

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (10/07):

BUTTER: Grade AA closed at \$1.7700. The weekly average for Grade AA is \$1.7635 (+.0035).

CHEESE: Barrels closed at \$1.7850 and 40# blocks at \$1.7650. The weekly average for barrels is \$1.7010 (+.0430) and blocks, \$1.7340 (+.0130).

BUTTER HIGHLIGHTS: The cash butter price fluctuated lower and higher during the week and closed the week at \$1.7700, 1 cent higher than last Friday. Churning activity across the country is seasonally strong as cream supplies are readily available, although some butter producers remain cautious with their cream purchases. Butter demand is quite active as retailers place orders for upcoming holiday and yearend needs. Recent weakness in the cash butter price has encouraged many retailers to review potential feature possibilities during the final quarter of the year. Often, retailers are now scheduling feature activities, thus placing heavier print orders. Food service orders are often not as strong as suppliers had projected.

CHEESE HIGHLIGHTS: Weekly average prices on the CME Group cash cheese market both blocks and barrels were unchanged or higher for the first time since the week ending July 29. Orders for natural varieties have improved, aided by seasonality and lower prices. Some scattered tightness is noted on certain varieties from preferred suppliers. Process interest is generally steady. The window of opportunity for packagers and processors is narrowing to have finished product in customer hands prior to the holiday season. Production is fairly steady as seasonal increases in components are aiding yields. Cumulative U.S. January - August cheddar output is estimated at 2.117 billion pounds, down 62.6 million pounds from the same period in 2010. Mozzarella production in 2011 totals 2.375 billion pounds, up 77.3 million pounds from a year ago. Total cheese production in 2011 is 7.022 billion pounds, up 131.2 million pounds from 2010. The Kansas City Commodity Office announced Solicitation AG-DPPC-S-12-0001, Invitation #2000000566 seeking 72,183,600 pounds of process products for January - December 2012 delivery. Offers are due October 21 with the public release scheduled for October 31. Of the total volume requested, 5,662,800 pounds are not a reduced sodium product.

FLUID MILK: Milk production levels across the United States are following expected amounts. In the Northeast supplies are tight for needs in many cases as Class I and II demand is limiting

manufacturing supplies. Good Class I demand in the Southeast is reported with increased loads being shipped into the region. Midwest milk supplies are adequate for most needs with steady production. Milk components are slowly increasing. Western production levels are slowing seasonally, with some upticks in production in the Southwest as temperatures moderate. Cream supplies are facing moderate demand in many areas as Class II demand has yet to fully materialize. Butter churns are absorbing most of the increased supplies.

DRY PRODUCTS: The NDM market is steady to lower in most regions. Production levels of NDM in the Central region are above year ago levels with other parts of the country showing slightly reduced cumulative yearly totals. Increased production of SMP has absorbed some of the NDM supplies. Lower SMP prices internationally have slowed demand for domestic NDM. Dry buttermilk production is increasing as more cream goes to butter churns. Demand from end users is increasing seasonally. Dry whole milk prices are lower. Edible whey prices are firm to higher into domestic markets. Inventories are tight with spot loads often difficult to acquire. WPC 34% prices are weak as lower NDM prices are holding back demand for WPC. Lactose prices moved higher with new contract prices for the fourth quarter. Demand is reported to be very good.

INTERNATIONAL UPDATE (DMN): The October 4 g/DT session 53 results showed minimal strength with average prices for all contracting periods and products generally weaker. There are now 4 (four) contracting periods: 1 month, 2 months, 3 - 5 months, and 6 - 8 months following any given auction. During this auction, Contract #1 (November) had activity only in skim milk powder which averaged \$3,047, no comparison available since this was the first activity; Contract #2 (December) prices and changes from the previous session being: anhydrous milk fat, \$3,674/MT, -1.9%; buttermilk powder, \$2,985, +1.7%; skim milk powder, \$3,178, N.C.; whole milk powder, \$3,263, -0.6%; milk protein concentrate \$6,815/MT -1.5%; rennet casein \$8,016/MT -8.1%; and cheese \$4,019/MT, +1.0%.

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CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 03	TUESDAY OCT 04	WEDNESDAY OCT 05	THURSDAY OCT 06	FRIDAY OCT 07	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6400 (N.C.)	\$1.6650 (+.0250)	\$1.6850 (+.0200)	\$1.7300 (+.0450)	\$1.7850 (+.0550)	:: (+.1450)	:: \$1.7010 (+.0430)
40# BLOCKS	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7250 (+.0050)	\$1.7400 (+.0150)	\$1.7650 (+.0250)	:: (+.0450)	:: \$1.7340 (+.0130)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	:: (N.C.)	:: \$1.5800 (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	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7575 (-.0025)	\$1.7700 (+.0125)	\$1.7700 (N.C.)	:: (+.0100)	:: \$1.7635 (+.0035)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

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

ORGANIC DAIRY MARKET NEWS (DMN): Organic milk production is increasing in some areas. In parts of the Northeast which have experienced recent wet conditions, thus slowing hay harvesting, organic dairy producers have turned unharvested hay acres into pasture. Organic cream availability is reported to be tight in many areas of the country, particularly in the East. Some expansion of butter manufacturing plant capacity in the Midwest has begun. Weighted average advertised pricing for organic milk half gallons decreased this period by 14 cents, to a weighted average advertised price of \$3.73. Advertising volume for organic gallons in 2011 year-to-date is only 25% of 2010 advertising for the same first three quarters. There were no organic gallon ads this report period, the same as two and four weeks ago. The national weighted average advertised price for 6 ounce organic yogurt is up 7 cents to 70 cents. All advertised prices were the same, 70 cents. Organic dairy cumulative ad numbers year-to-date for 2011 as we begin the final quarter of the year, are almost equal with 2010, even though the internal organic product emphasis has changed. 2011 total surveyed newspaper advertising yielded organic dairy ads numbering 99.6% of 2010 organic dairy ads. The internal shift in emphasis has increased ads for only one organic dairy product, organic milk in 8 ounce containers, which increased by 155.3% year-to-date. The greatest decline is ads for gallons of organic milk. In that category, 2011 ads are 25.0% of 2010 ads. Retailers feel that an advertising focus on smaller volume containers of organic milk has more impact on consumers by keeping the price of organic milk seem closer to non-organic milk prices.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

(NASS): The All Milk price received by farmers was \$20.90 in September, down \$1.10 from August 2011 and up \$3.20 from September 2010. Alfalfa hay price was \$196.00 in September, up \$77.00 from September 2010. Corn price was \$6.69 in September, up \$2.61 from September 2010. Soybean price was \$13.10 in September, up \$3.12 from September 2010. The milk-feed price ratio was 1.76 in September, down 0.60 from September 2010. The index of prices received by farmers for dairy products during the month of September 2011 decreased 8 points at 160. Compared with September 2010, the index was up 24 points (17.6%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2011 was unchanged at 205 from the previous month. Compared with September 2010, the index was up 22 points (12.0%).

AUGUST DAIRY PRODUCTS (NASS): Butter production was estimated at 133.0 million pounds in August, 31.0% above August 2010, but 1.6% below July 2011. American type cheese production totaled 347.3 million pounds, 1.0% below August 2010 and 0.9% below July 2011. Total cheese output (excluding cottage cheese) was 868.1 million pounds, 0.3% below August 2010 but 1.5% above July 2011. Nonfat dry milk production, for human food, totaled 113.4 million pounds, 5.1% below August 2010 and 15.0% below July 2011. Dry whey production, for human food, was 71.5 million pounds, 6.2% below August 2010 and 8.8% below July 2011. Ice cream (hard) production totaled 77.4 million gallons, 4.7% above August 2010 and 8.7% above July 2011.

CONSUMER PRICE INDEX (BLS): The August CPI for all food is 229.6, up 4.6% from August 2010. The dairy products index is 216.7, up 9.1% from a year ago. The following are the August to August changes for selected products: fresh whole milk is +12.6%; cheese, +8.8%; and butter, +16.8%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first seven months of 2011 totals 113.6 billion pounds, 1.3% above the same period in 2010. Comparing disappearance levels with year earlier levels: butter is +10.0%; American cheese, +1.5%; other cheese, +5.6%; NDM, -2.1%; and fluid milk products, -1.9%.

OVER ORDER CHARGES ON PRODUCER MILK IN FMOS (DAIRY PROGRAMS): For July 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.13, down \$0.09 from the June 2011 average. Ninety 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 \$0.77 in the Pacific Northwest to \$3.10 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.22, up \$0.03 from the June 2011 average. Eighty percent of the producer milk used in Class II carried an over-order charge.

CME GROUP

MONDAY, OCTOBER 3, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7200
 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, OCTOBER 4, 2011

CHEESE -- SALES: 7 CARS BARRELS: 1 @ \$1.6500, 1 @ \$1.6600, 1 @ \$1.6650, 1 @ \$1.6625, 3 @ \$1.6650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6700
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.7600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7625

WEDNESDAY, OCTOBER 5, 2011

CHEESE -- SALES: 5 CARS BARRELS @ \$1.6650; 4 CARS 40# BLOCKS: 2 @ \$1.7200, 1 @ \$1.7225, 1 @ \$1.7250; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6850;
 LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7000; 1 CAR 40# BLOCKS @ \$1.7300
 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 @ \$1.7575

THURSDAY, OCTOBER 6, 2011

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.7000, 1 @ \$1.7300; 3 CARS 40# BLOCKS: 1 @ \$1.7250, 1 @ \$1.7350, 1 @ \$1.7400; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7200; 1 CAR 40# BLOCKS @ \$1.7250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.7700; LAST OFFER UNCOVERED: NONE

FRIDAY, OCTOBER 7, 2011

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.7375, 1 @ \$1.7525; 6 CARS 40#BLOCKS: 2 @ \$1.7500, 1 @ \$1.7575, 1 @ \$1.7600, 2 @ \$1.7650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7850; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.7500; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME butter price has leveled off over the last 7 trading sessions and was unchanged Tuesday closing at \$1.7600. Cream supplies are readily available. Demand for cream is declining and as a result cream volumes to churns are increasing. Multiples ranged from 120-130. Most plants continue to make butter and are rotating inventories by microfixing product for current orders and then adding current production to inventories. Good current private label orders are limiting inventory additions at some plants. Production of unsalted butter for domestic sales has increased. A few plants not making butter continue to consider churning as multiples move lower. The stronger U.S. dollar, compared to the Euro, has weakened export demand. According to NASS, cumulative 2011 butter production through August was 16.1% above cumulative year production for the same period for 2010. August 2011 monthly U.S. butter production totaled 133.0 million pounds, down 1.6% from July, but 31.0% more when compared to August 2010. Atlantic region butter production in August 2011 totaled 6.6 million pounds, down 34.1% from July and 11.0% less than August 2010. Prices for bulk butter range 6-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

At the CME cash butter market, AA butter declined 1/4 cent to \$1.7575 at midweek. Although the cash butter price has declined over 30 cents since late August, some butter producers and handler feel that there is still more down side weakness. Cream volumes are readily available for churning purposes, but some butter producers remain hesitant with their spot cream purchases. August butter production was significantly higher (31%) when compared to last August, but slightly lower than July. Cumulative output for the first 8 months of 2011 is 16.1% higher than the comparable 8 months in 2010. This production data is a surprise to some as many were under the assumption that overall output was lighter this year. Recent production projections and data are a factor that butter producers are attributing to the recent weak cash price

trend. Many are now feeling that lack of butter stocks during the final quarter of the year may not be as limited as previous projected. Current butter orders are holding up quite well. Retail buyers continue to place yearend/holiday orders. Orders are often heavier than previously projected as buyers are now scheduling feature activities that were previously not being considered. Handlers are stating that the Thanksgiving holiday will be here in 7 weeks with the December holidays not far beyond, thus butter will need to clear to distribution facilities in the very near future. 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 \$.0025 lower at \$1.7575. Wednesday's lower price was the first move in the last week and a half. Sales have been light with only one sale recorded this week. Heavy cream supplies have kept butter churns busy. The increased schedules are meeting good demand as the butter price has lowered. Retail sales are good with club store sales described as very good. The lower market has enabled sellers to feature butter promotions again. Increased demand from end users for the upcoming holidays have kept inventories manageable. Prices for bulk butter range from even to 6 cents under the market, based on the CME with various time frames and averages used. According to the NASS Dairy Products report, August butter production for the U.S. totals 133.0 million pounds, up 31% or 31.5 million pounds from August of last year. Production was down 1.6% or 2.1 million pounds from July 2011. Cumulative output through August for the U.S. is 1,203.8 million pounds, up 16.1% or 166.9 million pounds from the same period in 2010. August output in the Western region totals 72.0 million pounds, up 25% or 14.4 million pounds more than August 2010. The West produced 54.1% of the butter in the U.S. in August. CME Group average price for September 2011 for butter is \$1.8724 compared to \$2.2262 for September 2010.

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
October 1	1.7589 12,020,104	1.7276 9,754,474	1.5164 17,599,927	1.8084 4,163,658	0.6055 6,695,437

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels increasing \$0.0250 and closing at \$1.6650, while blocks were unchanged and closed at \$1.72.00. Most of the CME Group activity has focused on barrels with 25 loads traded in the last 7 trading sessions, while blocks have seen only 10 trades during the same time period. Cheese production is increasing prompted by lower milk prices, good demand and the desire to expand inventories prior to the end of year holidays. Orders continue to be good for most all varieties, especially mozzarella and cream cheese. According to the latest NASS report, August 2011 total cheese production in New York was 64.2 million pounds, 12.3% more than July and 2.9% more than August 2010. Pennsylvania produced 35.6 million pounds in August, 7.6% more than one month earlier, but 0.3% less than one year ago. Vermont produced 10.6 million pounds, 8.3% more than last month and 19.1% more than August 2010. The total of all cheese production for August in the Atlantic region was 119.5 million pounds, up 10.3% from July and 3.8% more compared to the same period last year. Atlantic region cheese production accounted for 13.8% of total U.S. production. Total U.S. cheese production in August 2011 totaled 868.1 million pounds, 1.5% more than July, but 0.3% less than August 2010. Cumulative 2011 U.S. Cheese production through August was 1.9% greater than comparable 2010 production. Focusing on Italian cheese, in August, New York produced 30.1 million pounds, 12.8% more than July and 9.2% more than August 2010. Pennsylvania produced 21.6 million pounds in August, 7.3% more than July, but 6.3% less than August 2010. The Atlantic region in August, produced 59.1 million pounds of Italian cheese, 10.4% more than July and 3.6% more than the same period last year.

