

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (10/21):**

BUTTER: Grade AA closed at \$1.8600. The weekly average for Grade AA is \$1.8585 (+.0445).

CHEESE: Barrels closed at \$1.6900 and 40# blocks at \$1.7200. The weekly average for barrels is \$1.7050 (-.0160) and blocks, \$1.7185 (+.0155).

BUTTER HIGHLIGHTS: The CME Group cash butter price strengthened early in the week and closed the week at \$1.8600, up 2 1/2 cents from last Friday. Churning schedules across the country remain generally very active. Cream volumes are readily available and are often being purchased, especially for churning, cautiously. Although the Thanksgiving holiday is still 4 weeks away, butter producers are anticipating that cream supplies will start to tighten as Class II cream based holiday item production increases. Butter handlers are actively micro-fixing frozen stocks to meet improved orders. Butter producers and handlers are indicating that orders remain strong for upcoming holiday needs. Features at retail will soon be appearing. In many instances, feature activity will be more prevalent than previously projected when the cash price of butter was above \$2.00. Since September, when the butter price dipped to the mid \$1.70's, buyers are more willing to schedule feature activity. Also since that time, butter orders for the final quarter of the year are significantly enhanced.

CHEESE HIGHLIGHTS: The cheese market continues to drift higher and lower within a trading range. Interest in the yearend holiday season seems to lag normal activity levels with the lead time shrinking for orders to be packaged and delivered before Thanksgiving. Natural orders are steady to somewhat improved. Process interest is about steady. Mozzarella and hard Italian variety movement has improved seasonally. Pepper jack and colby/jack demand has improved to seasonal levels. Aged cheddar interest is also picking up. Cheese production is fairly steady with recent weeks. Cheese yields are improving seasonally. The Kansas City Commodity Office announced Solicitation AG-DNAC-S-12-0002, Invitation 2000000596 seeking 74,792,500 pounds of natural American cheese for January – December 2012 delivery. Of the total volume requested, 40,000,000 pounds are barrels. Offers are due November 2. Public release is scheduled for November 10.

FLUID MILK: Farm milk production is steady in the Northeast and Central regions and some states in the Southwest. Idaho and Utah milk supplies are decreasing. Florida and California provide the two bright spots in milk production, with farm milk intakes steadily trending higher. Weather events haven't taken a toll on farm milk production this week, but manufacturing milk supplies continue to be lessened by fluid milk demand. Cream demand from ice cream accounts softened as the calendar advances, but interest in cream for production of sour cream, dips, cream cheese and other holiday-related items is increasing. Cost of milk production is one of the top concerns for dairy farmers, especially for those operations regularly

purchasing feed inputs. Alfalfa hay supplies are tight. During 2011, domestic buyers are increasingly competing with off shore buyers for hay. Foreign Agricultural Service (FAS) reports January – August U.S. exports of alfalfa hay, at 1.1 million tons, are 13% higher than during the same months of 2010. FAS reports Japan and United Arab Emirates lead in receiving alfalfa hay under Schedule B code 1214900010 with each of those countries importing about .4 million tons of alfalfa hay in 2011.

DRY PRODUCTS: The dry product markets are mixed in tone. Nonfat dry milk prices are mostly lower as F.O.B. prices continue to run into competition from the resale market. Manufacturers adjusted prices slightly lower to help keep inventories moving to buyers. Dry buttermilk in the Central/East and West regions managed 1 to 3 cent gains on the low end of the price ranges. Dry whey prices ticked higher in the Central and East while the Western market cooled slightly, clipping 1.25 cents from the top of the mostly price series. Lactose, Central and West, remains bullish, with spot sales adding more than 8 cents to the range high price. The WPC 34% market is unsettled, with the nonfat dry milk price trend extending its reach to this related market, although F.O.B. inventories are reportedly at comfortable levels.

