of the year is typically a slower traffic period and this year appears to be much the same pattern.

CHEESE HIGHLIGHTS: The cheese market is unsettled with some concern over the continuing wide barrel/block spread. Buyers under monthly average pricing programs have seen a much smaller price reduction than weekly average buyers and have been less aggressive in building fall inventory. Orders have increased for mozzarella as well as muenster and string cheese. Aged cheddar interest remains light though some improvement is noted on aged hard Italian varieties. Process interest is steady to generally slower seasonally. Increased cream availability and lower prices are aiding the usually stronger fall cream cheese output. Manufacturing milk supplies are being affected by school milk needs (see page G3) entering the traditionally fall tighter milk supply and stronger cheese demand period.

FLUID MILK: Milk production patterns in Northeast are once again impacted by weather activity with the latest tropical storm creating the expected issues from the farm level to consumer buying patterns. Several processing plants were shut down due to water and utility problems. The farm level milk production impact is still being assessed. Milk was being shipped to other manufacturing plants for processing help. Midwestern milk production is mostly steady with recent weeks and processing plants are taking expected volumes. Milk production conditions in the Southwest are improving and reflect cooler weather conditions. Milk volumes are steady to slightly higher. In the Pacific Northwest, Utah, and Idaho, milk output is down marginally while component levels are increasing.

DRY PRODUCTS: The nonfat dry milk market prices continue to trade in a wide range and the market tone remains unsettled to weak. Pricing fluctuations continue for sales based on indices. The resale market remains weak with sellers taking losses to clear holdings. Export shipments are

occurring and current export interest is fair. Additional competitive pricing in the EU is developing. U.S. skim milk powder export sales remain active and priced in the \$1.40-\$1.50 range. U.S. NDM production is moderate to seasonally active in the West and Midwest to process milk solids. Dry buttermilk prices are steady to lower. Demand is light and lower priced, volume sales are needed to stimulate interest. Heavy churning schedules are creating more buttermilk solids for drying. Dry whey prices are increasing on a firm market. Buying interest is fair to good and creating a tight market supply. Drying schedules are in instances higher where cheese production has increased. Whey protein concentrate prices are mostly unchanged. The market tone is mixed with stable internal signals meeting weakness on a protein basis from the NDM market. Lactose prices are higher and the market is strengthening ahead of fourth quarter negotiations. Buying interest is good and clearing current offerings. Contract pricing for the upcoming new quarter is higher.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Weather conditions are playing a role in contracting milk supplies across many countries in **Western Europe**. Hot and dry weather in recent weeks has lowered milk production and the rate of increase has narrowed. Season ending volumes are now closer to year ago levels. Currency declines have affected export potential, making products more likely to be exported at lower relative value. While the Euro declines have created more marketing opportunities, the demand for those finished products has been unaggressive. There is a fair to strong demand from internal customers as consumers return to normal buying patterns following summer holidays. Cheese demand and activity is good, more milk is being moved into cheese production and then more whey is being dried. Whey prices are slightly lower and moving into export markets. Butter and butteroil prices are trading lower with most activity towards local needs as pricing levels are higher than international markets. SMP and WMP prices are trending lower. SMP prices are competitive with world prices and export demand is noted to be increasing. Traders and handlers indicate that milk production in **Eastern European** countries is running above year ago levels. Processing plants are able to process these milk supplies in an orderly fashion with the product mix remaining along projections. Finished product supplies are adequate and available for the local and export trade needs. **Australian** milk production reports peg July output at 1.1% lower when compared to July 2010. The Tasmania region showed the biggest percentage increase (+12.3%), whereas the Queensland region showed the largest percentage decline (-11.6%). Current milk production patterns are improving in Australia. Pastures are starting to grow. Farm level confidence is building as pricing and milk prospects look good for the season. Water is adequate for upcoming seasonal needs.

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CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 12	TUESDAY SEP 13	WEDNESDAY SEP 14	THURSDAY SEP 15	FRIDAY SEP 16	WEEKLY CHANGE *	WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.7225 (+.0025)	\$1.7400 (+.0175)	\$1.7200 (-.0200)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	:: :: (N.C.)	:: :: \$1.7245 :: (-.0061)
40# BLOCKS	\$1.7850 (N.C.)	\$1.7850 (N.C.)	\$1.7825 (-.0025)	\$1.7825 (N.C.)	\$1.7775 (-.0050)	:: :: (-.0075)	:: :: \$1.7825 :: (-.0063)
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	\$1.4900 (N.C.)	\$1.4900 (N.C.)	\$1.4900 (N.C.)	\$1.4900 (N.C.)	\$1.4900 (N.C.)	:: :: (N.C.)	:: :: \$1.4900 :: (N.C.)
BUTTER							
GRADE AA	\$1.9125 (N.C.)	\$1.9025 (-.0100)	\$1.9025 (N.C.)	\$1.9025 (N.C.)	\$1.9025 (N.C.)	:: :: (-.0100)	:: :: \$1.9045 :: (-.0574)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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New Zealand milk production levels are trending seasonally higher at levels above a year ago, when conditions were poor. Milk supplies are building and processing plants are ramping up production schedules. The product mix is set and a wide variety of products are being manufactured to fill sales on the books. Product price trends have shown slight weakness in recent weeks. Internationally, the decline in the Euro during the past two weeks has made products from that region lower in relative value. In the early **Oceania** season, dairy products are mostly well balanced. Traders and handlers are noting that increasing volumes of SMP and WMP are being booked for future fulfillment and negotiations are active with customers for additional needs. Cheese markets are weaker and reacting to lower pricing levels in other regions. Butter prices are trending lower in early season trading. The September 6 g/DT session 51 results showed mixed average prices for all contracting periods and products.

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2011 is raised as the dairy herd has been expanding at a more rapid rate than expected. However, the forecast for 2012 is reduced as higher forecast feed prices reduce the rate of growth in milk per cow. Commercial exports for 2011 are raised on the strength of current product exports. For 2012, fat basis exports are lowered, largely on slightly weaker butter exports. Skim solids imports are raised for both 2011 and 2012. Cheese prices for 2011 are forecast lower, but nonfat dry milk (NDM) and whey prices are forecast higher on the strength of relatively strong exports. Butter prices remain unchanged. The Class III price is lowered, based on the lower forecast cheese price, but the Class IV price forecast is unchanged from last month. For 2012, butter and cheese prices are unchanged but NDM and whey prices are forecast higher. The Class III price is unchanged, but the Class IV price forecast is raised. The all milk price forecast is lowered to \$20.15 to \$20.35 for 2011, but is unchanged at \$17.80 to \$18.80 for 2012.

JUNE MAILBOX MILK PRICES (AMS & CDF): In June 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.88, up \$1.30 from the previous month average, and up \$5.49 from June 2010. The component tests of producer milk in June 2011 were: butterfat, 3.58%; protein, 3.00%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in June 2011 ranged from \$23.98 in Florida to \$19.19 in New Mexico.

JULY FLUID MILK SALES (AMS & CDF): During July, over 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.0% lower than July 2010. After adjusting for calendar composition, sales in July 2011 were 1.6% lower than July 2010. Estimated sales of total conventional fluid milk products decreased 4.5% from July 2010 and estimated sales of total organic fluid milk products increased 10.7% from a year earlier.

CME GROUP

MONDAY, SEPTEMBER 12, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7825, 1 @ \$1.7850; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7225; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7500; 1 CAR 40# BLOCKS @ \$1.7850
 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, SEPTEMBER 13, 2011

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.7300, 1 @ \$1.7400, 1 @ \$1.7500, 2 @ \$1.7400; 2 CARS 40# BLOCKS @ \$1.7850; LAST BID UNFILLED: 5 CARS BARRELS @ \$1.7400; 5 CARS 40# BLOCKS @ \$1.7750; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7850
 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 @ \$1.9025

WEDNESDAY, SEPTEMBER 14, 2011

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.7350, 1 @ \$1.7325, 3 @ \$1.7300; 2 CARS 40# BLOCKS @ \$1.7825; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7000; 2 CARS 40# BLOCKS @ \$1.7750; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7200; 1 CAR 40# BLOCKS @ \$1.7825
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.8975; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9025; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 15, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7000; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7825
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 16, 2011

CHEESE -- SALES: 6 CARS 40# BLOCKS: 3 @ \$1.7800, 3 @ \$1.7775; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7775
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$.0100 Tuesday and closed at \$1.9025. Since the Labor Day holiday the butter price has declined \$.1025. Butter production has increased significantly as numerous dairy manufacturers pushed back milk shipments due to flooding conditions in their areas, resulting in increased cream volumes being directed to churns. Current production is adding to overall inventories. Some plants are rotating their inventories by microfixing supplies for existing orders and adding current production to inventories. A few plants are not inclined to make butter, preferring to wait until the declining butter market has settled. Concerns are mounting amongst traders that the national economy is slowing and may affect butter sales over the holiday period. Current orders have slowed a bit as buyers hold back on orders while the butter market is declining. 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 has declined over the past week and settled at \$1.9025 at midweek. This cash price compares to \$2.2225 last year at this time and \$1.1925 in 2009. The current cash price is the lowest since early January 2011. Churning activity in the Central part of the country is seasonally strong. Cream supplies are readily available and butter producers are able to pick and choose what level of churning they desire. For many, they are nearly at capacity as available cream supplies and weaker prices are encouraging this trend. Butter producer are often taking advantage of the extra cream to replenish lighter than desired inventories. Butter orders are starting to occur once again following the Labor Day holiday. Often, these orders are not as strong as they typically might be following a holiday, as many buyers anticipate further cash price weakness. Although some hesitancy is being reported, others are placing strong orders and contemplating feature activity previously not considered. Some retailers feel that possible features at this time would attract strong butter sales and get shoppers into supermarkets. Food service orders are fair at best. Most food buyers are indicating that they are taking a slow approach to future

orders as this time of the year is typically a slower traffic period and this year appears to be much the same pattern. 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 \$1.9025. Butter sales are currently very light at the CME Group. Two loads were sold today for the first sales of the week. Western butter prices are weak in the face of increased production schedules. Cream supplies are plentiful as more milk goes into Class I use. Ice cream demand has slowed for the available fat and churns are operating busy schedules to utilize the excess cream. Print butter demand is steady to increasing with the lower prices stimulating interest in butter featuring. Butter manufacturers are cautious about increased inventories and are offering bulk discounts in some cases rather than building supplies for later in the year. Prices for bulk butter range from even to 7 cents under the market, based on the CME with various time frames and averages used.