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

Cheddar 40# Block	:	2.0375-2.3125
Process 5# Sliced	:	1.7675-2.0775
Muenster	:	2.0575-2.2625
Grade A Swiss Cuts 10 - 14#	:	3.9325-4.2550

MIDWEST

The cheese market still seems unsettled though more packagers are operating on longer schedules, particularly on shreds. Some cheese suppliers are surprised that they still need to be "salesmen/person" rather than just "order takers" at this time of year. Buyers purchasing on monthly averages have prices that are nearly 20 cents lower (\$1.7561 per pound September CME Group block average) on most natural varieties and over 25 cents lower on barrels (1.7010 September average) than August. Both September bases are also below the 9 month average of the CME Group 2011 monthly averages of \$1.8295 for blocks and \$1.8050 for barrels. Demand has picked up for usually stronger fall selling varieties such as pepper jack and mozzarella. Process interest is relatively steady at lighter fall levels. Cheese supplies, depending on variety, in the Upper Midwest are seasonally tight to about in balance with supplemental volumes available on some varieties from the Southwest and West. Freight delivery delays and expense remain issues in bringing in supplemental loads. Current cheese production is relatively steady with cheese yields steady to slightly improved seasonally.

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

Process American 5# Loaf	:	2.0175-2.4800
Brick And/Or Muenster 5#	:	2.2300-2.6000
Cheddar 40# Block	:	2.2300-2.8650
Monterey Jack 10#	:	2.1925-2.8650
Blue 5#	:	2.4850-3.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0650-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.1900-3.3300

WEST

Cheese trading continued firm at the CME Group on Wednesday. Barrels closed \$.0200 higher at \$1.6850. Blocks were \$.0050 higher at \$1.7250. Barrels narrowed the gap in relation to blocks compared to last week. Sales have been active the last two days, with barrels trading twelve loads and blocks trading four loads this week. The recent retreat in cheese prices has spurred buying interest. Sales have been active for both retail and process demand. Cheese plants are operating at increased levels for the higher demand. Export interest is moderate to good and being assisted by CWT bonuses where applicable. Milk supplies are decreasing seasonally, but increased milk solids are helping to maintain production levels. Cheese inventories are in balance for needs in most cases. According to the NASS Dairy Products report, total cheese production in the U.S. in August reached 868.1 million pounds, down 0.3% or 2.6 million pounds from last year. Cumulative total cheese output for the U.S. through August is 7.0 billion pounds, up 1.9% or 131.2 million pounds from the same period in 2010. August total cheese production in the Western region was 373.6 million pounds, down 2.0% or 7.6 million pounds from August 2010. The West produced 43.0% of all the cheese in the U.S. in August. Swiss output for the U.S. in August is 27.9 million pounds, up 0.7% or 0.2 million pounds from last year. CME Group monthly average price for September 2011 for Barrels is \$1.7010 compared to September 2010 at \$1.7114. Blocks averaged \$1.7561 for September 2011 compared to \$1.7374 for last year.

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

Process 5# Loaf	:	1.7825-2.0400
Cheddar 40# Block	:	1.8500-2.2025
Cheddar 10# Cuts	:	2.0300-2.2500
Monterey Jack 10#	:	2.0400-2.2000
Grade A Swiss Cuts 6 - 9#	:	3.5100-3.9400

FOREIGN

The weekly average price for block cheese on the CME Group declined and resulted in a \$.0050 decrease in domestic wholesale prices. Swiss cuts increased by \$0.0325 as a result of the Class III announced price released last Friday. Swiss cheese makers are seeing their inventories expand because of higher domestic prices and also due to a stronger U.S. dollar, compared to the Euro, prompting additional interest in imported varieties. According to the latest NASS report, domestic Parmesan production during August 2011 totaled 19.0 million pounds, 11.2% less than July, but 19.8% more than August 2010. Provolone production during August totaled 29.9 million pounds, 5.2% more than July and 0.2% more than August 2010. Romano production during August 2011 totaled 2.4 million pounds, 8.6% less than July, but 14.7% more than August 2010. Swiss production during August 2011 totaled 27.9 million pounds, 2.7% more than July and 0.7% more than August 2010.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200*	: 2.1775-3.6650*
Gorgonzola	: 3.6900-6.3900	: 2.6800-2.9400*
Parmesan (Italy)	: -0-	: 3.3000-3.8550*
Provolone (Italy)	: 3.4400-6.3900	: 2.2200-2.3775*
Romano (Cows Milk)	: -0-	: 3.3675-5.5100*
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-	: 4.0250-4.3475*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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CHEESE MARKETS

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
10/03/11	7,898	:	135,187
10/01/11	7,919	:	135,392
CHANGE	-21	:	-205
% CHANGE	N.C.	:	N.C.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	115	0	91	0	0	0
SOUTHEAST STATES	0	0	0	0	16	0

Milk production in the Northeast and Mid-Atlantic regions has seen no significant increases, remains generally steady and hovering near the seasonal low point. Good Class I, II, and III demand is limiting manufacturing milk supplies. Manufacturing milk volumes are barely adequate to cover contracts with some plants continuing to roll over any excess supplies for next week's fluid contract needs. Wet weather in the Northeast has stalled hay harvest activities with some farmers in New England opening hay fields to grazing. Reduced milk production and good Class I demand in Florida has necessitated increased imported spot load shipments. The increase of imported spot loads pushed the total to 115, the highest number of imported spot loads since September 2008. Dry conditions have returned to many areas in Florida limiting forage growth. The Southeast milk supply remains in a good balance with only the occasional need to ship to manufacturing plants on the weekends. Class I demand continues to be good and at levels expected for this time of year. Cream supplies continue to be ample allowing buyers to shop for lower multiples. Multiples ranged from 120-130 with the upper end of the range supported by bottled cream manufacturers. Cream demand is lackluster with cream cheese production lagging behind previous year's levels. Most butter plants have expanded churning schedules and are building inventories for the upcoming holiday season. Demand for condensed skim milk from Class II manufacturers, especially yogurt, remains good. Class III milk and nonfat solids prices, declined last Friday, prompting increased interest from cheese manufacturers. Ice Cream production in the Atlantic region in August totaled 15.9 million gallons, 2.1% more than July, but 4.8% less than August 2010. U.S. Yogurt production (plain and flavored) for August totaled 372.4 million pounds, up 10.5% from July and 3.3% more than for the same period last year. Cumulative 2011 production through August totaled 2,897 million pounds, 3.2% higher than through August 2010.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	2.1120-2.2880
F.O.B. producing plants: Upper Midwest -	2.0944-2.1824

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.59 - 1.63
Northeast - Class III - spot prices -	1.45 - 1.49

MIDWEST

Class I interest is steady to occasionally improved where scattered retail feature activity is underway. Depending on fat content, Class I prices are around 20 cents lower in October. Sharp price increases of 20-30+% in corn based ingredients such as high fructose corn syrup and starch are being passed on to manufacturers. Class II product interest is fairly steady though ice cream interest is mixed. Ice cream manufacturers contacted were surprised by the increase in the August NASS ice cream and mix production estimates. Cream interest remains sluggish as sizeable buyers are limited mainly to churns and cream cheese operations. The "window of opportunity" to package and ship print butter to be in retailers' display cases before Thanksgiving is shrinking fast. Churns are cautious with purchases of cream as they try to work inventory down by December. Manufacturing milk interest is steady to perhaps slower as offerings are somewhat more available with reported prices fairly steady. Milk intakes seem to be little changed on a week to week basis in most northern and central sections of

the region. Milk components are slowly increasing. Dryer conditions have led to a jump in fall harvest and tillage operations. While a few elevators (at least in Wisconsin) have offered half price drying for early corn deliveries for limited quantities, many growers are still waiting for crops to dry in the field. Reports are mixed on corn and soybean yields, most are highly variable and depend on land conditions for spring planting, summer drought, and in some cases, the early frost. Further south, the harvest is further along.

WEST

CALIFORNIA milk production trends are steady to slightly lower. Overall, plant intakes continue to trend higher than year ago levels in most areas. Plants are running well with mostly balanced schedules. At the farm level, input costs remain a huge concern to producers. Some relief has been noted recently with the decline in corn and soybean prices, but alfalfa and hay prices remain at or near record high levels for spot purchase if there are any offerings. The September 4a price (butter/powder) in CALIFORNIA is \$19.29, down \$0.94 from August but \$2.68 higher than last year. This compares to the Federal Order Class IV price for September 2011 at \$19.53. The September 4b price (cheese) is \$16.33, \$2.27 lower than August but \$0.85 more than last year. This compares to the Federal Order Class III price for September 2011 at \$19.07. (The September 4a/4b pricing formulas reflect changes made as a result of the June 30 and July 1, 2011 hearing.) ARIZONA milk output is trending higher on a week-to-week basis as weather conditions improve. Fat and protein levels are steady. Temperatures have moderated with highs now in the 80s and cooler at night. Class I needs are steady. School and retail needs are pulling expected volumes. NEW MEXICO milk production levels are mostly steady. Conditions are favorable for milk cows. The impacts of high feed costs are likely limiting further growth. Some reported alfalfa prices were \$360 per ton with supplemental hay being shipped into the state from longer distances to secure needs. Processing plants are running on active schedules to handle the local milk supply. Fluid needs are steady. CREAM markets remain weak. Offerings are steady to higher and sellers continue to struggle to clear loads. Higher class items are slow to develop a steady production schedule. Surplus cream offerings are heavy to the butter churns. The CME butter price closed at \$1.7575 on Wednesday, October 5, down .25 cents from a week earlier. With the CME pricing stabilizing, there is more optimism that cream buyers will return to the market to make holiday items. However, that is not evident yet. Cream multiples range from 106-122, and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is following expected volumes as fall weather patterns begin. Overall production is slowing down, but higher milk solid yields are helping to maintain manufacturing production. Fluid milk supplies are being balanced within the region for most deliveries. Forage harvesting is continuing as dairy farmers put away local crops for feeding into the winter. Alfalfa supplies are tight and prices are worrisome. UTAH and IDAHO weather is turning cooler and some wet weather has slowed fall harvest of corn and hay. September was one of the hottest on record and helped the corn crop to reach maturity. Milk supplies are steady in the region and manufacturers are utilizing most of the local milk supply. The break in harvesting is allowing for farmers to evaluate anticipated milk prices with significantly higher feed input costs. Recent heifer auction prices in Idaho were steady with summer prices. The top heifer price at one auction was \$1600, with the top fifty head averaging \$1460. Cull cow prices remain above previous years. According to the NASS Agricultural Prices report for September, mid-month U.S. prices for baled alfalfa hay were \$196/ton, \$77/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$220, +\$100; California \$236, +\$108; Colorado \$200, +\$75; Idaho \$228, +\$108; Nevada \$220, +\$100; New Mexico \$269, +\$102; Oregon \$235, +\$100; Utah \$187, +\$79; and Washington \$210, +\$75. Transportation costs are also adding significantly to delivered hay prices. For the United States, alfalfa prices went up \$5.00 per ton from last month'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 to lower on the mostly price range on an unsettled market. End users continue to eye the futures and current NDM spot markets with concern, trying to pick a middle ground between the bearish tone shown by the futures markets and the changeable tone displayed from week to week by the NDM spot markets. Some resellers shared their analysis of the current market, indicating that several large end users may have prefilled fourth quarter needs and are disengaged from the spot market at this time. NDM production is steady to increasing incrementally as farm milk intakes and solids content climb seasonally. According to NASS, NDM production in the Central region totaled 10.6 million pounds during August 2011, 25.0% less than one month ago but 62.1% more than one year ago. Cumulative 2011 NDM production in the Central region totals 109.6 million pounds, a 6.1% increase from 2010 cumulative production during the same time span. The September 2011 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.5386 compared to \$1.5783 one month ago and \$1.2336 in September 2010. The September 2011 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.6450 compared to \$1.6774 one month ago and \$1.3471 in September 2010. **DAIRY PRODUCTS:** NASS's Dairy Products report shows production of human food NONFAT DRY MILK during August 2011 totaled 113.4 million pounds, down 15.0% from July 2011 production and 5.1% lower than August 2010. Cumulative nonfat dry milk production for 2011 totals 1,041.2 million pounds, 3.9% lower than 2010 production during the same time span. Month ending stocks, at 171.7 million pounds, are 11.0% lower than a month ago but 4.4% higher than one year ago. August 2011 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 38.8 million pounds, 2.5% lower than one month ago but more than double production one year ago. Cumulative 2011 skim milk powder production totals 292.3 million pounds, compared to 172.4 million pounds during the same time span in 2010, a 69.5% increase in production. **EAST:** Prices for low heat nonfat dry milk trended lower as the low end of the price range declined. High heat nonfat dry milk prices held steady. Good demand for milk from Class I, II, and III manufacturers is limiting nonfat dry milk production in the East. Eastern inventories are fairly tight with most of the supplies committed. Current production is focusing on low heat, but there are occasional runs of high heat NDM. Those buyers looking for additional loads are finding available supplies at competitive prices in the Central and Western regions. Demand for NDM remains lackluster as most buyers are keeping purchase amounts to current needs and are not interested in expanding inventories in the current market. Some brokers are reporting increased price inquiries from prospective buyers, an indication that demand may soon improve. **DAIRY PRODUCTS:** The latest NASS Dairy Products report indicates nonfat dry milk production for August in the Atlantic region totaled 7.2 million pounds, 6.4% of the nation's total. The Atlantic region production was 41.0% less than one year ago and 54.6% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.6225 MOSTLY: 1.4400 - 1.5800
 HIGH HEAT: 1.5800 - 1.7000

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are trending lower. The market tone remains weak. In addition, skim milk powder (SMP) pricing trends are lower and below current NDM prices. At the October 4 gDT event, the first U.S. produced SMP was offered and traded at a pricing average of \$1.3821 per pound. (No SMP trades or prices are utilized in the Dairy Market News NDM price series, the NASS NDM index, or the California Plant NDM index.) Currency valuations continue to have an effect on powder prices and the ability of trading partners to complete deals with current conditions. Domestic demand is flat. The resale market continues to provide the best pricing options for spot loads as first buyers continue to resell their unsold commitments at a discount instead of holding stocks. Some end users are finding value buys in the condensed skim market. Nonfat dry milk production schedules are mostly steady and reflect a mostly balanced milk supply. U.S. NDM production in August 2011 totaled 113.4 million pounds, 5.1% less than last year. Cumulative YTD output through August totals 1.04 billion pounds, down 3.9% from the same period in 2010. NDM production in the West region in August totaled 95.6 million pounds, down 5.1% from last year. The West produced 84% of the U.S. total in August. U.S. manufacturers' stocks of NDM at the end of August were 171.7 million pounds, 4.4% higher than a year earlier but 11.0% lower than July 2011. U.S. skim milk powder (SMP) production in August totaled 38.7 million pounds, 156.6% more than last year but 2.5% below July. Cumulative YTD output for SMP through August totals 292.3 million pounds, up 69.5% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3900 - 1.5800 MOSTLY: 1.4200 - 1.5300
 HIGH HEAT: 1.5000 - 1.6700

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices, Central, are higher on the bottom of the range on a mixed market. Contract shipments of dry buttermilk are increasing as baking ingredient production lines gear up for the fall season. More loads of cream are clearing to butter production as cream availability improves within the region. Dry buttermilk production is also increasing seasonally. Dry buttermilk inventories at various manufacturers are termed as steady to building incrementally, but some loads are already tagged for internal use. The September 2011 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.3905 compared to \$1.4700 one month ago and \$1.3686 in September 2010. **DAIRY PRODUCTS:** NASS Dairy Products reports production of dry buttermilk during August 2011 totaled 6.6 million pounds, 5.1% less than one month ago but 25.9% more than production one year ago. Cumulative 2011 dry buttermilk production totals 66.0 million pounds, 22.2% more than during the same time span of 2010. Month ending stocks of dry buttermilk, at 16.3 million pounds, are 11.3% lower than one month ago but more than double the stock levels of one year ago.