INTERNATIONAL UPDATE (DMN): The October 18 g/DT session 54 results showed mixed trends with average prices for most contracting periods and products generally weaker, although skim and whole milk powder price averages firmed for the first time in many months. During this auction, Contract #1 (November) had activity only in U.S. sourced skim milk powder which averaged \$3,041, 0.4% lower than the previous contract. Contract #2 (December) prices and changes from the previous session being: anhydrous milk fat, \$3,623/MT, -1.4%; buttermilk powder, \$2,970, -0.5%; skim milk powder, \$3,259, +2.8%; whole milk powder, \$3,473, +6.1%; milk protein concentrate \$6,510/MT -4.5%; rennet casein \$6,931/MT -13.7%; and cheddar \$3,512/MT, -8.5%.

ORGANIC DAIRY MARKET OVERVIEW (DMN): During the last week, there has been an increase in volume of organic milk going into New York State and New Jersey, sourced from Wisconsin. This results from demand for organic milk in the Northeast being ahead of what is produced in the region. Unusual intensity in advertising focus led to near record levels of organic yogurt and butter advertising this two week period. Both organic butter and yogurt advertising volumes in weekly supermarket ads were at the second highest level since this data series began in 2009. The Southwest led the six regions in all organic dairy advertising for the fourth consecutive two week period. Weighted average advertised pricing for organic milk half

CONTINUED ON PAGE 1A

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

ORGANIC DAIRY MARKET NEWS (PAGES 8 - 8B)
2011 TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION (PAGE 9)
SEPTEMBER MILK PRODUCTION (PAGE 10)

FMMO MARKETING AND UTILIZATION (PAGE 11)
FMMO NOVEMBER ADVANCE PRICING (PAGE 12)
DAIRY GRAPHS (PAGES G1-G3)

CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 17	TUESDAY OCT 18	WEDNESDAY OCT 19	THURSDAY OCT 20	FRIDAY OCT 21	WEEKLY CHANGE *	WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.7000 (+.0100)	\$1.7200 (+.0200)	\$1.7200 (N.C.)	\$1.6950 (-.0250)	\$1.6900 (-.0050)	(N.C.)	\$1.7050 (-.0160)
40# BLOCKS	\$1.7125 (+.0225)	\$1.7200 (+.0075)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	\$1.7200 (N.C.)	(+.0300)	\$1.7185 (+.0155)
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	\$1.8525 (+.0175)	\$1.8600 (+.0075)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	(+.0250)	\$1.8585 (+.0445)

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**

gallons increased slightly this period by 16 cents, to a weighted average advertised price of \$3.89. Newspaper ads for organic gallons returned this period following an absence lasting three two-week periods. All ads priced organic gallons at \$4.99. The national weighted average advertised price for 6 ounce organic yogurt is up 21 cents to 91 cents, with a range spanning 60 cents to 99 cents. The 91 cent weighted average advertised price ties the price set in early April this year, as the highest weighted average advertised price for 6 ounce organic yogurt since this data series began during fall 2009. Comparing retail half gallon organic reduced fat (2%) milk prices surveyed by Federal Milk Market Administrators in October 2011 with October 2010, 23 cities have higher prices, 6 lower prices, and 1 the same price. The overall October 2011 average price for the 30 cities combined, \$3.84, is 24 cents higher than the combined average one year earlier, \$3.60.

SEPTEMBER MILK PRODUCTION (NASS): September milk production in the 23 major States totaled 14.8 billion pounds, up 1.9% from September 2010. Production per cow averaged 1,742 pounds in September, 12 pounds above September 2010. Total September cow numbers were 8.47 million head, 101,000 head (1.2%) above September 2010, and 1,000 more than August 2011.