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

	2011 Exports	% Change From
	Monthly Exports	1 Year Ago
July	10.2	- 36
	Jan.- July (Million Lb.)	1 Year Ago
World	99.3	+ 37
Saudi Arabia	16.9	+ 17
Mexico	10.2	+ 144
Japan	8.6	+3,056
Canada	7.9	+ 31
Morocco	7.7	+ 31

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
September 10	1.8752 9,848,879	1.8036 9,000,606	1.5578 15,123,456	2.0356 4,744,724	0.5890 5,904,764

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were mixed Tuesday with blocks closing unchanged at \$1.7850 and barrels advancing \$0.0175 to close at \$1.7400. Trading has been fairly active recently with 14 loads of blocks transacted in the last 12 trading sessions, while barrels have seen 36 loads traded during the same period. The CME Group weekly average prices were mixed with barrels advancing and blocks holding steady. Wholesale prices reflected those trends with Process 5# Sliced cheese increasing \$.0025, while Cheddar 40# Block and Muenster were unchanged. Swiss Cut prices were also unchanged. Cheese production in the Northeast declined this past week as production schedules were interrupted due to delayed milk shipments and/or production stoppages due to high water levels caused by tropical storm Lee. Most plants have returned to regular levels of production coming off the weekend. Production of mozzarella is active prompted by good pizza sales. Cheddar production for aging programs is steady at increased seasonal levels. Milk transport and product delivery costs have increased as truckers put on extra miles and hours working around various road closures and detours. CWT, Cooperatives Working Together, have accepted 17 requests for export assistance of 4.17 million pounds of Cheddar and Monterey Jack cheeses to Asia, North Africa and the Middle East. Product will be delivered September 2011 through January 2012.

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

Cheddar 40# Block	:	2.1075-2.3825
Process 5# Sliced	:	1.8400-2.1500
Muenster	:	2.1275-2.3325
Grade A Swiss Cuts 10 - 14#	:	3.9000-4.2225

MIDWEST

The cheese market is unsettled on the CME Group cash cheese market though a bit of seasonally stronger undertone is occurring. Schools are back in session and pulling milk away from manufacturing plants. Some tightness is noted on current varieties that typically are tight in fall such as muenster. A buyer looking for a spot load or two of mozzarella still has minimal problems, though pizza interest has improved seasonally. A few buyers have had orders delayed due to the milk supply on current varieties from preferred suppliers. Finished natural orders are generally steady to improved with overtime needed on some lines such as shreds. Process demand is generally steady to slower seasonally. Aged cheddar interest is still quiet though interest should improve in a few weeks. A few announced plant equipment updates in the next month will cause production interruptions and could impact short term supplies of certain varieties. A few plants have started making specialty products that need aging for the yearend holiday season. Milk production seems to be picking up slightly along with components. Possibly lower fluid shipments out of the Southwest may cause increased cheese production in the area, depending on cheese demand.

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

Process American 5# Loaf	:	2.0900-2.6600
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#	:	3.0900-3.3300

WEST

Cheese trading at the CME Group on Wednesday was lower. After two days of increases, Wednesday's close for barrels was \$.0200 lower at \$1.7200. This matches last week's closing price. Blocks on Wednesday were \$.0025 lower at \$1.7825. The spread between blocks and barrels is back to over six cents. Sales of barrels are active this week with ten loads trading. Blocks continue moderate trading with two loads sold each day this week. Western cheese production is mostly steady as milk supplies are slowing down from peak supplies. Higher components are helping to keep production steady. Lower prices over the last few weeks have increased interest from buyers. Contract sales are steady. Buyers are showing some reluctance to enter the spot market until they feel the market has found a new plateau. Export sales have been assisted by CWT incentives for eligible producers. Stocks are adequate for contracted needs.

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

Process 5# Loaf	:	1.8550-2.1125
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#	:	3.4775-3.9075

FOREIGN

The CME Group weekly average price for block cheese held steady for the second straight week. Wholesale prices also held steady for all domestic varieties including Swiss Cuts. Recent Swiss cheese price increases continue to concern Swiss cheese makers, thinking the higher prices may cause reductions in future orders/sales. Higher milk and cheese prices have limited orders and sales in some Italian hard cheeses and have brought about declines in production.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.0400	: 2.2475-3.7350
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 (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.9925-4.3150
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

	BUTTER	CHEESE
09/12/11	6,995	: 139,563
09/01/11	7,138	: 139,664
CHANGE	-143	: -101
% CHANGE	-2	: N.C.

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CHEESE MARKETS

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

	2011 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
July	36.1	+ 4
Cumulative	Jan.- July	1 Year Ago
World	299.5	+ 41
Mexico	60.5	- 5
South Korea	54.6	+ 142
Japan	29.8	+ 69
Saudi Arabia	13.9	+ 53
Canada	13.2	--

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	20	0	0	0
SOUTHEAST STATES	0	0	0	0	15	0

Tropical storm Lee disrupted milk shipments and dairy manufacturing schedules in the Northeast. The storm drenched some areas in the Northeast with as much as 19 inches of rain. Numerous manufacturing plants had to shut down as treatment plants were incapable of handling the increased water volumes. Other plants need to interrupt production to deal with flooding problems. The numerous plant closings caused milk to be reallocated and reshipped in order to find a home. Most production facilities were returning to regular schedules coming off the weekend. Milk transport and product delivery costs have increased as truckers are putting in extra miles and hours working their way around road closures and detours. Damage and losses to dairy production and crops are still being assessed. The Mid-Atlantic region also experienced flooding problems and plant closures. Fluid milk demand remains strong as Class I pipelines are not yet full. Manufacturing supplies were heavy in some areas over the weekend as milk was rerouted due to the storm and flooding. Roll over milk supplies stemming from Labor Day holiday Class I push backs resulted in zero imports of spot loads this week in Florida. Class I demand remains strong and milk production continues to decline. Temperatures and humidity levels have moderated this past week. Class I pulls are also strong in the Southeast region. Milk supplies are in balance with placements with very little surplus. Cream supplies were heavy over and coming off the weekend as numerous cream manufacturers halted or interrupted production and deliveries due to the severe weather and high water. Some major butter manufacturers were operating churns at near capacity. Cream demand coming off the weekend is fairly good as manufacturers try to catch up on their production schedules. Cream multiples are in wide range from 122-135 with the high end of the range being supported by bottled cream manufacturers. Increased volumes of standardized cream are continuing to come from Class I plants. Condensed skim milk supplies were heavy over the weekend and into the early portion of the week. Condensed skim volumes overwhelmed some plant's drying capabilities and as a result, some spot loads were sold at significant discounts. Demand has increased as the week progressed as many Class II manufacturers try to catch up on their production schedules.

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 -	2.3935-2.6486
F.O.B. producing plants: Upper Midwest -	2.3935-2.5112

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 -	1.72 - 1.77

MIDWEST

Class I demand is starting to get scaled back to the actual needs of school accounts after the usual reopening overly optimistic levels. The usual assortment of retail fluid promotions are underway though at current Class I prices, activity is spotty. Cream demand remains weak and multiples and therefore prices are lower. Standardized cream supplies are often heavier as fat tests seem to be recovering from the lower summer levels. Ice cream interest continues to slow seasonally after a lower peak production season. Therefore, most cream is being sent to

churns. Manufacturing milk interest remains good though spot prices remain closer to the lower Labor Day weekend levels generally fractionally above and below the \$2.00 over class mark compared to the higher prices before the holiday. Spot manufacturing milk supplies remain tight in some areas. The planned shutdown for retooling of a couple larger plants in the next month should allow extra volumes to move to other users in the Upper Midwest. Scattered frost ended the growing season in parts of the upper Midwest. When added to "Murphy's Law", the array of difficult 2011 crop raising conditions, from wet conditions through drought, yields may be further reduced or extra crop drying may be needed. Corn silage is being harvested as well as late cutting alfalfa. Dry conditions continue through much of the Upper Midwest though eastern sections have had more rain from recent large storms. In the Southwest, producers are facing whether or not to plant winter wheat in the dry conditions.

WEST

CALIFORNIA milk output is currently uneven with overall levels above a year ago. Some handlers are noting that plant intakes are lower and slower to recover after a heat spell two weeks ago. Plants have processing capacity and there has been some shifting back of milk to cheese plants as they seek more milk. There are adequate milk supplies for all needs. ARIZONA milk producing conditions have improved as a result of improved weather conditions; daytime temperatures have moderated and nighttime conditions have cooled. Processing plants are taking in additional milk and are having no issues. Class I demand is fair to good and has steadied as accounts have dialed in current needs. NEW MEXICO milk production is trending steady to higher with plant intakes tracking higher than year ago levels. Processing plants remain active to handle the current milk supplies with some unsettledness where plant maintenance was taking place. The trade is commenting that milk is heavier now than current needs and the situation is expected to continue. Milk shipments are moving to other regions under contracts, but spot interest from the Southeast is uneven. Local Class I needs have leveled off. The common descriptor of the CREAM markets this week is "dead". Offerings are heavy and buying interest is light for most items utilizing cream. Ice cream has left the spot market and taking only contracted volumes, often which have been adjusted seasonally lower. The amount of cream entering the butter churns has increased and therefore, cream multiples for butter usage are all over the low side of the multiple range. In-state, California pricing is reported to be flat with little or no premiums. The CME butter price was \$1.9025 on Wednesday, September 14, down 9.25 cents from a week ago. Cream multiples diverged some this week, trading between 108-123, and vary based on class usage and basing point. Fall weather has arrived in the PACIFIC NORTHWEST. Cooler temperatures are becoming the norm across the region. Pastures along the coastal areas are still good. Milk production is slowing down seasonally, while milk components are increasing. Class I demand is back to expected levels with schools in session. Manufacturing supplies are lighter for most products, although cream is said to be plentiful. Butter churns are busy with the increased supply. Milk processors are able to handle the available supplies comfortably within the region. UTAH and IDAHO milk production is also slowing seasonally. Cooler temperatures have dairy farmers looking to finish forage harvesting and begin corn silage harvest. Lower cheese prices have dairy farmers recalculating future milk prices and adjusting break evens for fall and winter. Hay prices remain high and supplies are scarce. The beginning of grain harvest in the Midwest has lowered cash prices and provides an opportunity to purchase inputs at lower price levels. Milk supplies are being handled locally in most cases as plants have adequate capacity for current offerings.