CONTINUED ON PAGE 5A

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

CONTINUED FROM PAGE 5

DRY BUTTERMILK - CENTRAL AND EAST CONTINUED

EAST: The dry buttermilk prices moved higher on the low end of the range following last week's decline. Movement of product is mostly through contracts with only the occasional spot market sale. Dry buttermilk production has increased as cream supplies have outstripped demand forcing butter makers to expand their churning schedules. Condensed buttermilk sales are sluggish, which also adds to dry buttermilk production. Production is outpacing sales and inventories are increasing. Demand is sluggish as potential buyers are in a position to hold off purchases and negotiate for lower prices. The market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.3000 - 1.4600

DRY BUTTERMILK - WEST

Western dry buttermilk prices are holding mostly steady with a slight price gain noted on the top of the range. The mostly series pricing is unchanged. The market undertone is trending more to the steady side. Recent lower pricing trends have both moved product and established a more active trading range. The current dry buttermilk prices are well below nonfat dry milk prices and at a place where buyer interest has improved. Several manufacturers have made strides in clearing stocks and are in a more comfortable inventory position. Buttermilk powder production in August 2011 for the U.S. totals 6.6 million pounds, up 25.9% from last year. Buttermilk stocks at the end of August were 16.3 million pounds, more than twice the level versus a year ago but 11.3% lower than last month.

F.O.B. WEST: 1.2300 - 1.3200 MOSTLY: 1.2600 - 1.2800

DRY WHOLE MILK - NATIONAL

Dry whole milk prices moved lower, reflecting changes in monthly price formulas as well as F.O.B. spot load prices. A few plants continue to push through dry whole milk production for fourth quarter commitments, but other plants are shifting their focus to clearing condensed skim into low heat and/or high heat NDM. Spot load availability on an F.O.B. basis is limited. Some imported product is being offered at prices close to current domestic market prices. Manufacturer inventories are light. The September 2011 Dairy Market News average of the range price series for dry whole milk was \$1.9814 compared to \$1.9922 one month ago and \$1.6600 in September 2010.

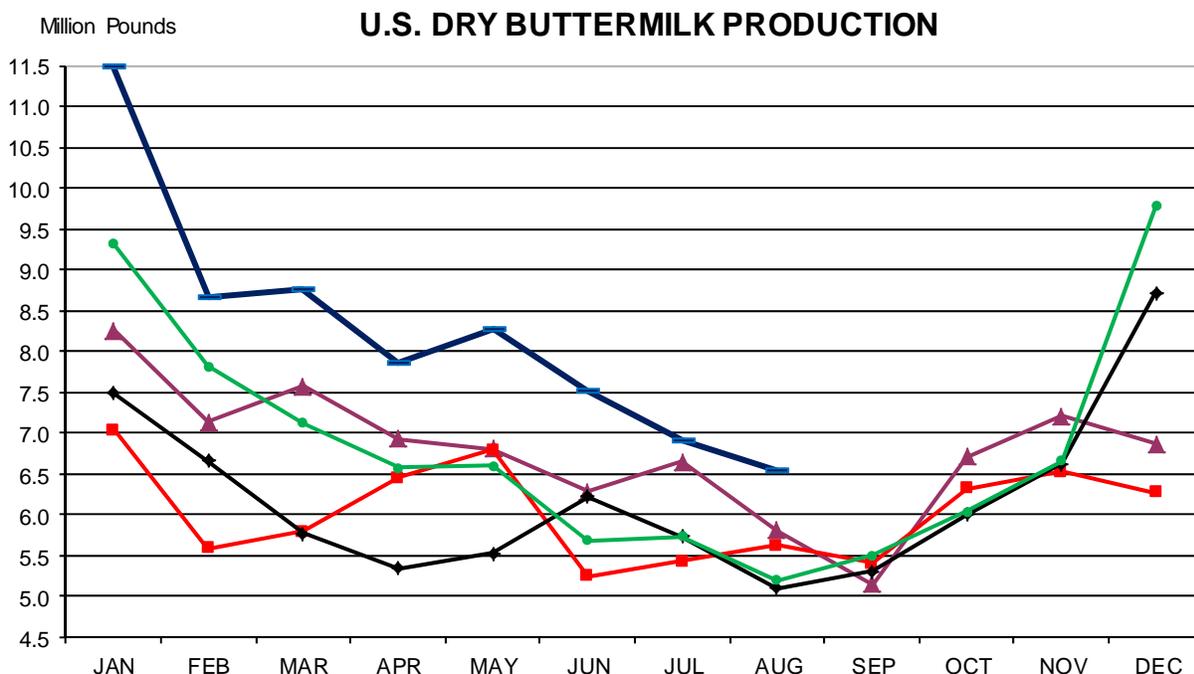
DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during August 2011 totaled 7.3 million pounds, up 76.8% from July 2011 and 71.6% higher than August 2010. Cumulative 2010 production totals 47.4 million pounds, a 7.4% increase from 2010 production during the same time period.

F.O.B. PRODUCING PLANT: 1.8500 - 2.0200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 30	\$1.5380	12,131,339	0
September 23	\$1.5574	12,864,152	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

Prices for Central edible dry whey are higher on a firm market. A few buyers indicated their F.O.B. contract prices through the end of the year now carry higher premiums. Discussions for 2012 contract needs are taking place. Some buyers are having difficulty getting placed on manufacturers' customer lists if they were not a 2011 contract customer. Several Central manufacturers echoed those statements, indicating that 2011 non-contract buyers may be edged out of 2012 contract agreements; 2011 contract customers are frequently increasing their dry whey quantity requests for 2012. Dry whey demand is steady. Brokers/traders report resale prices in the mid \$0.60's range. Dry whey production is inching higher at most plants as milk availability improves along with steady gains in cheese orders. A few plants are on hiatus as repair/maintenance projects near completion. ANIMAL FEED DRY WHEY spot load availability increased this week, with prices reflective of a firm market. Various feed blenders report their sales of finished product increased this week as end users pushed through orders in an attempt to beat the release of new monthly prices for milk replacer. Human food dry whey production during August 2011 in the Central region totaled 36.8 million pounds. This dry whey production is 5.7% less than July 2011 production and 0.7% lower than August 2010. Cumulative 2011 human food dry whey production in the Central region totals 313.2 million pounds, a 2.2% decrease from 2010 cumulative production during the same time span in 2010. The September 2011 Dairy Market News average of the mostly price series for Central dry whey was \$0.5794 compared to \$0.5505 one month ago and \$0.3439 in September 2010. The September 2011 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.5006 compared to \$0.4782 month ago and \$0.2825 in September 2010.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during August 2011 totaled 71.5 million pounds, 8.8% less than July 2011 and 6.2% less than production 1 year ago. Cumulative 2011 dry whey production, HUMAN FOOD, is 2.3% higher than 2010 production through August, totaling 663.5 million pounds. August ending stocks of HUMAN FOOD dry whey totaled 39.8 million pounds, 9.6% lower than 1 month ago but 2.9% higher than August 2010. Production of ANIMAL FEED dry whey during August 2011 totaled 8.3 million pounds, more than double the production of July 2011, and 57.9% higher than production 1 year ago. ANIMAL FEED dry whey month ending stocks totaled 4.6 million pounds, 16.0% higher than one month ago but 34.5% lower than the stocks of one year ago.

F.O.B. CENTRAL: .5700 - .6250 MOSTLY: .5800 - .6200
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4400 - .5800

DRY WHEY - NORTHEAST

Dry whey prices moved higher on the upper end of the range through contract formulations. The last time dry whey prices were this high was in August of 2007. Supplies continue to be very tight with nearly all manufacturers' supplies committed. Production of dry whey has increased with the expansion of cheese production, prompted in part by the lower Class III price released last Friday. Resale prices remain above the range, but resale activity has slowed as brokers evaluate inventories and market conditions ahead of the yearend holidays. The market undertone remains very firm. The September 2011 Dairy Market News average of the price series for

Northeast dry whey was \$0.6005 compared to \$0.5835 one month ago and \$0.3675 in September 2010.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for August 2011, in the Atlantic area totaled 17.2 million pounds, or 24.0% of the nation's total for August of 71.5 million pounds. The Atlantic area's production is 9.3% less than July and 12.2% below production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6025 - .6250

DRY WHEY - WEST

Western edible dry whey prices are firm to higher. Domestic prices are firm following contract pricing indices and tight supplies. Although some additional product has appeared intermittently, these spot sales are clearing with ease. Increased demand from commercial bakeries for upcoming holidays have led the increased interest. Buyers are resisting higher than year ago prices, but are buying for needs. Conversely, export prices are weaker with international prices lower than our domestic prices. According to the NASS *Dairy Products* report, total dry whey production in August totaled 79.8 million pounds, down 2.1% or 1.7 million pounds compared to August 2010. The Western region produced 17.5 million pounds of human dry whey in August, down 10.9% or 2.1 million pounds from last year. The West produced 24.5% of the human dry whey in the U.S. in August. Cumulative total dry whey production for the year in the U.S. is 696.2 million pounds, up 1.1% or 7.7 million pounds from 2010. Manufacturers' stocks at the end of August for total dry whey are 44.3 million pounds, down 2.8% or 1.3 million pounds from last year.

NONHYGROSCOPIC: .5700 - .6475 MOSTLY: .6175 - .6425

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are lower. The market tone is weak. Offers from some resellers to the spot market are reportedly active this week, but buyer interest is lacking. Sellers report pricing has stifled demand from some Southeast Asian buyers as well as for domestic buyers, as they indicate the WPC 34% market has to be competitive with the NDM market. Attempts to pushback contract loads are surfacing between some resellers and end users, with end users disinterested in obtaining more WPC 34% and resellers adamant about clearing inventory per contract agreements. Some end users are entering the spot market on the selling side, offering loads of WPC 34% to ease their current holdings. No resales by end users were confirmed. WPC 34% production is lower this week as a few plants work through maintenance/repair projects. Milk is being processed within the region. The September 2011 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.4900 compared to \$1.5376 one month ago and \$0.9662 in September 2010.

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6**CASEIN - NATIONAL**

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during August 2011 totaled 20.0 million pounds, 3.8% more than one month ago and 1.5% higher than production of one year ago. Cumulative WPC 34% production for 2011 totals 157.7 million pounds, 4.1% lower than 2010 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 – 49.9% PROTEIN) totaled 18.6 million pounds, 8.4% more than July 2011 but 2.3% less than August 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4000 - 1.5400 MOSTLY: 1.4200 - 1.4600

LACTOSE - CENTRAL AND WEST

Lactose prices moved higher as some fourth quarter contract prices activated this week. Other quarterly contracts will begin in the next week or two. Lactose interest is reportedly still strong, but buyer push back is occurring from time to time. Sometimes, buyers are requesting delays in contract load shipment dates or are decreasing quarterly contract quantities. Few spot loads of lactose were available from either manufacturers or resellers this week. Some producers indicate spot load availability may improve once lactose prices adjust to incorporate fourth quarter contract values. Lactose production is lower this week as a few plants press forward on maintenance/repair projects. Milk intakes for those plants are moving within the region for processing into other types of products. The September 2011 Dairy Market News average of the mostly price series for Central and West lactose was \$0.6086 compared to \$0.5952 one month ago and \$0.3213 in September 2011.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during August 2011 decreased 2.6% compared to July 2011 to 82.9 million pounds but was 3.4% higher than August 2010 production. Cumulative 2011 lactose production totals 664.5 million pounds, 11.7% more than during the same time span in 2010. Month ending stocks, at 68.2 million pounds, are 10.6% less than one month ago and 19.7% lower than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .5600 - .8000 MOSTLY: .7200 - .7600

Early fourth quarter casein markets and prices are weaker, although the overall market tone is mixed. Although prices have declined from some suppliers, overall casein prices are more stable than weak. Supply availability is the deciding factor for most price adjustments. The European casein production season has basically ended. Overall, the current production season has been positive with milk supplies generally sufficient to maintain steady output, with some casein producers stating that their season has not been as positive as others. In the Oceania region, the milk production season is nearing peak levels in New Zealand with peak output in Australia about a month away. All indications are that milk production is running stronger than last year at this time, thus casein production is basically in full swing. Casein producers and handlers are very optimistic about the current season and all indications are that casein output has resumed stronger earlier than recent years and hopefully will maintain good production schedules through the peak and longer on the downside. Casein production is totally dependent on the milk flow on both sides of peak production 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:	4.6000 - 5.0500
ACID:	4.9500 - 5.2000

EVAPORATED MILK – NATIONAL

Canned evaporated milk production during August 2011 totaled 40.1 million pounds, a decrease of 7.5% from July 2011 and 10.0% lower than August 2010. Manufacturers' end-of-month stocks totaled 88.2 million pounds, 1.0% lower than one month ago and 32.7% lower than one year ago.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 3 – 7, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 09/30/11	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-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-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 09/17/11 & 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	10.8	3.8	21.1	3.8	N.A.	N.A.	15.4	2.9	60.5	2,095.6	41.2	44.5
2010-Dairy	N.A.	0.6	8.2	4.2	20.9	4.2	0.2	N.A.	14.0	2.8	56.8	2,011.2	44.0	44.0
2011-All cows	0.1	0.9	13.4	16.4	41.2	29.6	N.A.	N.A.	20.9	4.1	147.0	4,706.5		
2010-All cows	N.A.	0.7	10.2	13.9	37.2	23.4	14.2	N.A.	17.9	7.2	129.1	4,571.6		