FMMO MARKETING AND UTILIZATION SUMMARY (FMMO): During September, more than 10.5 billion pounds of milk were received from producers. This volume of milk is 4.2% higher than the September 2010 volume. In September 2010 and September 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 0.9% lower than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 36%, Class II = 11%, Class III = 45% and Class IV = 8%. The weighted average statistical uniform price was \$21.28, \$1.36 lower than last month and \$3.68 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the Class I base price for November 2011 is \$18.45. This price is derived from the Class IV skim milk pricing factor of \$12.16 and the advanced butterfat pricing factor of \$1.9179. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. The advanced Class IV skim milk pricing factor is \$12.16. Thus, the Class II skim milk price for November is \$12.86, and the Class II nonfat solids price is \$1.4289. The two-week product price averages for November are: butter \$1.7552, nonfat dry milk \$1.5328, cheese \$1.7437, and dry whey \$0.6121.

CME GROUP

MONDAY, OCTOBER 17, 2011

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.6900, 1 @ \$1.7000; 2 CARS 40# BLOCKS @ \$1.7100; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7000; 1 CAR 40# BLOCKS @ \$1.7125; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.8475, 3 @ \$1.8525; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8500; LAST OFFER UNCOVERED: NONE

TUESDAY, OCTOBER 18, 2011

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.7000, 1 @ \$1.7100, 1 @ \$1.7200; 2 CARS 40# BLOCKS: 1 @ \$1.7125, 1 @ \$1.7200; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7175; 1 CAR 40# BLOCKS @ \$1.7200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.8600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8725

WEDNESDAY, OCTOBER 19, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$1.7200; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7100; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$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

THURSDAY, OCTOBER 20, 2011

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.7200, 1 @ \$1.7150, 1 @ \$1.6900; 1 CAR 40# BLOCKS @ \$1.7100; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6950; 1 CAR 40# BLOCKS @ \$1.7200; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.8600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8675

FRIDAY, OCTOBER 21, 2011

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.6925, 2 @ \$1.6900; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6900; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7300
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4250; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8700

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group increased \$0.0075 Tuesday and closed at \$1.8600. The butter price has advanced in 6 out of the last 7 trading sessions and increased a total of 9 cents during the same period. Demand for cream has increased from most cream based product manufacturers as the holiday production season is in full swing. Butter makers are also seeking additional loads to increase production to fill their yearend orders. Most plants are reworking butter and lowering inventories to fill orders. Butter makers are attempting to match production with orders, so as to limit inventories when prices are expected to decline, sometime in December. The stronger U.S. dollar, compared to the Euro, continues to weaken export demand. Butter exports for August totaled 12.6 million pounds, 5% below last year. Bulk butter prices range from 2-4 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME Group cash butter prices continues to strengthen and settled at \$1.8600 at midweek. The cash butter price has gained strength to levels not seen since this time in September. Cream supplies remain readily available to butter producers, but will start to tighten as Class II holiday cream based product production resumes. Some butter producers remain cautious with their additional cream purchases, especially as pricing points increase. Butter producers and handlers are trying to balance higher valued inventories with current and near term production so that once holiday needs are filled, inventories will be low and manageable. Micro fixing of inventoried frozen butter continue and will continue for the foreseeable future. Butter orders remain strong as buyers continue to place orders ahead of anticipated firmer

cash prices. Shipments of butter are very active at this time as butter is being readied for upcoming holiday buying patterns. The Thanksgiving holiday is 4 weeks away and consumers will start to see feature activity within the next 2 - 3 weeks. In many instances, upcoming features were not considered earlier this summer when the cash price was over the \$2.00 level, but quickly developed as the cash price decreased. Food service buyers are also enhancing their orders as restaurants and eating establishments prepare for the heavier traffic flow during the upcoming holiday shopping and party season. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Butter trading on the CME Group for Wednesday closed unchanged at \$1.8600. Butter prices at the exchange have increased or remained steady for the last ten trading sessions. Trading activity has been light except for five loads trading on Monday. Sales for the week are moderate to good with six loads sold for the week. Western butter prices have been firm with good buyer interest reported. The recent rally in prices has spurred interest to place orders for upcoming holiday needs. Print sales are leading the demand, while bulk butter sales are following expected levels. Buyers feel comfortable with current prices and are filling needs for fall holidays. Cream supplies are ample and churns are operating busy schedules. Butter stocks are adequate for demand and orders are being filled in a timely manner. Export demand has slowed recently, although exports for the year are well ahead of last year. Lower anhydrous milkfat (AMF) prices internationally are weighing on butter exports. Prices for bulk butter range from even to 4 cents under the market, based on the CME with various time frames and averages used.