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 to one cent higher on the top of the mostly price range. The market seems to be settling into a comfortable zone, according to some market participants. They indicate spot market activity, while still intermittent, seems to have gained some strength over last week's activity. Some sellers in the West region are reportedly delaying, shorting or allocating NDM contract loads due to tight supplies. This is impacting a few Central region buyers who regularly bring in NDM from western manufacturers to fill Central needs, but workarounds are generally possible with fill-in loads from F.O.B. inventories or other suppliers. Production of low/medium heat and high heat NDM is increasing steadily in the region as farm milk supplies increase. Seasonally decreasing sales of condensed skim into Class II and III end uses has freed up some additional volumes for nonfat dry milk production. A few plants report they are steadily building NDM inventories during this period before demand for fluid milk from the Southeast reemerges.

EAST: Nonfat dry milk low heat prices were mixed on the full range, while the mostly price range marginally increased. High heat nonfat dry milk prices were unchanged. Production of nonfat dry milk increased as greater volumes of condensed skim milk were directed to dryers over the weekend, because of the numerous dairy manufacturing interruptions caused by tropical storm Lee. Nonfat dry milk inventories are expanding in the East, but overall supplies remain fairly tight. Buyers trying to secure additional loads are looking in the Central and Western regions and finding available supplies at lower price levels. Demand has increased marginally as some cheese makers are switching from condensed skim milk to lower priced nonfat dry milk.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4400 - 1.6300 MOSTLY: 1.4800 - 1.6100
 HIGH HEAT: 1.6000 - 1.7000

NONFAT DRY MILK - WEST

Pricing levels for Western low/medium heat nonfat dry milk are trending lower on the top ends of the range and mostly price series. The market undertone remains weak, but variable throughout the marketing chain. Producer offerings vary depending on production levels and the amount of product contracted. Some are in better inventory shape than others. Some producers are keeping stocks in check by making and selling SMP, often at pricing levels below comparable NDM sales levels. Export powder is moving well along contracted levels. Recent declines in the Euro are factoring into their SMP prices being lower and thus have become more competitive than U.S. offerings. The U.S. resale NDM market remains weaker than the spot market with resellers discounting deeply to keep them from building undesired inventories of NDM. Drying schedules are active seasonally and often remain above expectations with regional milk production remaining on the moderate to heavy side and a strong flow of milk into butter/powder operations. Stock levels are variable at the producer levels with holdings moderate to heavy. There are ample supplies to fill domestic and export needs. High heat prices are steady and trade in a wide range, reflecting variable pricing structures being used. The market tone is unsettled heading into a usually active season buying pattern for high heat in bakery and confectionary usage. Drying schedules are light to moderate and available to make high heat for current and expected future needs. FAS export data for NDM/SMP show January-July 2011 exports at 562.6 million pounds, up 36% from the same period in 2010. July 2011 exports total 81.7 million pounds, up 22% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.5825 MOSTLY: 1.4200 - 1.5600
 HIGH HEAT: 1.5100 - 1.7100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices, Central, are both higher and lower on a mixed market. Spot market activity continues at an unhurried tempo. Contract dry buttermilk shipments are on time and the pace on shipments is climbing. Churning and dry buttermilk production activities are increasing as both contract and spot sales of cream decrease into Class II end uses. Dry buttermilk inventories are reported as currently light to comfortable and building steadily to handle upcoming contract sales.

EAST: The dry buttermilk price range expanded this week as the low end declined, while the high end rose. The net effect of the price changes lowered the average price. Production of dry buttermilk continues to increase this week as some dairy manufacturing plants were shut down due to high water levels, which increased the volume of cream directed to churns. The increases in standardized cream volumes from Class I plants are also increasing the flow of cream to churns. Condensed buttermilk sales remain at reduced levels. Inventories of dry buttermilk are expanding. Supplies are moving through contracts with limited spot market activity. Demand remains sluggish as bakery orders have remained hand to mouth.

F.O.B. CENTRAL/EAST: 1.2800 - 1.5200

DRY BUTTERMILK - WEST

The Western dry buttermilk market continues to trend weaker with pricing levels moving lower for both the range and mostly series. Production of butter remains active to process the heavy regional cream supplies and consequently, buttermilk solids are being dried above projections for this time of year. The demand side of the marketing equation continues to be light and with spot interest mainly inspired by discounted prices. There are reports of dry buttermilk being exported. Other buyers are reluctant to take any extra loads in a weak market environment. Dry buttermilk stocks are moderate to heavy and ample to service current market needs.

F.O.B. WEST: 1.2200 - 1.3200 MOSTLY: 1.2500 - 1.2800

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged to slightly higher on a mixed market. Dry whole milk load availability outside of contract agreements is occasional and interest in those spot offers is active. Imported dry whole milk powder is reportedly available in the East at prices slightly lower than domestically produced dry whole milk. Dry whole milk production is higher this week as plants are producing for contracts as well as planning for spot market participation in the next few months.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 9	\$1.5619	9,419,892	0
September 2	\$1.5446	11,239,749	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 increased on a firm market. According to a few Central manufacturers, cheese orders are steady to higher in response to recent moderation in the cash cheese market. Some cheese plants added vats onto their planned cheese production this week to fill those increased cheese orders, gaining some dry whey output in the process. For the first time in several weeks, a few manufacturers indicated they have some uncommitted loads of dry whey in their warehouses, but they are not in a rush to clear those loads through the spot market. Instead, the loads offer a welcome buffer between dry whey loads clearing testing and the schedule for contract load shipping. Resale loads from brokers/traders were intermittently available, with finalized sales prices ranging from the low \$.60's to mid \$.70's. ANIMAL FEED DRY WHEY prices shadowed the edible dry whey price series and moved higher. Interest is steady from some feed blenders. Feed blenders, in turn, report interest in the various formulations of dry feed blends for veal and dairy replacement calves is level.

F.O.B. CENTRAL: .5500 - .6150 MOSTLY: .5550 - .6000
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4275 - .5800

DRY WHEY - NORTHEAST

Dry whey prices moved higher for the fourth consecutive week as the low end of the range advanced due to contract formulation. Product availability remains very tight. High water and flooding conditions in the Northeast caused some interruptions in cheese/whey production late last week and over the weekend. Production schedules are returning to their previous levels. Some manufacturers are catching up on contract shipments as demand from ice cream makers lessens. Market activity is very light with very limited spot market activity. Resale transactions amongst buyers are fairly active with prices above the market range. Domestic demand has dropped off, but export demand remains good.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5850 - .6100

DRY WHEY - WEST

Dry whey prices in the West continued their steady to firm trend. Both the range and mostly series are fractionally higher. Domestic prices are firmer as contract prices follow increases in various pricing indices. Whey supplies are tied closely to contract fulfillment. Spot sales into the resale market are limited as buyers are slow to place orders for fall needs. Significantly higher than year ago prices are restraining demand from seasonal buyers. The average of the mostly price for Western whey a year ago was \$.3725. Demand is currently in balance with supplies from manufacturers. Some cheese plants that are increasing production are producing more concentrated whey products along with dry whey. Export demand is good. Whey supplies are also finding their path to satisfying export orders.

NONHYGROSCOPIC: .5700 - .6325 MOSTLY: .6000 - .6275

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The mostly price range for whey protein concentrate 34% is unchanged, but the top of the range price series moved one cent higher based on F.O.B. spot sales. The market tone is mixed, with some stability emerging as the WPC 34% price, on a per unit of protein basis, draws closer to that of the benchmark nonfat dry milk market. With some manufacturers recently cancelling contract load deliveries for the near term and reducing overall 2012 WPC 34% availability, some buyers/end users have been tossed back into the market to find WPC 34% to fill 2011/2012 needs. A few end users are fast-tracking the supplier approval process to enable them to have sufficient WPC 34% for upcoming production schedules. Competition for spot loads of condensed whey and condensed whey protein concentrate is also active, especially from plants with the ability to generate multiple whey stream products.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4000 - 1.5800 MOSTLY: 1.4600 - 1.5300

LACTOSE - CENTRAL AND WEST

Both lactose price ranges adjusted higher on the strength of spot market sales this week, showing interest hasn't cooled for any loads entering the spot market. Production is increasing seasonally at some locations as milk supplies reestablish their fall patterns, but some manufacturers report slow cheese sales are still hampering lactose production for the near term. Lactose contracting for the fourth quarter is progressing steadily. Manufacturers and end users from various market sectors report pricing remains firm, buoyed by a lack of substitute ingredients that could provide enough price advantage to cover reformulation/relabeling costs.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4700 - .7400 MOSTLY: .5500 - .6700

CASEIN - NATIONAL

Casein markets remain steady as the third quarter winds down. Prices for the fourth quarter are mixed with a weaker undertone developing, especially for 2012. European suppliers are indicating that their production season is coming to an end. For the most part, casein production in Europe has been on track with projections and casein producers are optimistic about supplying customers with needs during the upcoming winter season. In the Oceania region, the milk production season continues to develop and reports of early casein production are occurring. This production is occurring in an area of New Zealand where logistically, it is more cost effective to gear up the casein operation versus moving milk to other locations for processing. Some suppliers indicate that this earlier than usual production in New Zealand should help with the overall flow of product from the region during the upcoming production and sales season.