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)

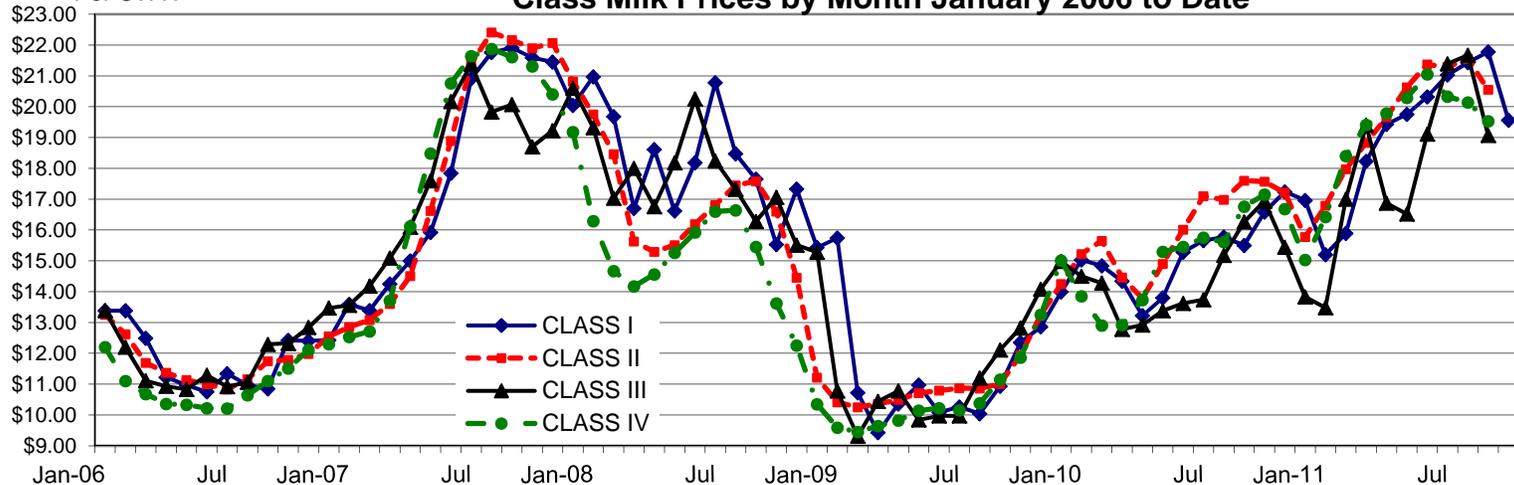
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78	19.56		
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55			
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07			
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53			

1/ Specific order differentials to be added to this base price can be found by going to:

www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

Per CWT.

Class Milk Prices by Month January 2006 to Date



Class I base price does not include applicable Class I differential

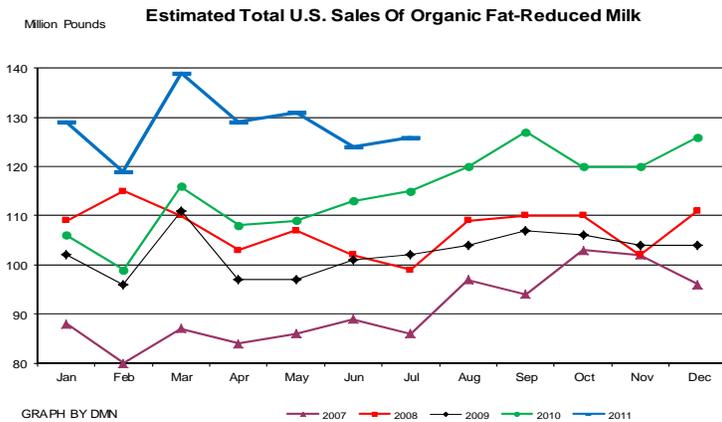
ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 7, 2011

ORGANIC DAIRY FLUID OVERVIEW

Organic milk production is increasing in some areas. In parts of the Northeast which have experienced recent wet conditions, thus slowing hay harvesting, organic dairy producers have turned unharvested hay acres into pasture. Organic cream availability is reported to be tight in many areas of the country, particularly in the East. Some expansion of butter manufacturing plant capacity in the Midwest has begun.

July data for estimated total U.S. sales of organic fat-reduced milk continues to reflect sales above previous year levels. The continuing increase in sales has some organic processors and manufacturers observing that sales growth is outstripping supply.



ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

Overview. Recent post-summer declines in the magnitude of supermarket advertising of organic dairy products have reversed. This period the intensity of organic dairy advertising increased. Total organic dairy ads climbed to the highest number since mid-July. Ads for half gallons of organic milk are back at levels last noted in mid-August and organic yogurt is at levels equaling early August.

Organic dairy newspaper advertising for this two week period of 2011 contains the most nearly even relationship between number of organic milk and organic yogurt ads than any period of 2011. Organic milk ads were 89.0% of organic yogurt ads. No ads appeared for any other organic dairy product.

Organic dairy cumulative ad numbers year-to-date for 2011 as we begin the final quarter of the year, are almost equal with 2010, even though the internal organic product emphasis has changed. 2011 total surveyed newspaper advertising yielded organic dairy ads numbering 99.6% of 2010 organic dairy ads. The internal shift in emphasis has increased ads for only one organic dairy product, organic milk in 8 ounce containers, which increased by 155.3% year-to-date.

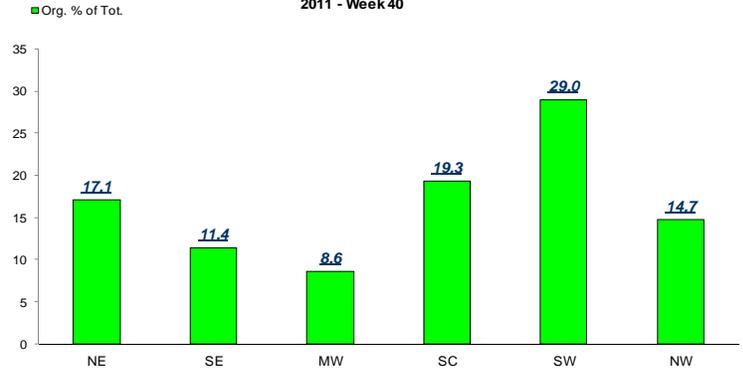
Bottlers and retailers note that organic milk is generally the first organic product purchased by a typical consumer. 8 ounce organic milk is appealing because: (1) the unit price is the lowest among organic milk container sizes, (2) 8 ounce aseptic containers need no refrigeration, often for months; and (3) it is the right size to send to school with kids. Hence, 8 ounce milk is drawing an increasing share of advertising dollars. Bottlers also note that the lengthy "shelf life" of 8 ounce milk compares with normal perishability limits of milk not aseptically bottled, helps deal with shifting seasonal production factors.

The greatest decline is ads for gallons of organic milk. In that category, 2011 ads are 25.0% of 2010 ads. 2011 cumulative year-to-date ads for organic yogurt category ads and ads for other size containers of organic milk vary from 79.8 to 87.4% of 2010 levels.

Information presented is compiled from newspaper supermarket ads for the period September 24, 2011, to October 7, 2011, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Regional Organic Dairy Ad Trends – Current Period. The Southwest and South Central Regions led the six regions in organic dairy advertising, with 29.0% and 19.3% respectively, of all organic dairy ads in the survey. Other regional percentages of organic dairy weekly newspaper advertising include the Northeast, 17.1%; Northwest, 14.7%; Southeast, 11.4%; and Midwest, 8.6%.

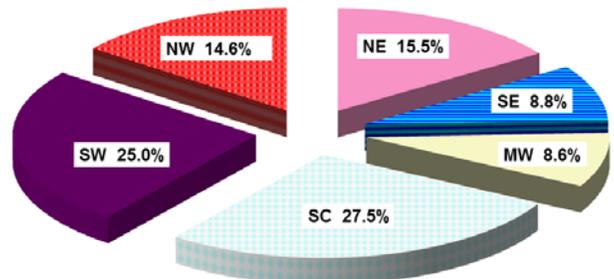
Regional Organic Dairy Ads As A Percentage of Surveyed Organic Dairy Ads 2011 - Week 40



Product Emphasis. For only the second two week period since this data series began during fall 2009, the only organic milk ads were for half gallons - with none for either gallons or 8 ounce containers of organic milk. Organic yogurt ads by a 2 to 1 margin, featured 27 ounce or 32 ounce containers of organic yogurt, rather than the more standard 6 ounce or 5.3 ounce container sizes.

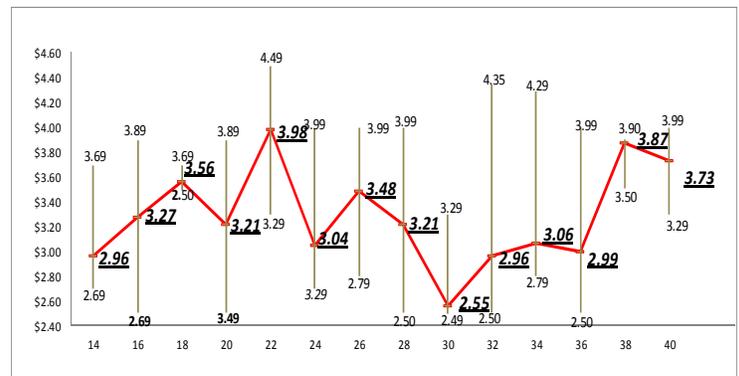
Milk. Organic milk ads appeared in all of the six regions. Regional percentages included the South Central, 27.5%; Southwest, 25.0%; Northeast, 15.5%; Northwest, 14.6%; Southeast, 8.8%; and Midwest, 8.6%.

ORGANIC MILK FEATURES Regional % of Nationally Surveyed Supermarket Ads Report - Week 40, 2011



Half Gallons. Weighted average advertised pricing for organic milk half gallons decreased this period by 14 cents, to a weighted average advertised price of \$3.73. The price range expanded, with the bottom of the range decreasing 21 cents to \$3.29, and the top increasing 9 cents to \$3.99. The low range price of \$3.29 occurred only in the Northwest while the high range price of \$3.99 occurred in the Northeast, Southeast, South Central, Southwest and Northwest. This left the Northwest as the only region with advertised prices spanning the entire price range.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2011 Week



ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 7, 2011

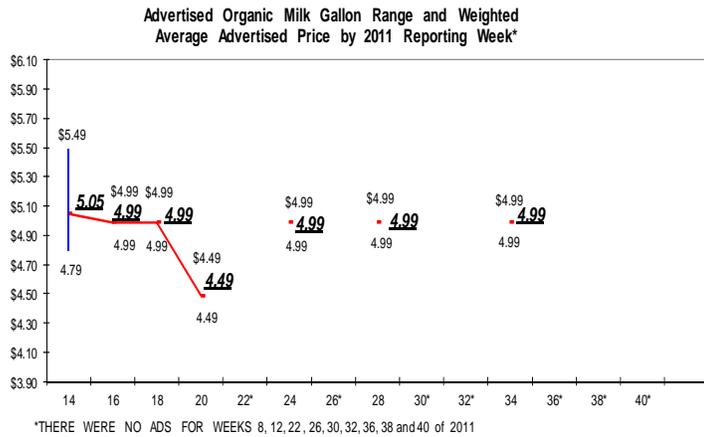
CONTINUED FROM PAGE 8

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

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

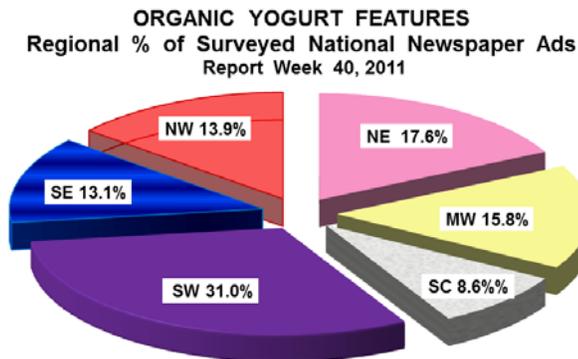
REGION	%	WTD. AV. ADV. PRICE \$
NE	15.5	3.94
SE	08.8	3.86
MW	08.6	3.69
SC	27.5	3.54
SW	25.0	3.74
NW	14.6	3.79
US		3.73

Gallons. Advertising volume for organic gallons in 2011 year-to-date is only 25% of 2010 advertising for the same first three quarters. There were no organic gallon ads this report period, the same as two and four weeks ago. Retailers feel that an advertising focus on smaller volume containers of organic milk has more impact on consumers by keeping the price of organic milk seem closer to non-organic milk prices.



8 Ounce Milk. There were no ads for organic milk in 8 ounce containers this reporting period. Even so, for 2011 to date, there have been 155.3% of the ads for 8 ounce organic milk as the same period of 2010. This container size is increasingly advertised, with ad volume growing more than any other organic dairy product.

Yogurt. Organic yogurt ads ran in all regions this report period, led by the Southwest with 31.0% of ads. The remaining regions included the Northeast, 17.6%; the Midwest with 15.8%; the Northwest with 13.9%; the Southeast with 13.1%; and South Central with 8.6%.



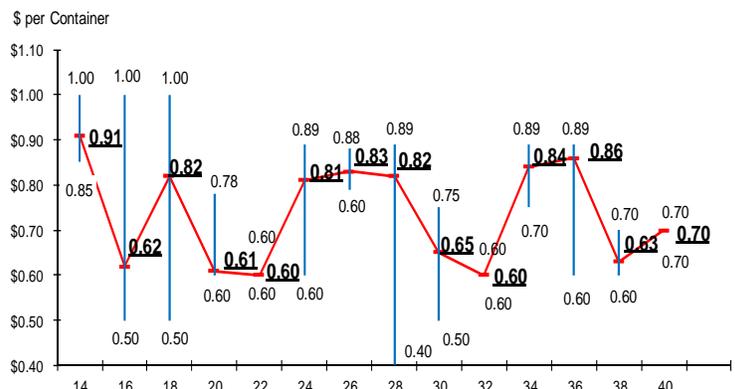
Ads for 6 ounce containers of organic yogurt comprised only 8.1% of organic yogurt ads, in contrast with about 95% two weeks ago.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	100.0	0.70
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		0.70

The national weighted average advertised price for 6 ounce organic yogurt is up 7 cents to 70 cents. All advertised prices were the same, 70 cents, and all ads ran in the Midwest.