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

<u>WEEK ENDING</u>	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
October 15	1.7373 10,899,082	1.7227 9,756,388	1.5231 15,316,595	1.7528 5,066,658	0.6193 7,755,952

CHEESE MARKETS

NORTHEAST

Cheese prices advanced on the CME Group Tuesday with barrels increasing \$0.0200 to close at \$1.7200, while blocks advanced \$0.0075 and also closed at \$1.7200. October cheese prices have been on a rollercoaster since the beginning of the month. Barrels started the month at \$1.6400, increased to \$1.7850, declined to \$1.7200, increased to \$1.7300, declined to \$1.6900 and then increased to the current price of \$1.7200. Blocks have had a less erratic ride starting the month at \$1.7200, increasing to \$1.7650, declining to \$1.6800 and then rising to the current price of \$1.7200. Wholesale prices were mixed following last week's weekly average prices with Process 5# sliced cheese increasing \$0.0200, while Cheddar 40# blocks and Muenster decreased \$0.0300. Cheese production is active as plants are busy preparing for and filling yearend holiday orders. Demand and sales for most cheese varieties remains good, especially aged cheddar, mozzarella and cream cheese. August export sales declined 10% compared to last year with sales totaling 34.2 million pounds. A stronger U.S. dollar, compared to the volatile Euro and other currencies, were part of the reason for the export decline.

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

Cheddar 40# Block	:	2.0200-2.2950
Process 5# Sliced	:	1.8300-2.1400
Muenster	:	2.0400-2.2450
Grade A Swiss Cuts 10 - 14#	:	3.9325-4.2550

MIDWEST

Prices on the CME Group cash cheese market continue to move up and down in a 15 - 20 cent trading range. Orders are steady to improved on natural and about steady on process. Packagers and processors are starting to see a bit of the fall pre-holiday surge, but interest still seems lackluster. Overtime needed to fill finished product orders remains spotty. Interest in specialties such as pepper jack and colby/jack has improved seasonally. Offerings of fresh cheddar are adequate with supplemental volumes available from other areas. Most plants/packagers are seeing improved mozzarella interest, mainly for shredding. Aged cheddar interest continues to improve but buyers are avoiding volumes placed in storage in high priced weeks/months. Hard Italian variety interest, both fresh and aged, has improved seasonally. Milk volumes appear little changed from week to week but cheese yields have improved seasonally as component levels increase.

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

Process American 5# Loaf	:	2.0800-2.4800
Brick And/Or Muenster 5#	:	2.2125-2.6000
Cheddar 40# Block	:	2.2125-2.8650
Monterey Jack 10#	:	2.1750-2.8650
Blue 5#	:	2.4675-3.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0475-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.1900-3.3300

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

	BUTTER	:	CHEESE
10/17/11	7,677	:	129,318
10/01/11	7,919	:	135,392
CHANGE	-242	:	-6,074
% CHANGE	-3	:	-4

WEST

Barrel cheese on the CME Group exchange on Wednesday closed unchanged at \$1.7200. Blocks were also unchanged at \$1.7200. Trading activity for the week on barrels was moderate to good with nine loads trading so far this week. Blocks enjoyed moderate trading with four loads sold for the week. Barrel cheese prices have moved from a recent low of \$1.6400 on Oct. 3 to \$1.7850 for the most recent high to close last week. Blocks have traded in a more narrow range over the same time period. Western wholesale cheese prices are mixed, with barrels higher and blocks lower for the week. Cheese production is mostly steady, although some plants are seeing increased demand and are increasing production. Mozzarella demand is reported better both domestically and for export markets. Contract demand is steady and accounting for the bulk of sales. Extra interest for seasonal orders is beginning, although much of the activity is still price shopping.