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 SEPTEMBER 12 - 16, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 09/02/11	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 08/27/11 & 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	8.9	3.2	19.8	3.7	N.A.	N.A.	13.5	2.7	54.6	1,932.4	39.9	44.9
2010-Dairy	N.A.	0.7	7.1	2.8	19.3	4.0	0.3	N.A.	13.4	2.9	52.2	1,846.7	42.8	44.0
2011-All cows	0.0	0.8	11.1	15.0	37.4	29.5	N.A.	N.A.	19.1	3.9	136.7	4,302.0		
2010-All cows	N.A.	0.8	9.0	14.2	34.3	22.3	13.2	N.A.	17.7	6.9	122.0	4,199.1		

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

CLASS III MILK PRICES, (3.5% BF)

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

CLASS IV MILK PRICES, (3.5% BF)

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

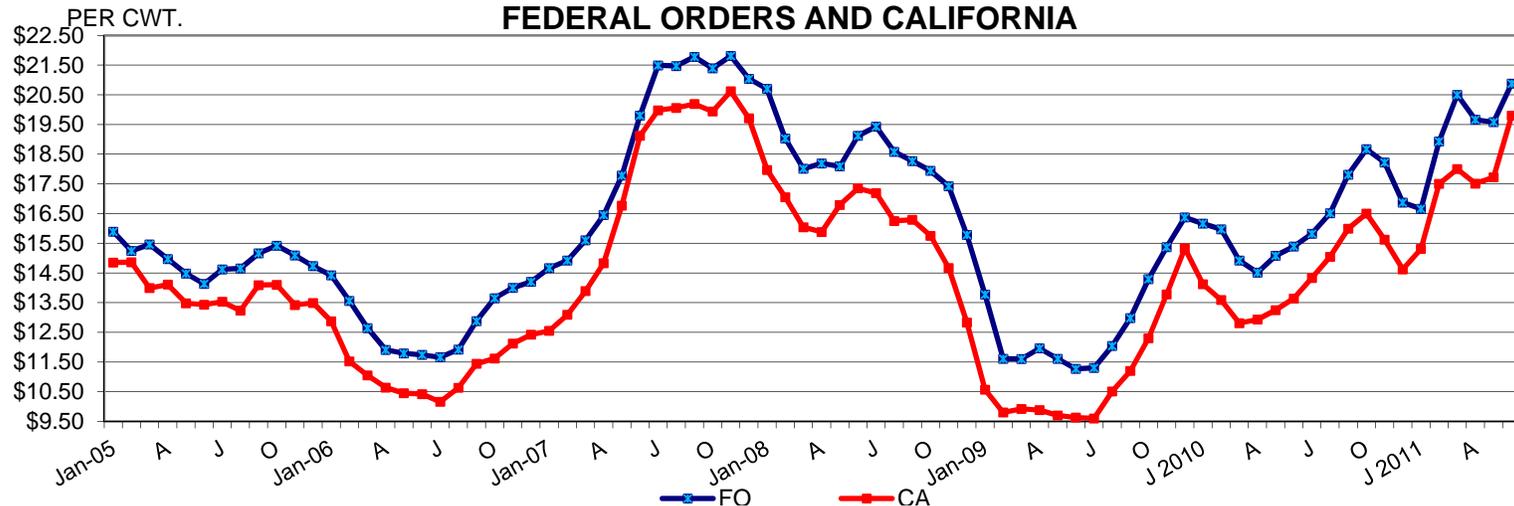
FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78			
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	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

MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered September 4—17, 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 are playing a role in contracting milk supplies across many countries in Western Europe. Hot and dry weather in recent weeks has lowered milk production and the rate of increase has narrowed. Season ending volumes are now closer to year ago levels. Currency declines have affected export potential, making products more likely to be exported at lower relative value. While the Euro declines have created more marketing opportunities, the demand for those finished products has been unaggressive. There is a fair to strong demand from internal customers as consumers return to normal buying patterns following summer holidays. Cheese demand and activity is good, more milk is being moved into cheese production, and then more whey is being dried. Whey prices are slightly lower and moving into export markets. Butter and butteroil prices are trading lower with most activity towards local needs as pricing levels are higher than international markets. SMP and WMP prices are trending lower. SMP prices are competitive with world prices and export demand is noted to be increasing.

BUTTER/BUTTEROIL: Pricing trends in Western Europe are lower from recent reporting periods. The market tone has trended weaker. Export interest continues to be light due to the relative price levels and generally limited amounts of product being made for export as domestic buying is commanding most butter sales. Local demand is higher following summer holidays. The production trend is moving lower, affected by both lower milk output and more manufacturing milk moving towards cheese production. The Private Storage Aid (PSA) program closed in August for butter intakes with reports now indicating that butter volumes are coming out of storages under planned conditions. Butteroil market interest is limited beyond contractual obligations.

82% BUTTERFAT: 5,475 - 5,800
 99% BUTTERFAT: 5,900 - 6,200

SKIM MILK POWDER (SMP): European skim milk powder prices are trending lower from prior weeks. The market tone is weaker from both product price trends and the value being lowered into the export trade because of the declining Euro value versus other currencies. There are adequate supplies to fill both internal and export demand needs. Drying schedules are lower with milk production declining seasonally and milk being shifted to cheese production.

1.25% BUTTERFAT: 3,000 - 3,300

WHOLE MILK POWDER (WMP): European whole milk powder pricing levels are trading at lower levels than in the past few reporting periods. The market tone is weaker and is under more pressure as offerings at lower prices are being noted on the world market from other suppliers. The overall demand picture for WMP in the world scheme is on the light side at present. At these pricing levels, exports are mainly limited to past contracts and product movements are to local buyers.

26% BUTTERFAT: 3,825 - 4,000

SWEET WHEY POWDER: Pricing levels for whey are steady to slightly lower. Currency issues are creating some opportunities for whey sales into export channels. While milk volumes are declining, more manufacturers are keeping milk in cheese and subsequently, more dry whey is being produced. Whey holdings are adequate for local and export traded needs.

NONHYGROSCOPIC: 1,100 - 1,250

EASTERN OVERVIEW: Traders and handlers indicate that milk production in Eastern European countries is running above year ago levels. Processing plants are able to process these milk supplies in an orderly fashion with the product mix remaining along projections. Finished product supplies are adequate and available for the local and export trade needs.

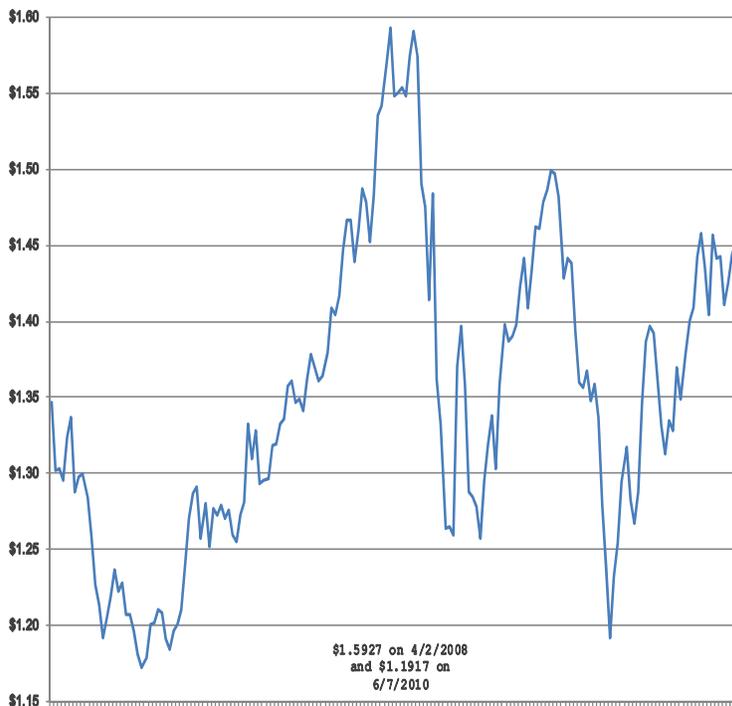
Exchange rates for selected foreign currencies: September 12, 2011

1.0073 Canadian Dollar	.0214 Indian Rupee
.2386 Argentina Peso	.8228 New Zealand Dollar
.0778 Mexican Peso	1.0347 Australian Dollar
.3161 Polish Zloty	.0130 Japanese Yen
	1.3679 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0778) = 12.853 Mexican Pesos.

Source: "Wall Street Journal"

EURO COMPARED TO U.S. DOLLAR
 Biweekly - Jan 2005 - Sep 2011



DATA SOURCE: WALL STREET JOURNAL

Information gathered September 4—17, 2011

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OCEANIA

OVERVIEW: Australian milk production reports peg July output at 1.1% lower when compared to July 2010. The Tasmania region showed the biggest percentage increase (+12.3%), whereas the Queensland region showed the largest percentage decline (-11.6%). Current milk production patterns are improving in Australia. Pastures are starting to grow. Farm level confidence is building as pricing and milk prospects look good for the season. Water is adequate for upcoming seasonal needs. New Zealand milk production levels are trending seasonally higher at levels above a year ago, when conditions were poor. Milk supplies are building and processing plants are ramping up production schedules. The product mix is set and a wide variety of products are being manufactured to fill sales on the books. Product price trends have shown slight weakness in recent weeks. Internationally, the decline in the Euro during the past two weeks has made products from that region lower in relative value. In the early Oceania season, dairy products are mostly well balanced. Traders and handlers are noting that increasing volumes of SMP and WMP are being booked for future fulfillment and negotiations are active with customers for additional needs. Cheese markets are weaker and reacting to lower pricing levels in other regions. Butter prices are trending lower in early season trading. The September 6 g/DT session 51 results showed mixed average prices for all contracting periods and products. For the nearby November 2011 contracts, prices and changes from the previous session are: anhydrous milk fat, \$4,313/MT, +3.9%; buttermilk powder, \$2,895, -13.2%; skim milk powder, \$3,365/MT, -2.5%; whole milk powder, \$3,235, -3.3%; milk protein concentrate \$6,240/MT +2.0%; rennet casein \$9,424/MT -0.7%; and cheese \$4,002/MT, -7.8%.