Advertised Organic 6 Ounce Yogurt Price Range and Weighted Average Advertised Price by 2011 Week



Ads for 5.3 ounce organic Greek Yogurt appeared in four regions, in contrast with no ads two weeks ago. The price range was wider than typically occurs, with \$1.25 the historic most common price. This week the price range was from \$1.00 to \$2.00, among the widest occurring since this data series began in fall 2009. \$2.00 price ads all ran in the Midwest and South Central Regions while \$1.00 ads spanned the East Coast.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	27.9	1.00
SE	35.9	1.25
MW	27.9	2.00
SC	06.5	2.00
SW	00.0	----
NW	00.0	----
US		1.45

Organic yogurt advertising over time tends to be dominated by ads for container sizes below 6 ounces. This week, ads for 27 ounce containers comprised 58.4% of all organic yogurt ads and ads for 32 ounce containers of organic yogurt accounted for 7.8%, nearly as many ads as for 6 ounce organic yogurt.

All ads for 32 ounce containers were priced \$3.99 and ran in newspaper ads in the Northeast or Southeast.

All ads for 27 ounce containers of organic yogurt were priced \$2.88 and ran in all regions except the Midwest. The majority of such ads, 76.9%, ran in the Southwest or Northwest.

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

ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 7, 2011

CONTINUED FROM PAGE 8-A

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results follows:

**ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2011 REPORTING WEEK 40**

MADISON, WI
LOW HIGH RANGE
(In Dollars)

GALLONS:

Whole	5.45	6.49*	1.04
Reduced Fat (2%)	5.45	6.49*	1.04
Low Fat (1%)	5.45	6.49*	1.04
Nonfat (Skim)	5.45	6.49*	1.04

HALF GALLONS:

Whole	2.66*	4.19	1.53
Reduced Fat (2%)	2.66*	4.19	1.53
Low Fat (1%)	2.66*	4.19	1.53
Nonfat (Skim)	2.66*	4.19	1.53

CHOCOLATE HALF GALLON:

	3.49	5.69	2.20
--	------	------	------

YOGURT

	.79	1.29	0.50
--	-----	------	------

CHEESE – 8 OUNCE BLOCKS:

Mozzarella	3.89*	5.75	1.86
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89*	5.99	2.10

CHEESE – 6 OUNCE STRING

Mozzarella	3.99*	5.09	1.10
Colby Jack	3.89	5.39	1.40

BUTTER – 1 POUND

	4.25	5.59*	1.34
--	------	-------	------

*=Price change from prior reporting period

For this reporting period, the low price for half gallons reached the second lowest price of 2011, occurring in a national discount chain store for the store brand of organic milk. There was also a 10 cent increase in the range top price for organic gallons, representing a national brand in a natural foods store. Three changes in organic cheese prices all occurred at the bottom of the price range, all 30 cents, increased for 8 ounce Mozzarella, 8 ounce Pepper Jack, and 6 ounce string Mozzarella. The highest price for organic butter declined by 60 cents, to \$5.59, reducing the price range to \$1.34.

ORGANIC GRAIN AND FEEDSTUFFS MARKETS:

National organic grain and feedstuffs prices were steady to weak on very limited trading. Feed grade corn values reported this week represent new crop pricing. However, a few loads of old crop feed corn were reported at \$13.25, which was lower when compared to previous old crop prices. Market activity was slow to moderate this trading session as trade participants continue to await the harvest getting into full swing. In addition, a lower trending conventional market resulted in an unsettled feeling to be prevalent, causing trade participants to be very cautious about making any commitments.

Eastern organic grain and feedstuffs prices were weak on very limited trading. Feed grade corn values this week represent new crop pricing. Market activity was slow as trade participants continue to await increasing harvest activity. However, with the lower trending conventional market, an unsettled feeling was prevalent.

Upper Midwest organic grain and feedstuffs prices were mostly steady to weak. Feed grade corn prices reported this week represent new crop pricing. However, a few loads of old crop corn was reported at \$13.25, which was lower when compared to previous reported old crop production. Soybean prices were mostly steady. Market activity was slow to moderate as trade participants kept an eye on conventional grain futures, which have been on a downward spiral the last few weeks.

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

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

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	2011	2010
	SEP 01 - 02	SEP 05 - 09	SEP 12 - 16	SEP 19 - 23	SEP 26 - 30	or Total	or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 2.1100 - 2.6600	:: 2.0875 - 2.6600	:: 2.0900 - 2.6600	:: 2.0850 - 2.4800	:: 2.0375 - 2.4800	:: 2.3260	: 2.1055
-- Brick And/Or Muenster 5#	:: 2.3000 - 2.8000	:: 2.3000 - 2.8000	:: 2.3000 - 2.8000	:: 2.2950 - 2.6000	:: 2.2350 - 2.6000	:: 2.4940	: 2.1939
-- Cheddar 40# Block	:: 2.3000 - 2.8650	:: 2.3000 - 2.8650	:: 2.3000 - 2.8650	:: 2.2925 - 2.8650	:: 2.2350 - 2.8650	:: 2.5739	: 2.2825
-- Monterey Jack 10#	:: 2.2625 - 2.8650	:: 2.2625 - 2.8650	:: 2.2625 - 2.8650	:: 2.2550 - 2.8650	:: 2.1975 - 2.8650	:: 2.5551	: 2.3275
-- Blue 5#	:: 2.5550 - 3.4700	:: 2.5550 - 3.4700	:: 2.5550 - 3.4700	:: 2.5475 - 3.2700	:: 2.4900 - 3.2700	:: 2.9563	: 2.7226
-- Mozzarella 5 - 6#	:: 2.1350 - 2.9650	:: 2.1350 - 2.9650	:: 2.1350 - 2.9650	:: 2.1275 - 2.9650	:: 2.0700 - 2.9650	:: 2.5414	: 2.3621
-- Grade A Swiss Cuts 6 - 9#	:: 3.0450 - 3.3300	:: 3.0900 - 3.3300	:: 3.0900 - 3.3300	:: 3.1900 - 3.3300	:: 3.1900 - 3.3300	:: 3.2317	: 2.8914

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.1075 - 2.3825	:: 2.1075 - 2.3825	:: 2.1075 - 2.3825	:: 2.1000 - 2.3750	:: 2.0425 - 2.3175	:: 2.2277	: 2.1731
-- Process 5# Sliced	:: 1.8600 - 2.1700	:: 1.8375 - 2.1475	:: 1.8400 - 2.1500	:: 1.8350 - 2.1450	:: 1.7875 - 2.0975	:: 1.9827	: 1.9496
-- Muenster	:: 2.1275 - 2.3325	:: 2.1275 - 2.3325	:: 2.1275 - 2.3325	:: 2.1200 - 2.3250	:: 2.0625 - 2.2675	:: 2.2127	: 2.1581
-- Grade A Swiss Cuts 10 - 14#	:: 3.6425 - 3.9650	:: 3.9000 - 4.2225	:: 3.9000 - 4.2225	:: 3.9000 - 4.2225	:: 3.9000 - 4.2225	:: 4.0367	: 3.2066

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.8775 - 2.1350	:: 1.8525 - 2.1100	:: 1.8550 - 2.1125	:: 1.8500 - 2.1075	:: 1.8025 - 2.0600	:: 1.9717	: 1.9459
-- Cheddar 40# Block	:: 1.9200 - 2.2725	:: 1.9200 - 2.2725	:: 1.9200 - 2.2725	:: 1.9125 - 2.2650	:: 1.8550 - 2.2075	:: 2.0790	: 2.0258
-- Cheddar 10# Cuts	:: 2.1000 - 2.3200	:: 2.1000 - 2.3200	:: 2.1000 - 2.3200	:: 2.0925 - 2.3125	:: 2.0350 - 2.2550	:: 2.1927	: 2.1395
-- Monterey Jack 10#	:: 2.1100 - 2.2700	:: 2.1100 - 2.2700	:: 2.1100 - 2.2700	:: 2.1025 - 2.2625	:: 2.0450 - 2.2050	:: 2.1727	: 2.1195
-- Grade A Swiss Cuts 6 - 9#	:: 3.2200 - 3.6500	:: 3.4775 - 3.9075	:: 3.4775 - 3.9075	:: 3.4775 - 3.9075	:: 3.4775 - 3.9075	:: 3.6680	: 2.8379

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 2.6771 - 2.8863	:: 2.5669 - 2.7317	:: 2.3935 - 2.6486	:: 2.3234 - 2.5710	:: 2.2143 - 2.3595	:: 2.4970	: 3.3642
-- Upper Midwest - f.o.b	:: 2.5830 - 2.8444	:: 2.4834 - 2.7317	:: 2.3935 - 2.5112	:: 2.2140 - 2.3806	:: 2.1472 - 2.2506	:: 2.4095	: 3.1189

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

-- Class II	:: 1.63 - 1.68	:: 1.63 - 1.68	:: 1.63 - 1.68	:: 1.63 - 1.68	:: 1.63 - 1.68	:: 1.6550	: 1.2279
-- Class III	:: 1.70 - 1.75	:: 1.72 - 1.77	:: 1.72 - 1.77	:: 1.72 - 1.77	:: 1.72 - 1.77	:: 1.7431	: 1.0929

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

COMMODITY	:REPORT NUMBER 35		:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39:		2011	2010
	:-----		:-----		:-----		:-----		:-----		Average	Average
	SEP 01 - 02	SEP 05 - 09	SEP 12 - 16	SEP 19 - 23	SEP 26 - 30	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 1.4000 - 1.6350	:: 1.4300 - 1.6500	:: 1.4400 - 1.6300	:: 1.4600 - 1.6375	:: 1.4600 - 1.6175	:: 1.5385	:: 1.2450					
-- Mostly	:: 1.4500 - 1.6000	:: 1.4800 - 1.6000	:: 1.4800 - 1.6100	:: 1.4800 - 1.6100	:: 1.4800 - 1.5800	:: 1.5386	:: 1.2336					
-- High Heat	:: 1.5700 - 1.7000	:: 1.6000 - 1.7000	:: 1.6000 - 1.7000	:: 1.5900 - 1.7000	:: 1.5800 - 1.7000	:: 1.6450	:: 1.3471					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 1.4000 - 1.6000	:: 1.4000 - 1.6100	:: 1.4000 - 1.5825	:: 1.4000 - 1.5875	:: 1.3900 - 1.5875	:: 1.4947	:: 1.1814					
-- Mostly	:: 1.4200 - 1.5700	:: 1.4200 - 1.5700	:: 1.4200 - 1.5600	:: 1.4200 - 1.5600	:: 1.4200 - 1.5500	:: 1.4902	:: 1.1732					
-- High Heat	:: 1.5200 - 1.7100	:: 1.5100 - 1.7100	:: 1.5100 - 1.7100	:: 1.5100 - 1.6900	:: 1.5200 - 1.6700	:: 1.6045	:: 1.2793					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.5300 - 0.5950	:: 0.5400 - 0.6050	:: 0.5500 - 0.6150	:: 0.5600 - 0.6200	:: 0.5600 - 0.6200	:: 0.5823	:: 0.3471					
-- Mostly	:: 0.5425 - 0.5825	:: 0.5500 - 0.5900	:: 0.5550 - 0.6000	:: 0.5650 - 0.6100	:: 0.5650 - 0.6100	:: 0.5794	:: 0.3439					
-- West (f.o.b.)	:: 0.5700 - 0.6225	:: 0.5700 - 0.6275	:: 0.5700 - 0.6325	:: 0.5600 - 0.6375	:: 0.5500 - 0.6425	:: 0.5985	:: 0.3750					
-- Mostly	:: 0.5900 - 0.6175	:: 0.5925 - 0.6225	:: 0.6000 - 0.6275	:: 0.6000 - 0.6325	:: 0.6100 - 0.6350	:: 0.6143	:: 0.3735					
-- Northeast (f.o.b.)	:: 0.5750 - 0.6100	:: 0.5775 - 0.6100	:: 0.5850 - 0.6100	:: 0.5925 - 0.6125	:: 0.6025 - 0.6175	:: 0.6005	:: 0.3675					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 1.4000 - 1.6600	:: 1.4000 - 1.5700	:: 1.4000 - 1.5800	:: 1.4000 - 1.5700	:: 1.4000 - 1.5500	:: 1.4881	:: 0.9892					
-- Mostly	:: 1.4700 - 1.5400	:: 1.4600 - 1.5300	:: 1.4600 - 1.5300	:: 1.4600 - 1.5100	:: 1.4600 - 1.5000	:: 1.4900	:: 0.9662					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.4050 - 0.5600	:: 0.4200 - 0.5600	:: 0.4275 - 0.5800	:: 0.4275 - 0.5800	:: 0.4400 - 0.5800	:: 0.5006	:: 0.2825					
BUTTERMILK (Min. 30% protein)												
-- Central And East (f.o.b.)	:: 1.3200 - 1.5200	:: 1.3200 - 1.5100	:: 1.2800 - 1.5200	:: 1.2700 - 1.4800	:: 1.2700 - 1.4600	:: 1.3905	:: 1.3686					
-- West (f.o.b.)	:: 1.2500 - 1.3600	:: 1.2500 - 1.3500	:: 1.2200 - 1.3200	:: 1.2200 - 1.3000	:: 1.2300 - 1.3100	:: 1.2767	:: 1.2374					
-- Mostly	:: 1.2700 - 1.3300	:: 1.2700 - 1.3200	:: 1.2500 - 1.2800	:: 1.2500 - 1.2700	:: 1.2600 - 1.2800	:: 1.2740	:: 1.2338					
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.9200 - 2.0600	:: 1.9200 - 2.0200	:: 1.9200 - 2.0400	:: 1.9200 - 2.0400	:: 1.9200 - 2.0600	:: 1.9814	:: 1.6600					
LACTOSE												
-- Central And West (f.o.b.)	:: 0.4700 - 0.7200	:: 0.4700 - 0.7000	:: 0.4700 - 0.7400	:: 0.4700 - 0.7400	:: 0.4700 - 0.7450	:: 0.6008	:: 0.3011					
-- Mostly	:: 0.5500 - 0.6600	:: 0.5500 - 0.6600	:: 0.5500 - 0.6700	:: 0.5500 - 0.6700	:: 0.5500 - 0.6700	:: 0.6086	:: 0.3213					
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 SEPTEMBER 2011