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

Process 5# Loaf	:	1.8450-2.1025
Cheddar 40# Block	:	1.8325-2.1850
Cheddar 10# Cuts	:	2.0125-2.2325
Monterey Jack 10#	:	2.0225-2.1825
Grade A Swiss Cuts 6 - 9#	:	3.5100-3.9400

FOREIGN

The weekly average price for block cheese on the CME group declined, moving domestic wholesale prices \$0.0300 lower. Prices for Swiss cuts held steady. Yearend holiday orders for domestic Swiss cheese remain fairly good, despite recent Swiss cheese price increases. Inventory levels are holding steady. Emmi, Switzerland's largest maker of Emmental Swiss cheese is offering to divert A-class milk for industrial powder production. It is hoped this measure will reduce pressure on the cheese market where prices for Emmental have remained low. Overproduction and the strong Swiss franc, compared to the US dollar, have combined to lower prices and limit international sales. Exporting countries that are designating U.S. importers for 2012 must submit their designations to FAS by October 31, 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1600-3.6475*
Gorgonzola	: 3.6900-6.3900	: 2.6625-2.9225*
Parmesan (Italy)	: -0-	: 3.2825-3.8375*
Provolone (Italy)	: 3.4400-6.3900	: 2.2025-2.3600*
Romano (Cows Milk)	: -0-	: 3.3500-5.4925*
Sardo Romano (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 4.0250-4.3475
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

	2011 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
August	34.2	- 10
Cumulative	Jan.- Aug	1 Year Ago
World	333.7	+ 33
Mexico	68.0	- 9
South Korea	59.6	+ 128
Japan	32.5	+ 57
Saudi Arabia	15.5	+ 34
Canada	14.9	- 5

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	120	0	98	0	0	0
SOUTHEAST STATES	0	0	0	0	11	21

Milk production in the Northeast and Mid-Atlantic regions is mostly steady at or near the seasonal production low point. Strong Class I pulls are limiting manufacturing milk supplies with some manufacturers rolling over any excess supplies to assist with meeting next week's contract commitments. Rains and cool weather have slowed already delayed field work activities in the Northeast, resulting in harvest completion percentages for corn and soybeans that are 10-30 percentage points behind last year's pace. Florida milk production is increasing as more cows are freshening and as mild temperatures have increased cow comfort levels. Class I demand continues to be strong, supported by various promotions and features. The continued strong Class I demand has made it necessary to import 120 spot load shipments. Milk supplies in the Southeast are in balance with seasonal Class I increases. Continued dryer maintenance in the Western region has resulted in increased milk shipments to the Southeast. Securing truckers for milk hauls is becoming difficult as more trucks are being employed to haul hay and feed to drought stricken areas in the South Central region. Cream supplies are available, but demand is increasing as manufacturers have taken note of the increasing butter market and are actively seeking cream prior to next week's expected higher prices. Cream sellers have acknowledged the increase in demand with higher multiples. This week's multiples range mostly from 124-133 with some loads above and below the range depending on day of the week and destination. Condensed skim milk supplies are adequate for contract needs with little remaining for the spot market. Demand for condensed skim is good from Class II manufacturers and cheese makers.