BUTTER: Oceania butter prices are trending lower. The market undertone is softer. Interesting to note, the butter market prices are currently higher than anhydrous milk fat, despite the higher fat percentage in AMF. The trade sentiment is that the inversion will not last for long, with the expectation that butter prices would decline. Export interest is good and early season orders are booking expected volumes. Churning is trending higher as milk production builds. Australian butter production is mainly servicing local needs. At the September 6th g/DT event, anhydrous milk averaged \$4,353 per MT, +2.0% compared to the previous event all contract average. For the most recent event, contract #1 (November) averaged \$4,313 per MT, +3.9% when compared to the previous contract #1 average; Contract #2 (December - February) averaged \$4,340, +0.7%; and contract #3 (March - May) averaged \$4,748, +3.1%.

82% BUTTERFAT:

4,000 - 4,600

SKIM MILK POWDER (SMP): Pricing levels for Oceania skim milk powder moved slightly lower on both ends of the range. The market tone is steady to slightly weaker, in part due to recent declines in SMP pricing at the g/DT auction. In addition, pricing trends in the EU and US are affecting world market demand. The value of the Euro is declining, creating a lower price for products based off that currency and a more competitive level for other exporting countries. Production levels are trend-

ing higher in the Oceania region as milk output ramps up seasonally. Demand for current production is clearing SMP and more commitments are on the books for future needs. Stock levels are in good shape in the early season. At the September 16 g/DT event, skim milk powder averaged \$3,444, for all contracting periods, 0.3% higher than the previous event. For the near term contract #1 (November), the price averaged \$3,365 per MT, down 2.5% from the previous average; contract #2 (December - February) \$3,521, +3.2%; and for contract #3 (March - May) \$3,490, -0.9%.

1.25% BUTTERFAT:

3,350 - 3,700

WHOLE MILK POWDER (WMP): Oceania pricing levels are lower for whole milk powder markets, while the market tone is weaker. The declines in the last gDT auction are impacting current and contracted pricing levels. Marketing activity levels are trending higher as more contracts are on the books for coming months. Production levels are building as milk production increases seasonally in the region. World demand is below expectations with China and Asian countries being very slow to reenter the WMP markets. At the September 6 g/DT event, prices for all whole milk powder contracts averaged \$3,314 per MT, -1.6% when compared to the previous event's all contract average. The near term contract #1 (November) price averaged \$3,235 per MT, -3.3% when compared to the previous average. For contract #2 (December - February) the average price was \$3,343 per MT, down 0.1%, and with contract #3 (March - May) averaging \$3,416 per MT, down 3.0%.

26% BUTTERFAT:

3,225 - 3,750

CHEDDAR CHEESE: Oceania cheese prices are trending lower on the bottom end of the range and the market tone is slightly unsettled following the recent g/DT pricing trends lower. World markets are lower in Europe and the U.S. with pricing levels trending lower over the last few weeks. More EU exports are forecast with the decline in the Euro. Oceania cheese production is trending higher in the region with the milk production season starting fairly well and the product mix starting out in a wide and planned pattern that includes cheese manufacturing for export and domestic needs. At the September 6 g/DT trading event, cheddar cheese averaged, for all contracting periods, \$4,066 per MT, 4.7% lower than the previous all contract average. The near term contract (November) averaged \$4,002 per MT, 7.8% lower than in the prior event and for Contract #2 (December - February), averaged \$4,132, -2.5% from the previous event.

39% MAXIMUM MOISTURE:

4,000 - 4,600

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered September 4—17, 2011

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SEPTEMBER 6, 2011 Global/Dairy Trading (g/DT) event 51 recap US \$ per metric ton								
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		All Contracts	
	November 2011		December 2011 - February 2012		March - May 2012			
Anhydrous Milk Fat	\$4,313	3.9%	\$4,340	0.7%	\$4,748	3.1%	\$4,353	2.0%
Buttermilk Powder	\$2,895	-13.2%	\$3,190	-9.9%	N.A.	N.A.	\$2,988	-12.0%
Skim Milk Powder	\$3,365	-2.5%	\$3,521	3.2%	\$3,490	-0.9%	\$3,444	0.3%
Whole Milk Powder	\$3,235	-3.3%	\$3,343	-0.1%	\$3,416	-3.0%	\$3,314	-1.6%
Milk Protein Concentrate	\$6,240	2.0%	\$6,290	7.6%	N.A.	N.A.	\$6,263	4.9%
Rennet Casein	\$9,424	-0.7%	\$9,672	2.4%	N.A.	N.A.	\$9,547	0.9%
Cheese	\$4,002	-7.8%	\$4,132	-2.5%	N.A.	N.A.	\$4,066	-4.7%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	09/01	09/02	09/05	09/06	09/07	09/08	09/09	09/12	09/13	09/14
CME - CLASS III MILK FUTURES (Pit-Traded)										
AUG 11	21.59 (6807) 0	21.67 (6010) 0	NO TRADING							
SEP 11	18.87 (6156) 6	19.06 (6160) 6		19.01 (6177) 20	18.97 (6162) 0	18.98 (6160) 0	18.92 (6161) 0	18.92 (6167) 5	18.92 (6186) 0	18.92 (6214) 0
OCT 11	18.75 (4995) 22	18.87 (4932) 6		18.80 (4993) 20	18.46 (5174) 0	18.39 (5256) 0	18.27 (5350) 0	18.55 (5323) 8	18.92 (5386) 9	18.50 (5448) 0
NOV 11	18.51 (4430) 7	18.61 (4429) 6		18.58 (4469) 20	18.19 (4504) 0	18.08 (4523) 0	17.98 (4511) 5	18.17 (4571) 8	18.63 (4605) 11	18.35 (4640) 0
DEC 11	18.02 (4145) 8	18.18 (4174) 6		18.20 (4188) 20	17.93 (4216) 0	17.95 (4224) 0	17.90 (4241) 0	17.93 (4271) 8	18.07 (4242) 9	17.86 (4253) 0
JAN 12	17.37 (1631) 2	17.45 (1649) 0		17.50 (1650) 0	17.45 (1658) 0	17.44 (1677) 0	17.36 (1688) 0	17.30 (1714) 8	17.42 (1737) 0	17.34 (1739) 0
FEB 12	17.05 (1388) 2	17.07 (1395) 0		17.07 (1418) 0	17.09 (1428) 0	17.09 (1430) 0	17.03 (1442) 0	16.91 (1457) 8	16.93 (1480) 0	16.93 (1483) 0
MAR 12	17.05 (1415) 2	17.06 (1420) 0		17.08 (1410) 0	17.08 (1414) 0	17.10 (1427) 0	17.08 (1430) 0	16.98 (1444) 8	16.98 (1448) 0	16.93 (1443) 0
APR 12	16.93 (1118) 2	16.91 (1132) 0		16.93 (1135) 0	16.95 (1148) 0	16.97 (1150) 0	16.95 (1151) 0	16.92 (1160) 8	16.90 (1164) 0	16.85 (1164) 0
MAY 12	16.97 (1055) 2	16.97 (1055) 0		16.97 (1057) 0	16.96 (1073) 0	16.95 (1076) 0	16.95 (1080) 0	16.88 (1088) 8	16.90 (1093) 0	16.85 (1094) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
AUG 11	20.00 (862) 0	20.14 (865) 0	NO TRADING							
SEP 11	19.35 (707) 0	19.69 (707) 0		19.69 (707) 0	19.69 (707) 0	19.69 (707) 0	19.69 (707) 0	19.69 (707) 0	19.32 (708) 0	19.35 (708) 0
OCT 11	18.55 (604) 0	18.65 (605) 0		18.50 (608) 0	18.50 (608) 0	18.40 (609) 0	18.50 (609) 0	18.50 (609) 0	18.60 (609) 0	18.60 (609) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
AUG 11	206.50 (938) 0	206.95 (1018) 0	NO TRADING							
SEP 11	203.53 (832) 28	201.50 (832) 1		201.50 (832) 2	201.50 (832) 2	201.50 (832) 0	201.50 (831) 1	199.50 (831) 8	200.50 (827) 4	200.50 (827) 0
OCT 11	201.98 (704) 0	201.50 (704) 0		196.50 (711) 38	196.50 (712) 7	194.00 (712) 0	189.00 (708) 15	189.00 (708) 0	190.00 (714) 13	190.00 (714) 6
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
AUG 11	155.00 (425) 0	157.39 (425) 0	NO TRADING							
SEP 11	150.00 (328) 0	150.03 (328) 0		150.03 (328) 0	150.03 (328) 0	150.03 (328) 0	150.05 (328) 0	150.05 (328) 0	150.05 (328) 0	151.00 (328) 0
OCT 11	142.50 (285) 0	142.50 (285) 0		142.50 (286) 0	143.00 (286) 0	144.25 (287) 0	144.60 (287) 0	147.00 (287) 0	147.03 (284) 0	147.25 (284) 0
CME - WHEY (Electronic-Traded)										
AUG 11	57.00 (202) 0	56.91 (202) 0	NO TRADING							
SEP 11	56.00 (253) 0	57.50 (253) 4		57.50 (253) 0	57.50 (253) 0	58.00 (253) 16	59.00 (247) 6	58.90 (247) 0	58.90 (247) 0	58.90 (247) 0
OCT 11	55.00 (281) 0	56.00 (280) 3		56.00 (280) 0	55.90 (282) 3	56.50 (284) 7	57.50 (288) 6	57.50 (289) 5	58.00 (289) 2	58.65 (289) 29
CME - CHEESE CSC (Electronic-Traded)										
AUG 11	2.13 (331) 0	2.14 (281) 0	NO TRADING							
SEP 11	1.84 (353) 0	1.86 (353) 0		1.86 (353) 0	1.86 (353) 0	1.86 (353) 0	1.85 (353) 0	1.85 (353) 0	1.85 (353) 0	1.85 (353) 0
OCT 11	1.84 (448) 0	1.85 (448) 0		1.85 (449) 1	1.82 (455) 9	1.80 (461) 10	1.80 (467) 18	1.81 (469) 2	1.85 (469) 0	1.81 (469) 0
NOV 11	1.83 (401) 0	1.85 (401) 0		1.85 (404) 3	1.82 (409) 11	1.80 (409) 1	1.79 (419) 14	1.78 (431) 15	1.83 (430) 1	1.81 (430) 0
DEC 11	1.82 (429) 15	1.82 (433) 4		1.82 (450) 17	1.81 (466) 16	1.79 (466) 4	1.79 (474) 9	1.76 (487) 13	1.78 (487) 2	1.77 (488) 1
JAN 12	1.79 (237) 0	1.78 (243) 7		1.78 (243) 0	1.78 (243) 0	1.78 (243) 0	1.77 (243) 8	1.75 (243) 2	1.75 (243) 1	1.75 (243) 0