COMMODITY	REPORT NUMBER 35	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	2011 * Monthly Average	2010 * Monthly Average
	SEP 1 - 2	SEP 6 - 9	SEP 12 - 16	SEP 19 - 23	SEP 26 - 30		
BUTTER*							
-- GRADE AA							
--Monday		1/	1.9125	1.8750	1.7600		
--Tuesday		1.9950	1.9025	1.8450	1.7600		
--Wednesday		1.9950	1.9025	1.8000	1.7600		
--Thursday	2.0700	1.9450	1.9025	1.7850	1.7600		
--Friday	2.0050	1.9125	1.9025	1.7700	1.7600	1.8724	2.2262
--Weekly Average**	2.0695	1.9619	1.9045	1.8150	1.7600		
CHEESE*							
-- BARRELS							
--Monday		1/	1.7225	1.6775	1.6900		
--Tuesday		1.7575	1.7400	1.6500	1.6450		
--Wednesday		1.7250	1.7200	1.6550	1.6450		
--Thursday	1.7350	1.7200	1.7200	1.7000	1.6700		
--Friday	1.7600	1.7200	1.7200	1.7075	1.6400	1.7010	1.7114
--Weekly Average**	1.7275	1.7306	1.7245	1.6780	1.6580		
-- 40# BLOCKS							
--Monday		1/	1.7850	1.7400	1.7300		
--Tuesday		1.7900	1.7850	1.7200	1.7175		
--Wednesday		1.7900	1.7825	1.7125	1.7175		
--Thursday	1.7900	1.7900	1.7825	1.7250	1.7200		
--Friday	1.7900	1.7850	1.7775	1.7275	1.7200	1.7561	1.7374
--Weekly Average**	1.7900	1.7888	1.7825	1.7250	1.7210		
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1/	1.6100	1.6100	1.5800		
--Tuesday		1.6100	1.6100	1.6100	1.5800		
--Wednesday		1.6100	1.6100	1.6100	1.5800		
--Thursday	1.6100	1.6100	1.6100	1.5800	1.5800		
--Friday	1.6100	1.6100	1.6100	1.5800	1.5800	1.6000	1.2250
--Weekly Average**	1.6100	1.6100	1.6100	1.5980	1.5800		
-- GRADE A							
--Monday		1/	1.4900	1.4900	1.4900		
--Tuesday		1.4900	1.4900	1.4900	1.4900		
--Wednesday		1.4900	1.4900	1.4900	1.4900		
--Thursday	1.5100	1.4900	1.4900	1.4900	1.4900		
--Friday	1.5100	1.4900	1.4900	1.4900	1.4900	1.4919	1.2293
--Weekly Average**	1.5100	1.4900	1.4900	1.4900	1.4900		

* 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.
 1/ CME GROUP CLOSED - HOLIDAY

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$20.90 in September, down \$1.10 from August 2011 and up \$3.20 from September 2010. Alfalfa hay price was \$196.00 in September, up \$77.00 from September 2010. Corn price was \$6.69 in September, up \$2.61 from September 2010. Soybean price was \$13.10 in September, up \$3.12 from September 2010. The milk-feed price ratio was 1.76 in September, down 0.60 from September 2010.

The index of prices received by farmers for dairy products during the month of September 2011 decreased 8 points at 160. Compared with September 2010, the index was up 24 points (17.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2011 was unchanged at 205 from the previous month. Compared with September 2010, the index was up 22 points (12.0 percent).

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 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	
	August		September		September		September		September	
	2010	2011	2010	2011 3/	2010	2011 3/	2010	2011 3/	2010	2011 3/
AZ	16.40	22.00	17.00	21.40	120.00	220.00	---	---	---	---
CA	15.42	19.91	16.35	18.50	128.00	236.00	---	---	---	---
CO	16.60	22.00	17.70	21.50	125.00	200.00	3.97	6.77	---	---
ID	15.30	19.50	16.50	17.50	120.00	228.00	---	---	---	---
IN	17.90	22.50	18.50	22.00	---	---	4.24	7.00	---	---
IA	16.80	22.60	18.10	21.80	112.00	132.00	4.01	6.55	9.87	13.00
MI	17.50	23.20	18.10	22.60	105.00	110.00	4.03	6.90	9.71	12.90
MN	16.50	22.80	18.20	21.00	110.00	125.00	3.79	6.00	9.48	12.90
NM	16.10	21.50	17.00	21.00	167.00	269.00	---	---	---	---
NY	18.00	23.50	18.60	23.10	120.00	115.00	---	---	---	---
OH	18.00	23.40	19.20	22.90	151.00	177.00	4.21	7.03	---	---
PA	18.50	24.20	19.60	23.60	150.00	161.00	4.90	7.78	---	---
TX	17.40	23.00	18.40	22.50	180.00	249.00	4.18	7.20	---	---
WA	16.40	22.60	17.40	21.20	135.00	210.00	---	---	---	---
WI	16.40	22.60	17.80	20.90	105.00	115.00	3.98	6.60	9.80	12.90
U.S.	16.70	22.00	17.70	20.90	119.00	196.00	4.08	6.69	9.98	13.10

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., SEPTEMBER 2011 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	September 2010	August 2011	September 2011 3/
IA	2.49	2.12	2.10
MI	2.54	2.21	2.20
MN	2.61	2.28	2.15
OH	2.32	1.89	1.95
WI	2.51	2.17	2.07
U.S.	2.36	1.84	1.76

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., SEPTEMBER 2011 WITH COMPARISONS

Item	September 2010	August 2011	September 2011 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	136	168	160
Prices paid by farmers for commodities and services, interest taxes, and wage rates	183	205	205

1/ Preliminary.

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

AUGUST 2011 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 133.0 million pounds in August, 31.0 percent above August 2010 but 1.6 below July 2011. **AMERICAN TYPE CHEESE** production totaled 347.3 million pounds, 1.0 percent below August 2010 and 0.9 percent below July 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 868.1 million pounds, 0.3 percent below August 2010 but 1.5 percent above July 2011. **NONFAT DRY MILK** production, for human food, totaled 113.4 million pounds, 5.1 percent below August 2010 and 15.0 percent below July 2011. **DRY WHEY** production, for human food, was 71.5 million pounds, 6.2 percent below August 2010 and 8.8 percent below July 2011. **ICE CREAM** (hard) production totaled 77.4 million gallons, 4.7 percent above August 2010 and 8.7 percent above July 2011.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 2011	PERCENT CHANGE FROM:			PRODUCT	AUG 2011	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 2010	JUL 2011	YEAR TO DATE 1/		1,000 LBS.	AUG 2010	JUL 2011	YEAR TO DATE 1/
BUTTER	133,015	31.0	-1.6	16.1	SOUR CREAM	111,890	7.0	11.6	4.5
CHEESE					YOGURT (PLAIN AND FLAVORED)	372,426	3.3	10.5	3.2
AMERICAN TYPES 2/	347,274	-1.0	-0.9	-0.4	DRY WHEY, HUMAN FOOD	71,515	-6.2	-8.8	---
CHEDDAR	255,021	-2.4	-1.6	-2.9	DRY WHEY, ANIMAL FEED	8,274	57.9	148.0	---
OTHER AMERICAN	92,253	3.3	1.1	---	DRY WHEY, TOTAL 8/	79,789	-2.1	-2.4	1.1
BRICK & MUENSTER	13,131	26.6	13.5	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	63,156	-8.7	9.2	---	HUMAN FOOD	2,541	13.6	11.3	---
HISPANIC	18,041	-1.3	7.3	---	ANIMAL FEED	4,248	1.1	-5.5	---
TOTAL ITALIAN TYPES	363,712	-0.2	0.6	4.2	LACTOSE, HUMAN FOOD & ANIMAL FEED	82,853	3.4	-2.6	11.7
MOZZARELLA	286,924	-1.5	-0.5	3.4	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	76,788	4.7	4.7	---	HUMAN FOOD 9/	33,076	2.2	2.9	---
SWISS	27,922	0.7	2.7	---	ANIMAL FEED 9/	2,490	-9.9	-10.4	---
ALL OTHER TYPES	34,851	16.5	16.7	---	TOTAL 9/	35,566	1.2	1.8	-0.7
TOTAL	868,087	-0.3	1.5	1.9	25.0-49.9 PERCENT 10/	20,027	1.5	3.8	---
COTTAGE CHEESE, CURD 3/	37,970	-0.6	6.3	---	50.0-89.9 PERCENT 10/	15,539	0.9	-0.6	---
COTTAGE CHEESE, CREAM 4/	30,371	2.3	9.8	-0.5	PROTEIN ISOLATES 11/	4,612	-9.3	-11.6	---
COTTAGE CHEESE, LOWFAT 5/	34,021	1.4	6.8	0.4	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	40,084	-10.0	-7.5	---	ICE CREAM (HARD)	77,392	4.7	8.7	-3.9
DRY BUTTERMILK	6,550	25.9	-5.1	---	ICE CREAM, LOWFAT (HARD)	16,021	7.1	-2.6	---
DRY WHOLE MILK	7,280	71.6	76.8	---	ICE CREAM, LOWFAT (SOFT)	24,881	9.2	-2.2	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	5,852	12.9	-11.0	---	ICE CREAM, LOWFAT (TOTAL)	40,902	8.4	-2.4	5.9
NONFAT DRY MILK (NDM), HUMAN	113,423	-5.1	-15.0	-3.9	SHERBET, HARD	4,198	8.9	12.8	-10.2
SKIM MILK POWDERS (SMP) 7/	38,677	156.6	-2.5	69.5	YOGURT (TOTAL)	5,396	13.6	7.4	3.6

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	AUG 2011	PERCENT OF:		PRODUCT	AUG 2011	PERCENT OF:	
	1,000 LBS.	AUG 2010	JUL 2011		1,000 LBS.	AUG 2010	JUL 2011
DRY WHEY, HUMAN FOOD	39,751	2.9	-9.6	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	4,597	-34.5	16.0	HUMAN FOOD 9/	35,910	8.2	4.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	4,444	-57.2	8.7	ANIMAL FEED 9/	2,708	72.7	104.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	68,220	-19.7	-10.6	TOTAL 9/	38,618	11.2	7.8
CANNED EVAP & CONDSO WHOLE MILK	88,183	-32.7	-1.0	25.0-49.9 PERCENT 10/	18,566	-2.3	8.4
DRY BUTTERMILK	16,323	103.4	-11.3	50.0-89.9 PERCENT 10/	20,052	27.4	7.3
NONFAT DRY MILK (NDM), HUMAN FOOD	171,729	4.4	-11.0	PROTEIN ISOLATES 11/	4,426	-43.7	-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, October 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/}
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
AUG 2011	229.6	4.6	216.7	9.1	216.4	12.6	223.0	8.8	218.1	16.8	225.7	8.0
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
	Dollars											
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		
AUG	3.713	3.303	3.645	3.242	4.204	3.811	5.647	4.650	4.792	4.421		

^{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—MAY-JULY 2011 AND YEAR-TO-DATE 2010-2011 ^{1/}

Item	May-Jul. 2010	Percent change ^{2/}	May-Jul. 2011	Percent change ^{2/}	Jan.-Jul. 2010	Percent change ^{2/}	Jan.-Jul. 2011	Percent change ^{2/}
	Million Pounds							
MILK								
Production	49,845	2.2	50,271	0.9	113,642	1.2	115,326	1.5
Marketings	49,604	2.3	50,027	0.9	113,087	1.3	114,764	1.5
Beginning Commercial Stocks ^{3/}	13,462	0.1	12,184	-9.5	11,334	12.8	10,927	-3.6
Imports ^{3/}	652	-45.0	610	-6.4	1,616	-32.0	1,565	-3.2
Total Supply ^{4/}	63,718	0.9	62,821	-1.4	126,037	1.6	127,256	1.0
Ending Commercial Stocks ^{3/}	13,710	-5.7	13,609	-0.7	13,710	-5.7	13,609	-0.7
Net Removals ^{3/}	5	105.4	0	-100.0	112	211.1	112	0.0
Commercial Disappearance ^{4/}	50,003	2.7	49,212	-1.6	112,215	2.5	113,647	1.3
SELECTED PRODUCTS ^{5/}								
Butter	375.6	0.1	387.1	3.1	882.1	1.5	970.1	10.0
American Cheese	1,084.4	1.8	1,064.4	-1.8	2,454.9	0.3	2,491.0	1.5
Other Cheese	1,568.2	4.4	1,625.4	3.6	3,587.8	4.0	3,788.3	5.6
Nonfat Dry Milk	373.2	-5.2	384.3	3.0	897.2	4.9	878.8	-2.1
Fluid Milk Products ^{6/}	13,037.4	-1.9	12,720.8	-2.4	31,512.3	-1.3	30,916.6	-1.9