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

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast for 2011 is raised as the dairy herd has been expanding at a more rapid rate than expected. However, the forecast for 2012 is reduced as higher forecast feed prices reduce the rate of growth in milk per cow. Commercial exports for 2011 are raised on the strength of current product exports. For 2012, fat basis exports are lowered, largely on slightly weaker butter exports. Skim solids imports are raised for both 2011 and 2012. Cheese prices for 2011 are forecast lower, but nonfat dry milk (NDM) and whey prices are forecast higher on the strength of relatively strong exports. Butter prices remain unchanged. The Class III price is lowered, based on the lower forecast cheese price, but the Class IV price forecast is unchanged from last month. For 2012, butter and cheese prices are unchanged but NDM and whey prices are forecast higher. The Class III price is unchanged, but the Class IV price forecast is raised. The all milk price forecast is lowered to \$20.15 to \$20.35 per cwt. for 2011, but is unchanged at \$17.80 to \$18.80 per cwt. for 2012.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Projected		2012 Projected	
		August	September	August	September
BILLION POUNDS					
MILK					
PRODUCTION	192.8	195.6	195.7	198.8	198.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	11.4	11.4
MARKETINGS	191.8	194.6	194.8	197.8	197.6
IMPORTS	4.1	3.2	3.2	3.2	3.2
TOTAL COMMERCIAL SUPPLY	207.2	208.8	208.8	212.4	212.2
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	9.0	9.2	8.7	8.6
ENDING COMMERCIAL STOCKS	10.9	11.4	11.4	11.6	11.5
CCC NET REMOVALS <u>1/</u>	0.2	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.8	188.4	188.2	192.2	192.0
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	12.3	12.2
MARKETINGS	191.8	194.6	194.8	197.8	197.6
IMPORTS	4.8	4.8	5.3	4.5	5.1
TOTAL COMMERCIAL SUPPLY	208.0	211.7	212.3	214.7	214.9
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	32.2	32.6	32.3	32.3
ENDING COMMERCIAL STOCKS	12.3	12.3	12.2	12.1	12.0
CCC NET REMOVALS <u>1/</u>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	164.0	167.2	167.5	170.2	170.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	8	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

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

2/ Includes commercial exports.

Continued on page 11

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Projected		2012 Projected	
		August	September	August	September
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5226	1.855-1.875	1.825-1.845	1.670-1.770	1.670-1.770
BUTTER	1.7020	1.955-1.995	1.955-1.995	1.615-1.745	1.615-1.745
NONFAT DRY MILK	1.1687	1.500-1.520	1.505-1.525	1.370-1.440	1.375-1.445
DRY WHEY	0.3716	0.480-0.500	0.505-0.525	0.410-0.440	0.415-0.445
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	14.41	18.40-18.60	18.25-18.45	16.10-17.10	16.10-17.10
CLASS IV	15.09	19.05-19.35	19.05-19.35	16.45-17.55	16.50-17.60
ALL MILK <u>3/</u>	16.29	20.30-20.50	20.15-20.35	17.80-18.80	17.80-18.80
QUARTERLY					
	2011 II	2011 III <u>4/</u>	2011 IV <u>4/</u>	2012 I <u>4/</u>	2012 II <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	50.4	48.6	48.3	49.8	51.0
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	20.13	21.70-21.90	20.10-20.60	18.35-19.15	17.25-18.25
CLASS III PRICE <u>2/</u>	17.50	20.95-21.25	18.35-18.95	16.20-17.10	15.35-16.35
CLASS IV PRICE <u>2/</u>	20.37	19.65-20.05	18.20-18.90	16.70-17.70	16.35-17.45

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

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-498, September 12, 2011.*

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

In June 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.88 per cwt., up \$1.30 from the previous month average, and up \$5.49 from June 2010. The component tests of producer milk in June 2011 were: butterfat, 3.58%; protein, 3.00%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in June 2011 ranged from \$23.98 in Florida to \$19.19 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	June 2010	May 2011	June 2011
	Dollars per hundredweight		
New England States <u>3/</u>	16.86	21.26	22.33
New York	15.70	19.99	20.88
Eastern Pennsylvania <u>4/</u>	16.32	20.79	21.66
Appalachian States <u>5/</u>	17.41	21.39	22.58
Southeast States <u>6/</u>	17.52	21.35	23.06
Southern Missouri <u>7/</u>	15.65	19.31	20.88
Florida	18.31	22.25	23.98
Western Pennsylvania <u>8/</u>	16.20	20.62	21.53
Ohio	16.27	20.64	21.28
Indiana	16.14	20.14	21.16
Michigan	15.50	19.86	20.78
Wisconsin	14.78	18.64	20.41
Minnesota	14.52	18.86	20.65
Iowa	15.51	19.53	20.75
Illinois	15.34	19.69	21.02
Corn Belt States <u>9/</u>	15.06	19.23	20.50
Western Texas <u>10/</u>	14.69	19.09	20.22
New Mexico	13.82	18.09	19.19
Northwest States <u>11/</u>	15.05	19.11	20.77
All Federal Order Areas <u>12/</u>	15.39	19.58	20.88
California <u>13/</u>	13.64	17.72	19.80

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

JULY FLUID MILK SALES

During July, over 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.0 percent lower than July 2010. After adjusting for calendar composition, sales in July 2011 were 1.6 percent lower than July 2010. Estimated sales of total conventional fluid milk products decreased 4.5 percent from July 2010 and estimated sales of total organic fluid milk products increased 10.7 percent from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,133	7,934	-5.1	-3.2
Flavored Whole Milk	40	303	-7.7	-4.3
Reduced Fat Milk (2%)	1,494	10,521	-3.4	-2.2
Low Fat Milk (1%)	528	4,038	-2.8	-0.7
Fat-Free Milk (Skim)	616	4,497	-6.0	-3.8
Flavored Fat-Reduced Milk	133	2,148	-8.3	-1.4
Buttermilk	37	271	-5.9	0.3
Total Conventional Milk Products 5/	3,983	29,733	-4.5	-2.6
Organic Whole Milk	41	286	13.7	22.2
Organic Reduced Fat Milk	48	334	3/	3/
Organic Low Fat Milk	35	238	3/	3/
Organic Fat-Free Milk (Skim)	37	268	3/	3/
Organic Flavored Milk	6	55	3/	3/
Organic Fat-Reduced Milk 4/	126	897	9.8	17.5
Total Organic Milk Products	167	1,184	10.7	18.6
Total Fluid Milk Products 5/	4,150	30,917	-4.0	-1.9
Total Fluid Milk Products Adjusted 5/ 6/	4,195	31,011	-1.6	-1.4

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

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

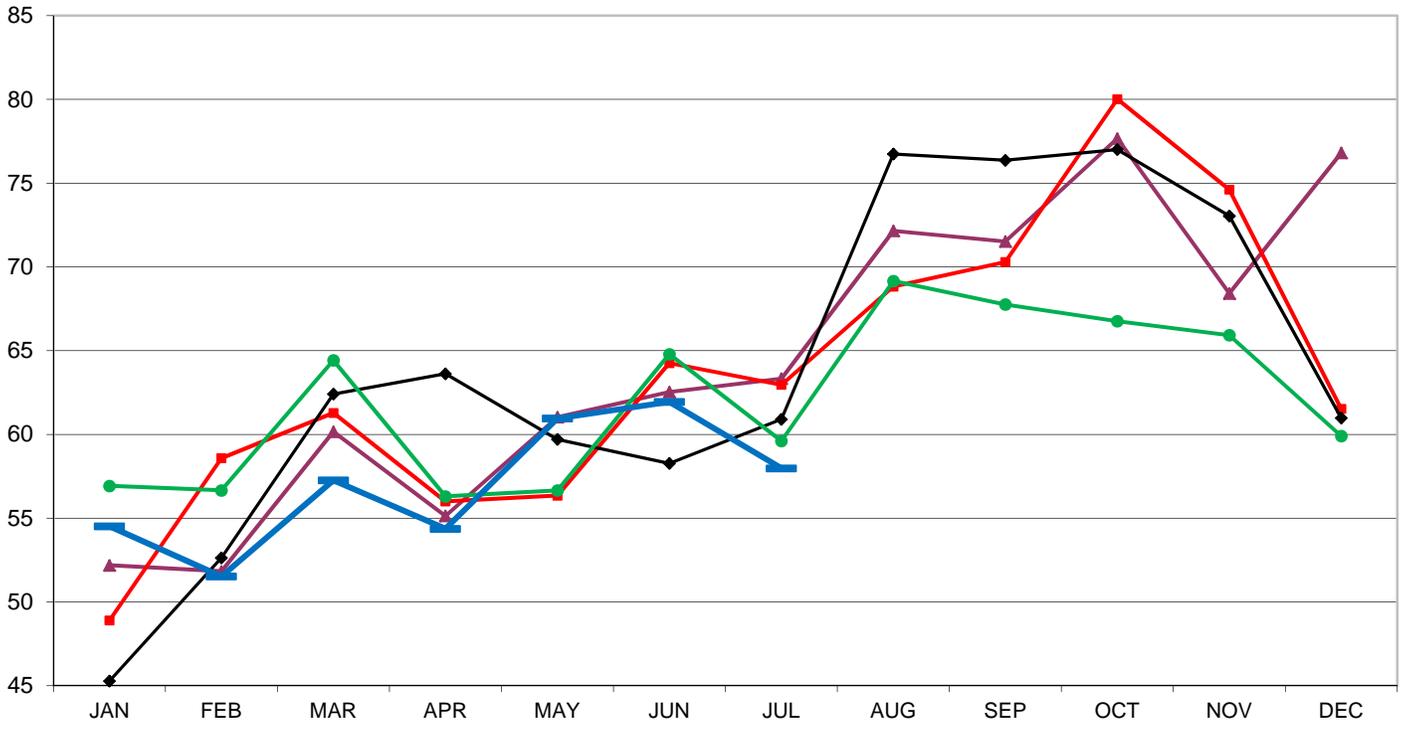
Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	711	5,237	-4.8	-2.5
Appalachian (005)	282	2,057	-3.9	-1.7
Southeast (007)	373	2,809	-4.6	-2.3
Florida (006)	228	1,690	-4.5	-2.7
Mideast (033)	457	3,434	-5.2	-2.7
Upper Midwest (030)	321	2,439	-6.4	-2.1
Central (032)	348	2,593	-1.8	-0.5
Southwest (126)	338	2,564	-4.2	-0.8
Arizona (131)	93	680	-1.4	-0.6
Pacific Northwest (124)	174	1,277	-1.7	-0.3
California (---)	494	3,663	-2.2	-2.1