^{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, JULY 2011 1/**

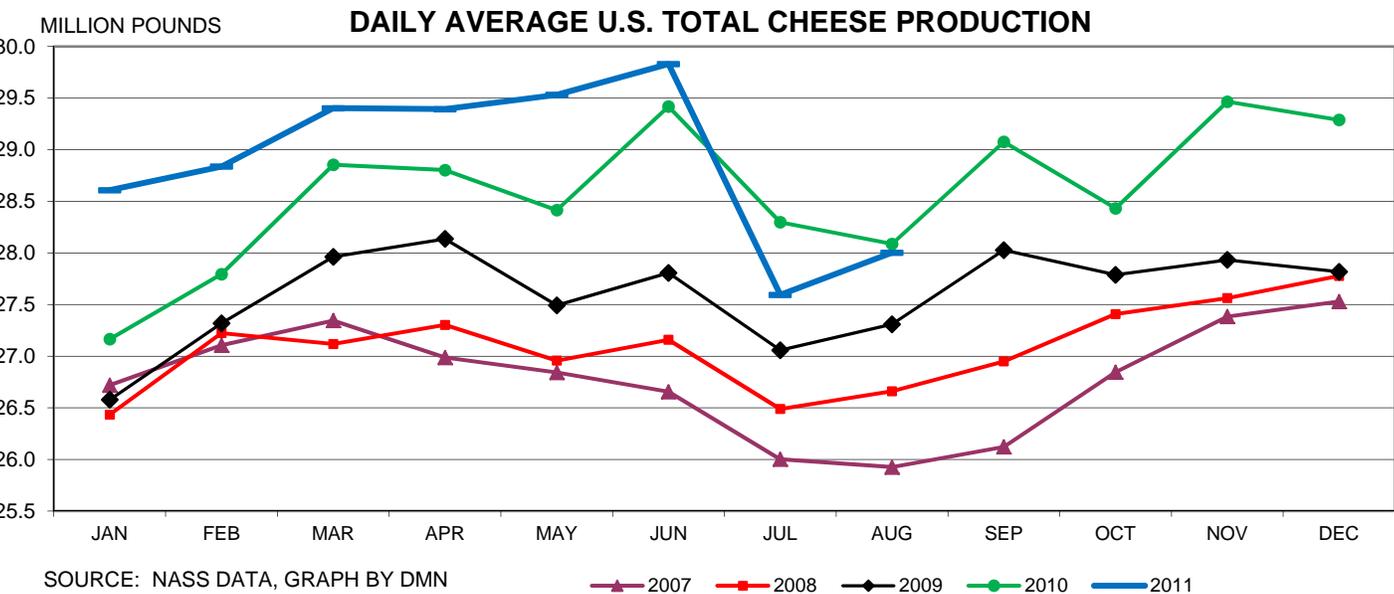
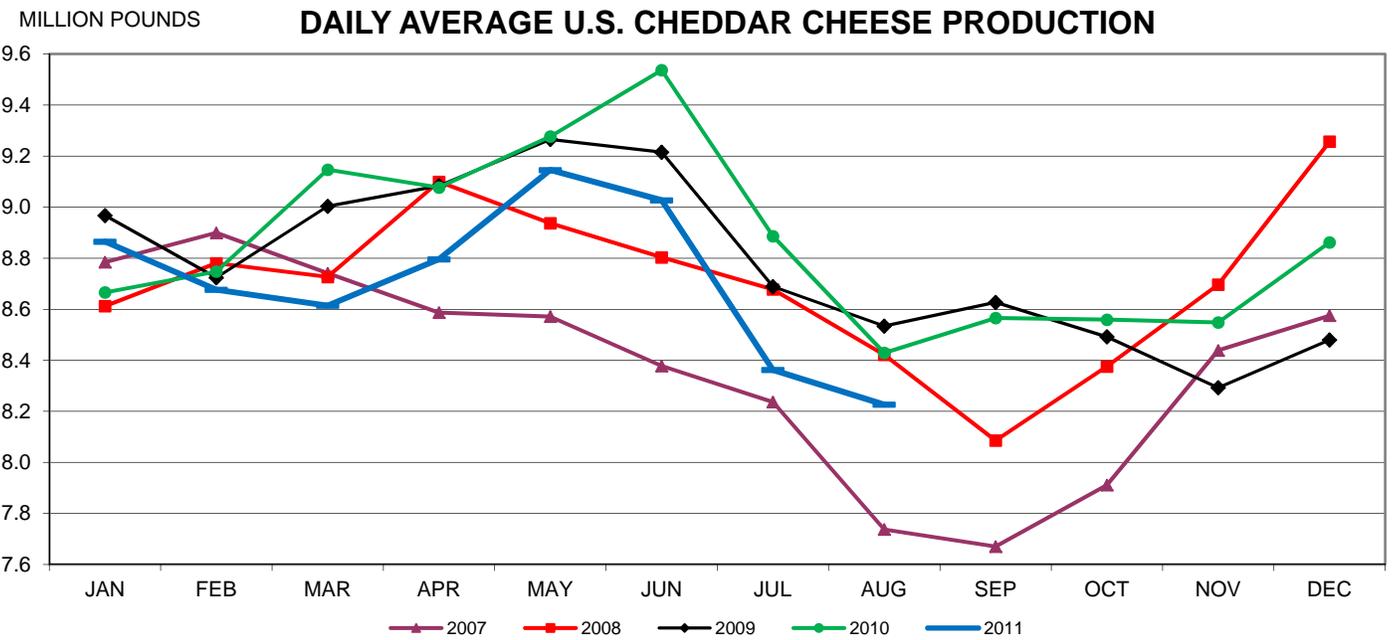
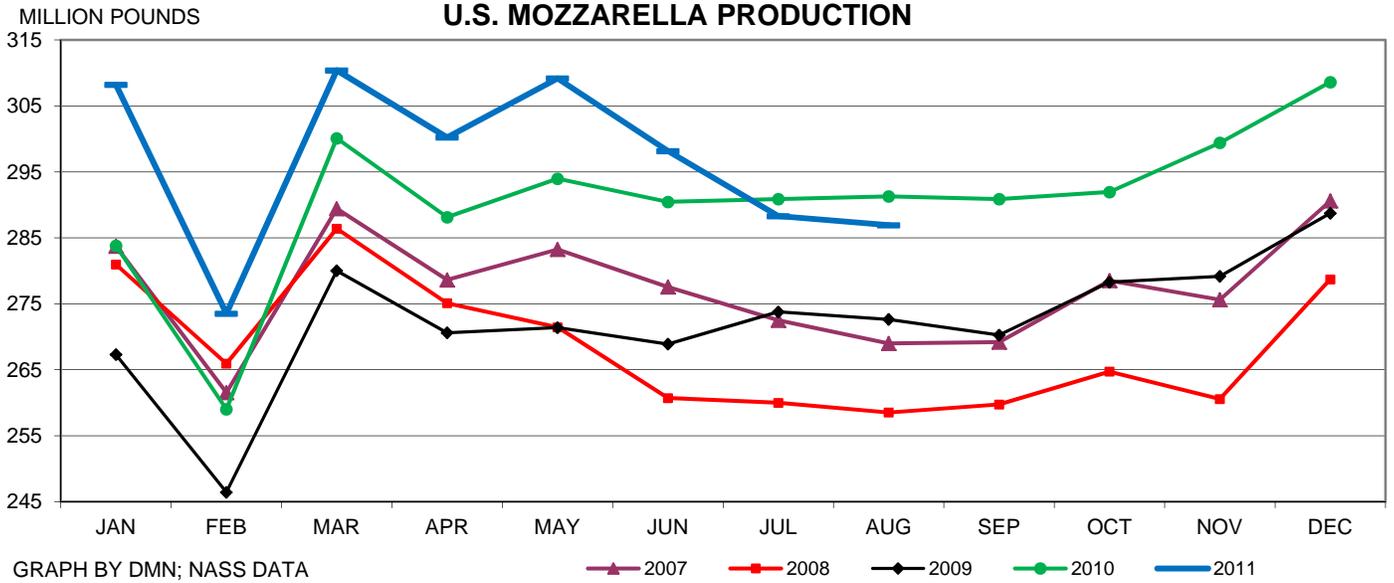
For July 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.13 per cwt., down \$0.09 from the June 2011 average. Ninety percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.77 in the Pacific Northwest to \$3.10 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.22 per cwt., up \$0.03 per cwt. from the June 2011 average. Eighty percent of the producer milk used in Class II carried an over-order charge.

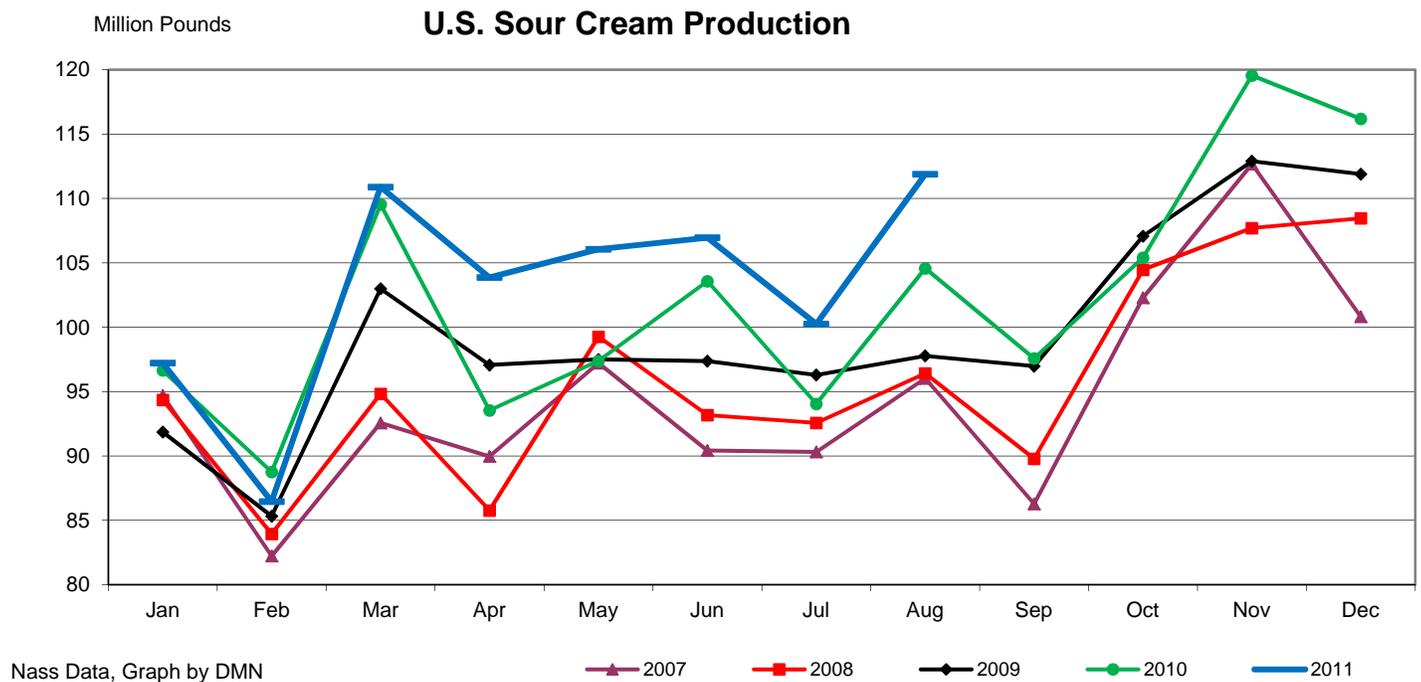
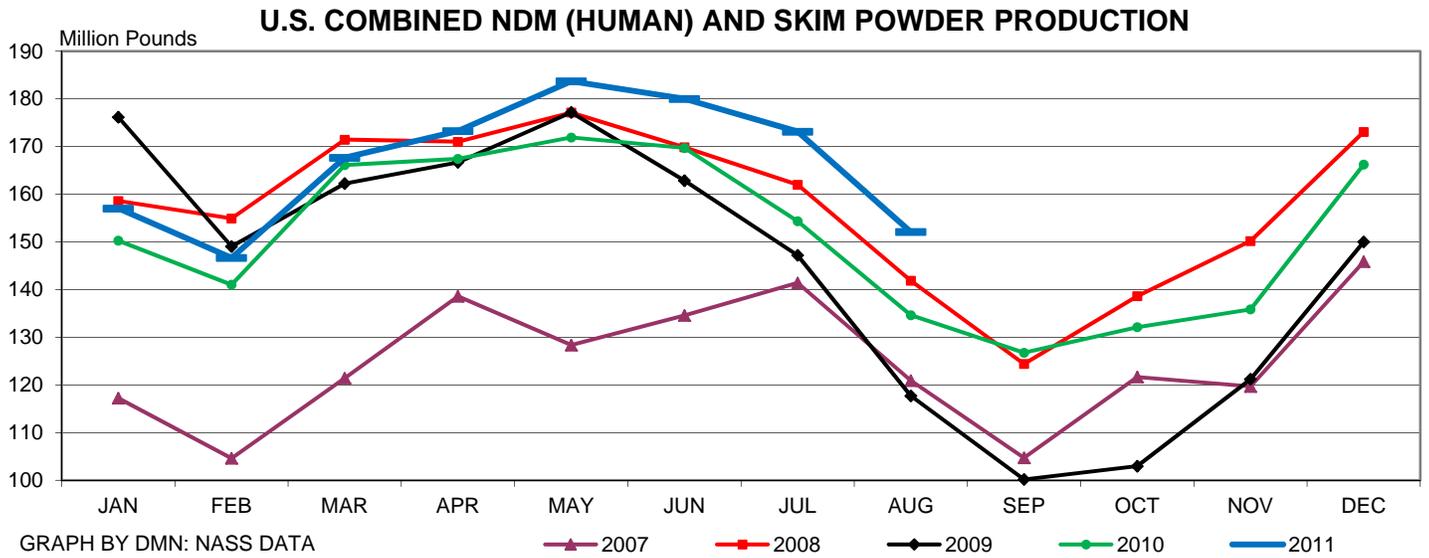
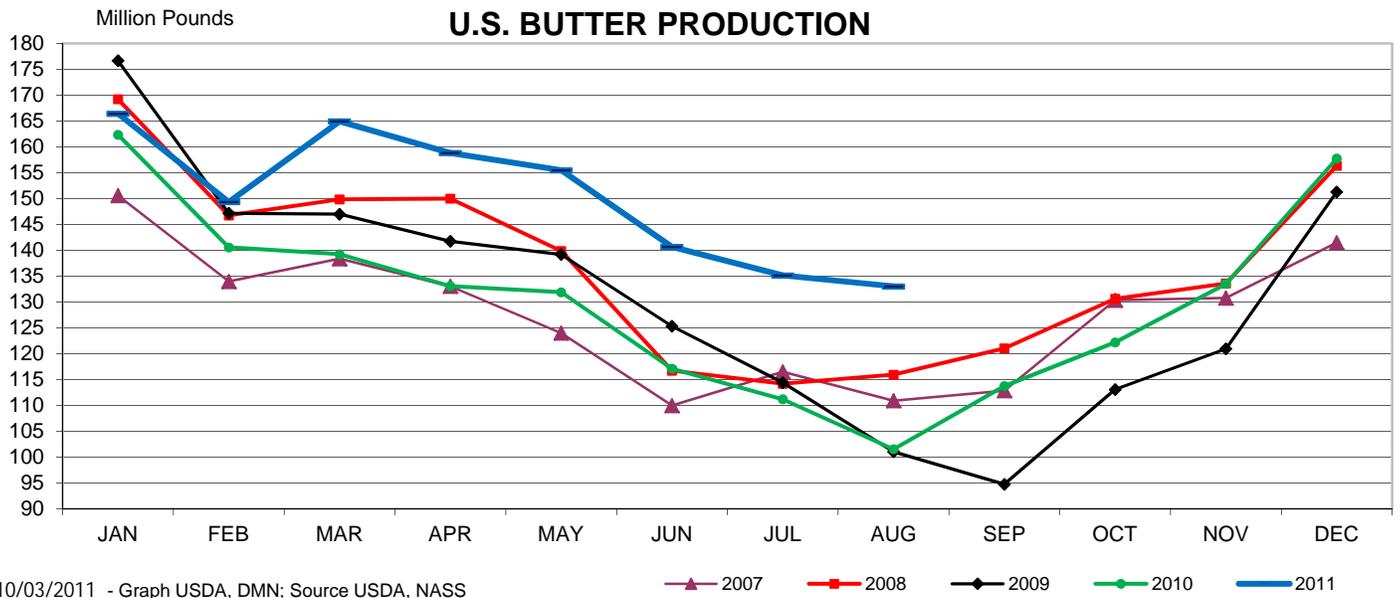
Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.87	1.20
Southeast	007	2.57	2.22
Florida	006	3.10	0.61
Mideast	033	2.09	1.47
Upper Midwest	030	2.10	1.15
Central	032	1.73	0.98
Pacific Northwest	124	0.77	0.60
All Reporting Areas Combined 3/		2.13	1.22