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

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

U.S. CREAM and NEUFCHATEL PRODUCTION

Million Pounds

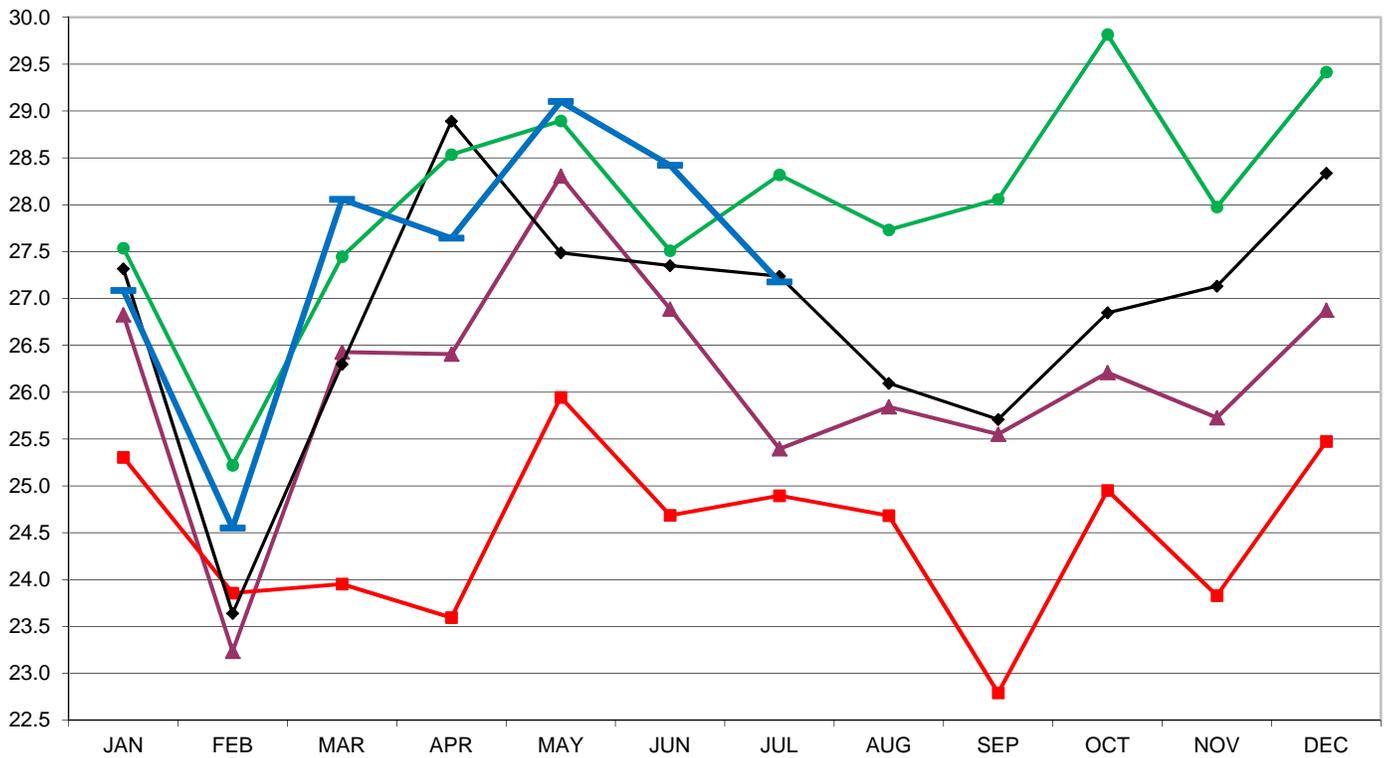


Graph USDA, DMN; Source USDA, NASS

2007 2008 2009 2010 2011

U.S. SWISS CHEESE PRODUCTION

Million Pounds

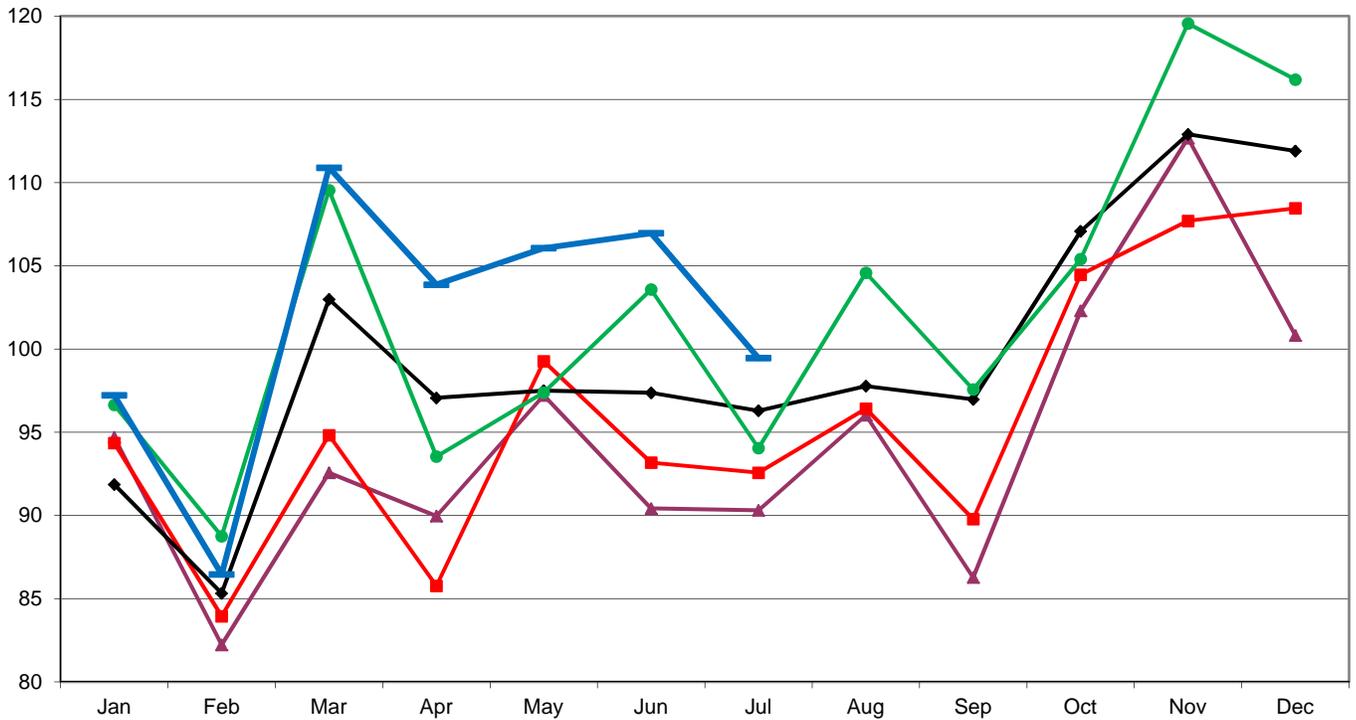


Graph USDA, DMN; Source USDA, NASS

2007 2008 2009 2010 2011

Million Pounds

U.S. Sour Cream Production

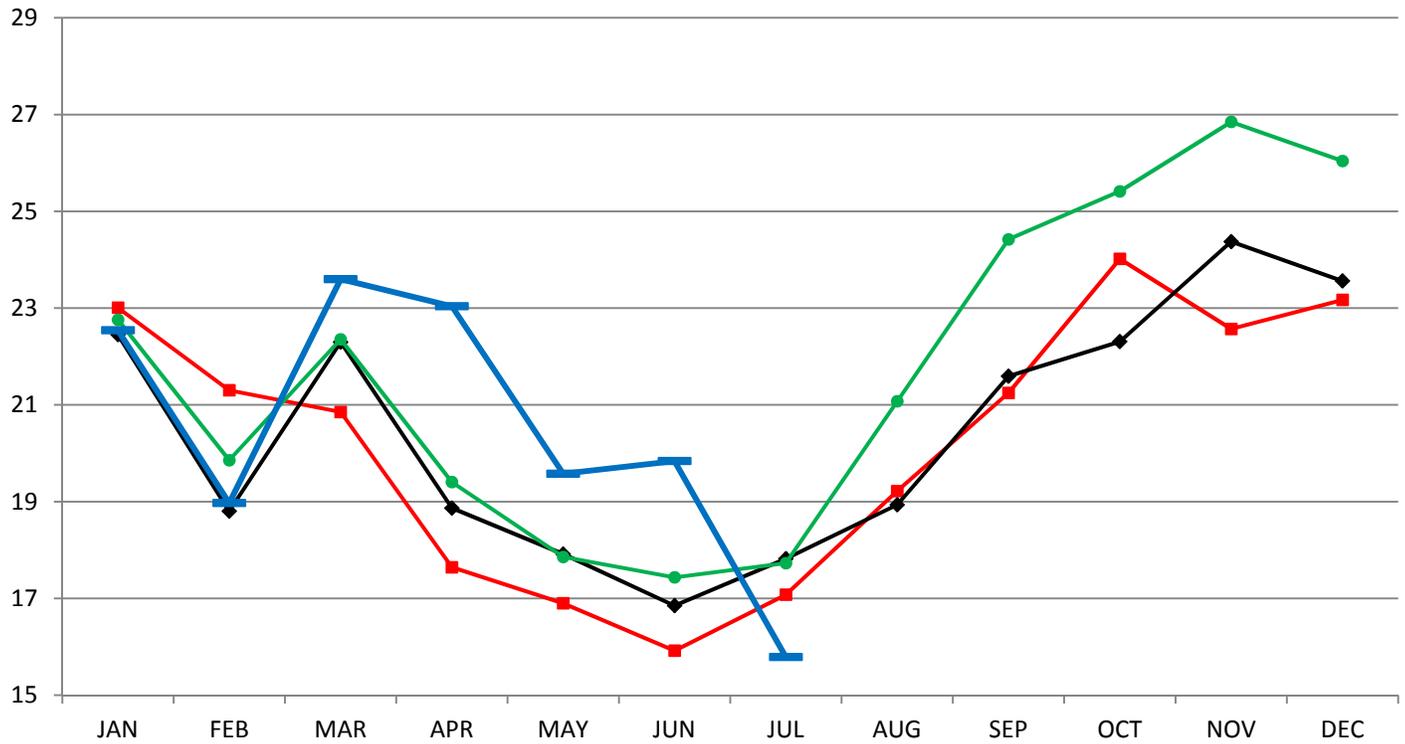


Nass Data, Graph by DMN

▲ 2007
 ■ 2008
 ◆ 2009
 ● 2010
 ■ 2011

Million Pounds

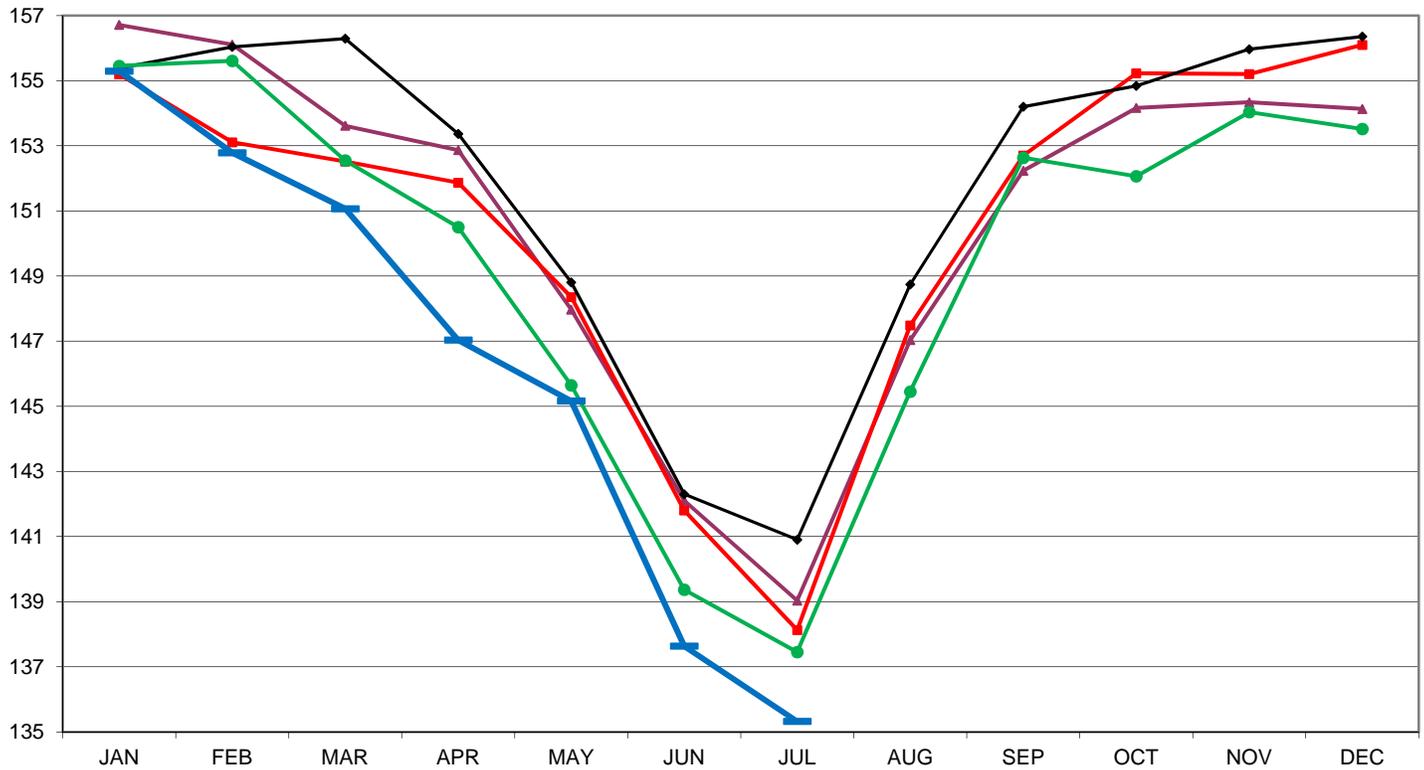
U.S. RICOTTA PRODUCTION



■ 2008
 ◆ 2009
 ● 2010
 ■ 2011

ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

MILLION POUNDS

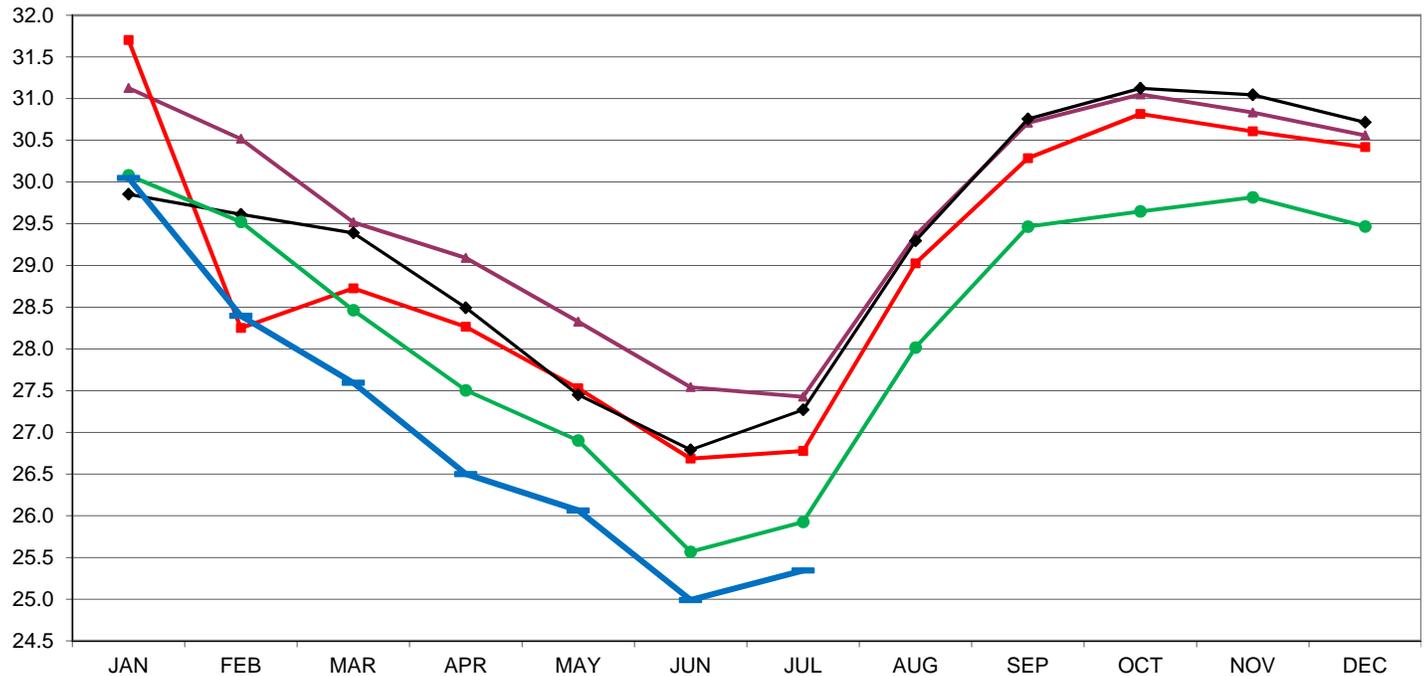


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2007 2008 2009 2010 2011

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

%



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

2007 2008 2009 2010 2011

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