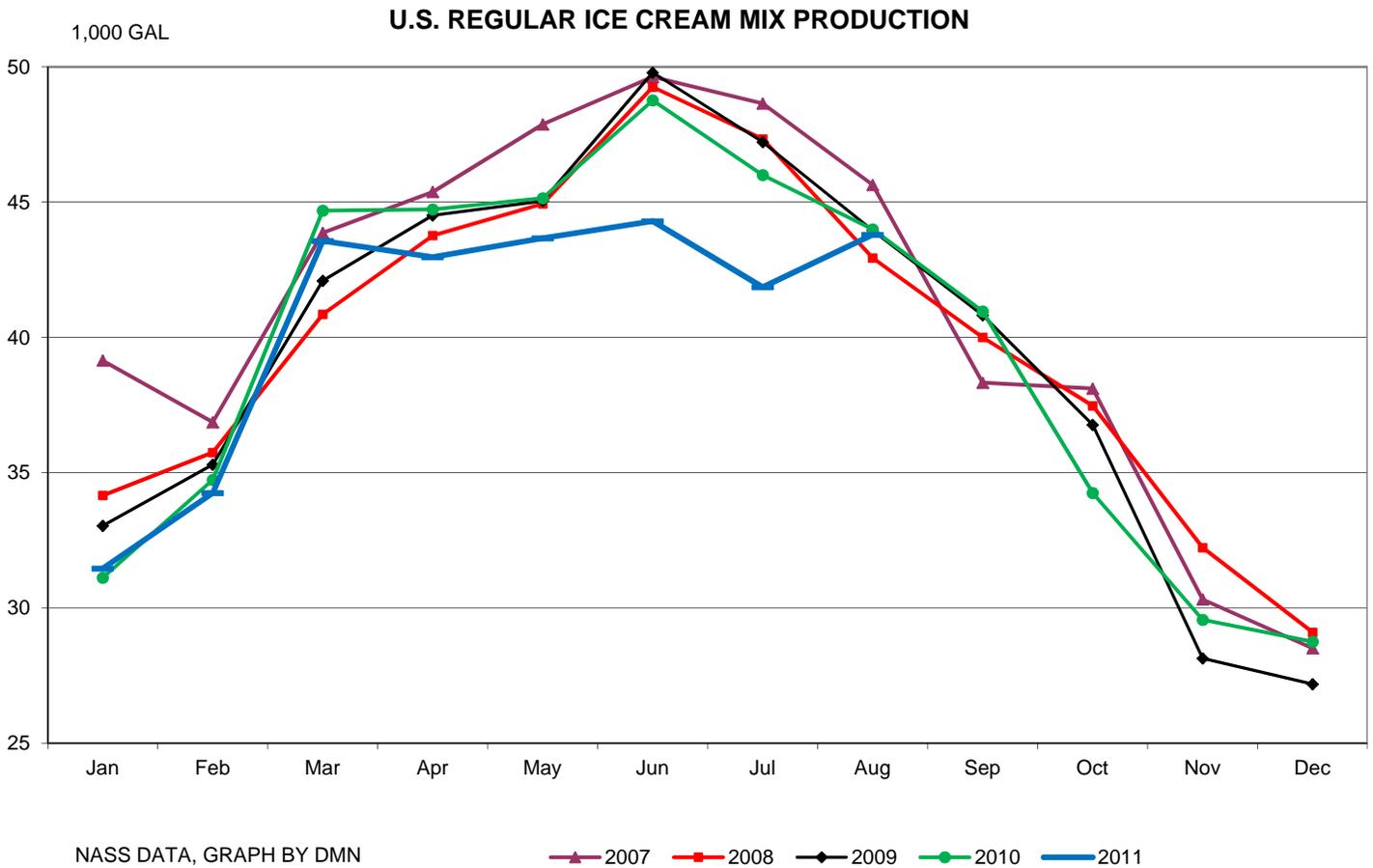
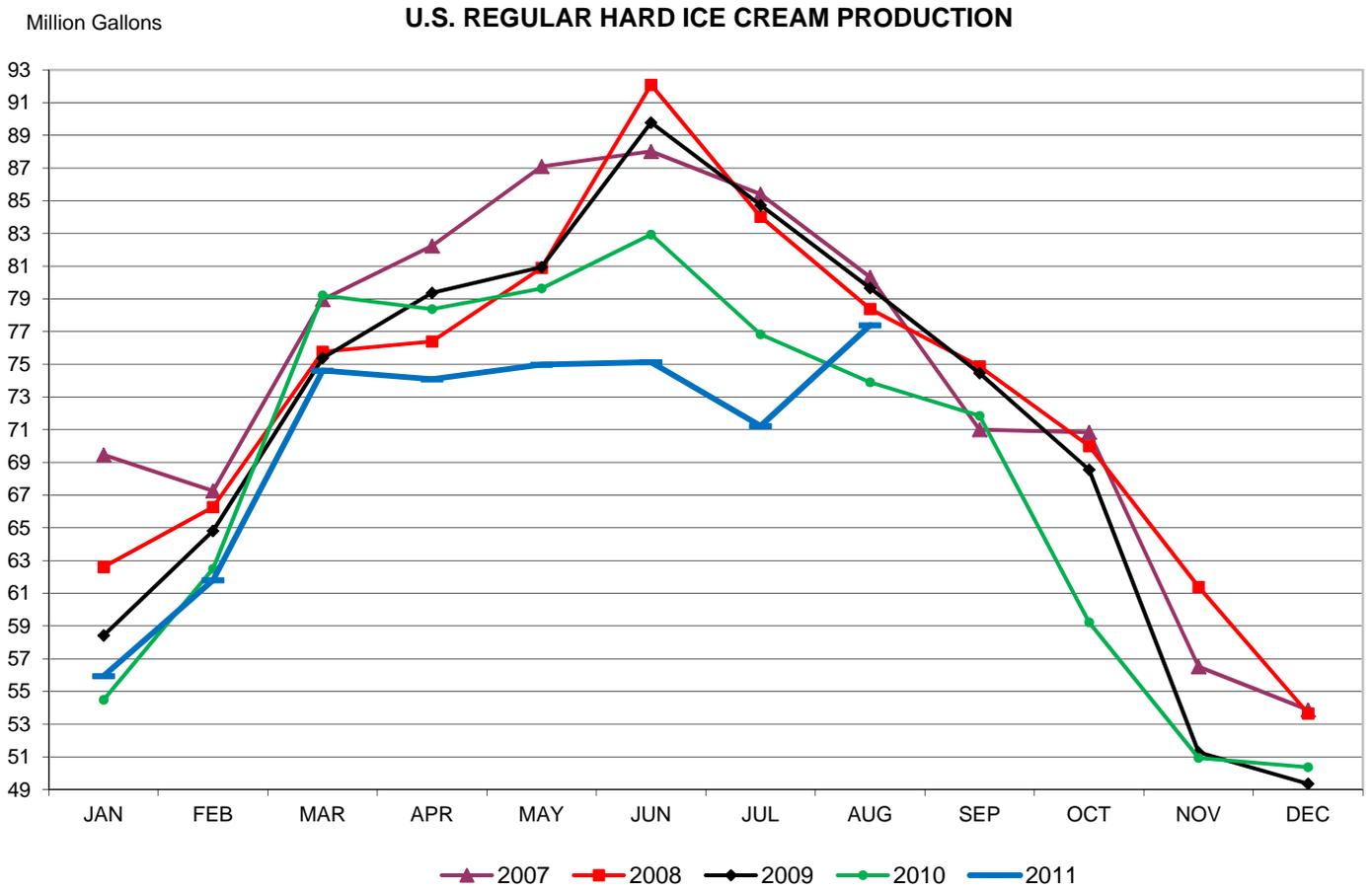
1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

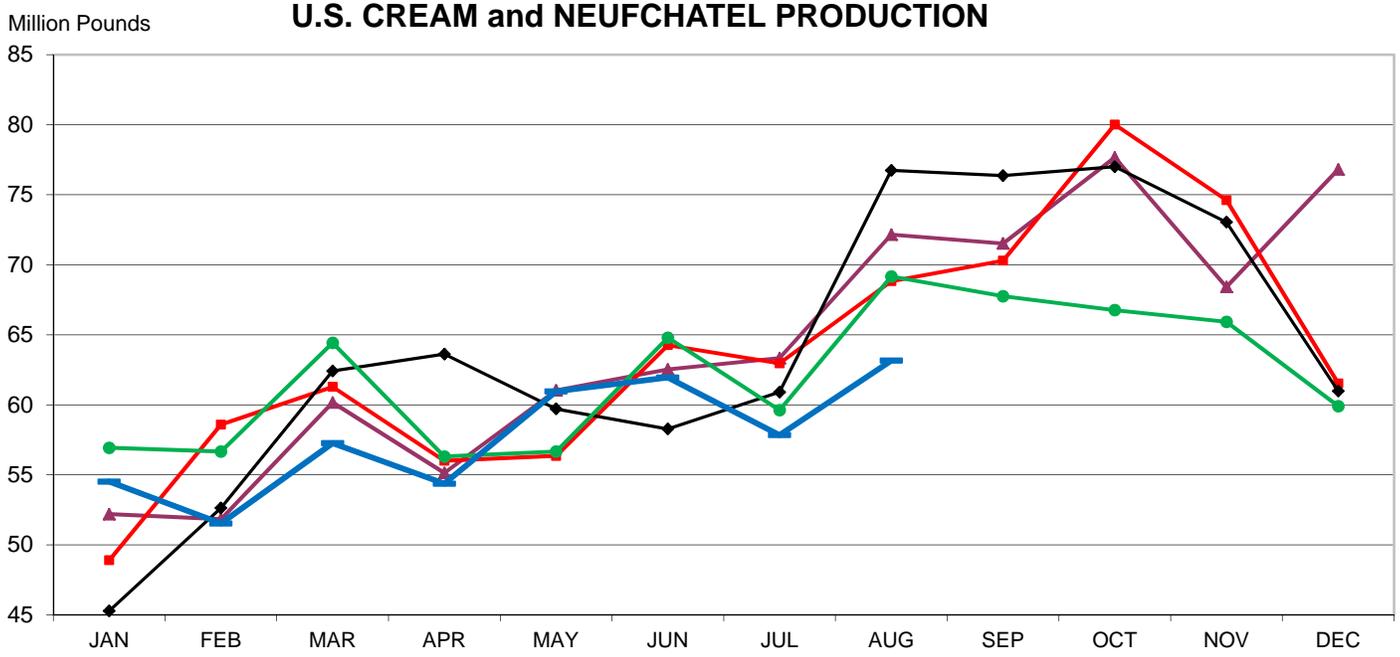
2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

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





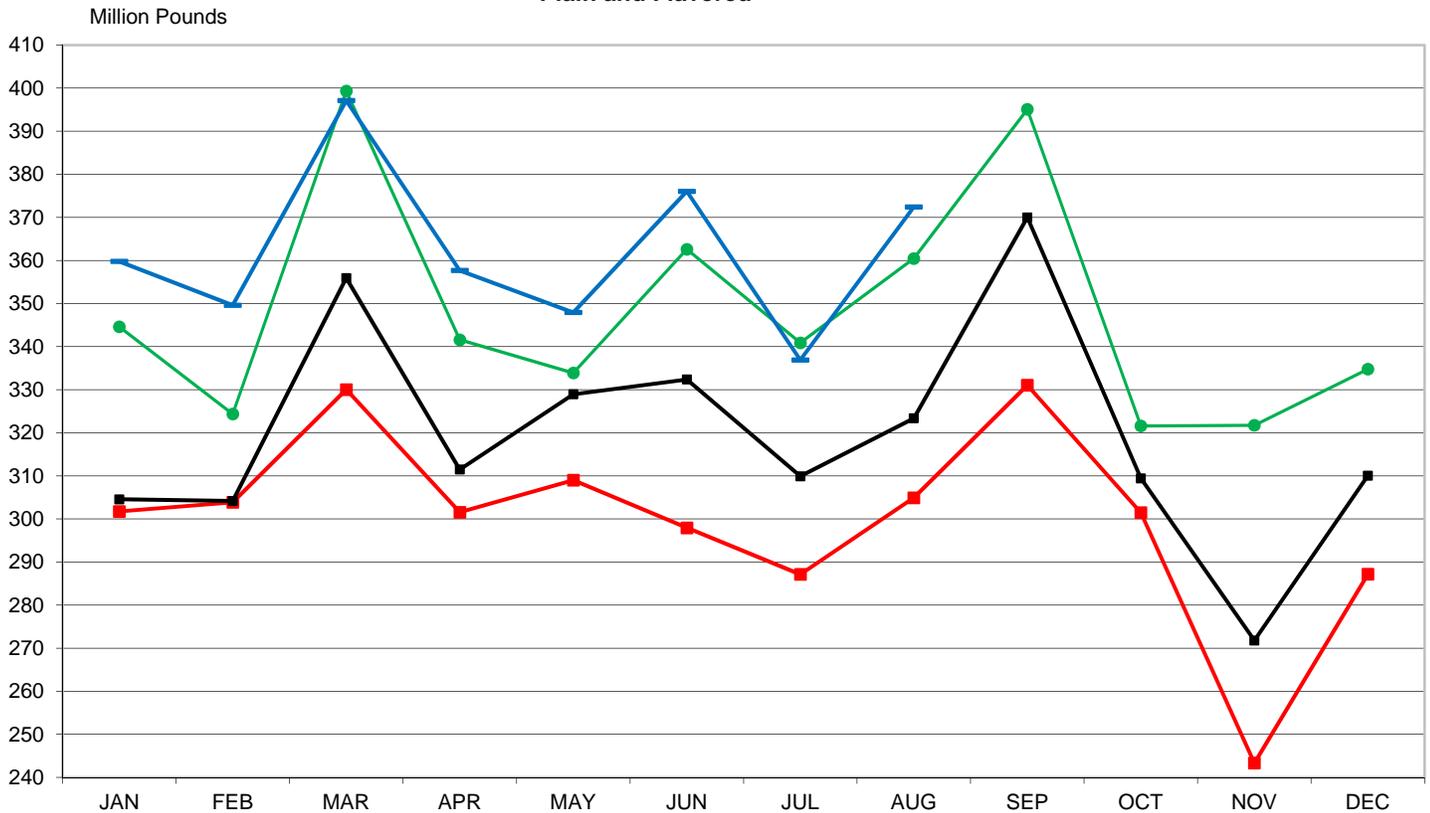




Graph USDA, DMN; Source USDA, NASS

2007 2008 2009 2010 2011

U.S. YOGURT PRODUCTION Plain and Flavored



Graph USDA, DMN; Source USDA, NASS

2008 2009 2010 2011

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