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 -	2.2816-2.4126
F.O.B. producing plants: Upper Midwest -	2.1949-2.2856

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

Fluid demand is steady to slightly improved where retailers are passing along promotions, including gallons priced at \$1.99. An increase is noted in the production of non-ice cream Class II products at some manufacturers. Ice cream output is relatively steady at lighter seasonal levels. Cream supplies remain available though not quite as long as the past couple of weeks. A few more buyers were looking to book extra cream supplies for next week delivery. Class III milk offerings remain variable depending on the location, with supplies ranging from tight to adequate. On a limited test, prices are steady. Some cheese operations have adequate milk supplies while other struggle to fill orders, particularly on specialty varieties. Milk intakes seem to be uneven, ranging from slightly lower to slightly higher on a week-to-week basis, depending on location. Milk components are improving seasonally, increasing manufactured product yields. In the four Federal Orders that price milk using somatic cell counts, 2011 SCC levels are appreciably below previous years (see page G1). The fall harvest and tillage season remains active though heavy rains are slowing some operations. Crop yields are highly variable with some producers pleased and others disappointed. Texas also received some badly needed rain though much more is needed. Estimated September milk production in

selected Central states compared with last September: Wisconsin, 2.124 billion pounds, +38 million pounds (1.8%); Texas, 774 million pounds, +71 million pounds (10.1%); Minnesota, 714 million pounds, -5 million pounds (-0.7%); Michigan, 690 million pounds, +13 million pounds (1.9%); Ohio, 415 million pounds, -6 million pounds (-1.4%); and Iowa, 347 million pounds, +5 million pounds (1.5%).

WEST

CALIFORNIA milk output is trending steady to higher. Plant intakes are running higher than year ago levels and processors are finding these levels very manageable. The trade sentiment is that higher milk prices are spurring producers to make more milk. There is a wide difference in cost of production models for producers who raise or seasonally contract for their feed supply needs than for those producers needing to buy spot feed supplies. Corn silage yields have been good this year. Hay supplies are tight and costs are high. Some dairy producers are utilizing alternative inputs. ARIZONA milk production is described as level. Weather patterns have warmed the state pushing daytime highs into the 90's. Temperatures are cooling at night, so cow stress is minimal. Plant milk intakes are flat and processing is going along at projected levels. Class I movements are steady on a weekly basis. NEW MEXICO milk production trends continue to be steady week-to-week, but at levels above last year. Conditions remain favorable for the milk herd. Cost of production remains a big issue at the producer level. High hay and feed prices remain as big concerns. The hay season is winding down with the last crop being made. Local hay needs are being supplemented with supplies from other states. Transportation costs are adding to feed costs. Maintenance schedules at plants are causing milk to be diverted to other plants and some milk is moving out of the region. The CREAM market is getting more life as demand improves from the makers of higher class, cream-based items. Seasonal needs are being assessed and the production of dips, cream cheese, sour cream, egg nog, and similars are being made. Butter production remains active as producers fill those holiday needs. The uptick in butter pricing and the basing points seemingly has spurred demand as buyers are more active in purchasing cream and products for their needs. The CME Grade AA butter price closed at \$1.8600 on Wednesday, October 19, up 4 cents from a week ago. Western cream multiples moved up slightly and range from 108-123, and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is following typical seasonal patterns. Production has slowed to manageable levels and processors are able to catch up on plant maintenance issues without disrupting milk handlers. Milk receipts are still above year ago levels as cow numbers have increased, especially in Washington. Milk pooled on the Pacific Northwest Order 124 totaled 691.3 million pounds in September 2011; approximately 628 producers delivered milk to the market. The average daily delivery per producer was 36,695 pounds. Class I utilization was 188.7 million pounds and accounted for 27.3% of producer milk. The producer price differential (PPD) for the Pacific Northwest Order was \$1.33, resulting in a statistical uniform price of \$20.40. The statistical uniform price for the Pacific Northwest Order was \$1.26 below last month, and \$3.46 above the same month last year, an increase of 20.4%. UTAH and IDAHO milk supplies are also decreasing seasonally. Milk production in the region is being processed locally in most cases as manufacturing plant capacities are adequate for current supplies. Late harvesting of forages is winding down for the season. According to NASS, September *Milk Production* for the 23 surveyed states totals 14.8 billion pounds, up 1.9% from last year. September milk production changes from a year ago for selected Western states are as follows: Arizona +4.7%, California +0.6%, Colorado +6.3%; Idaho +2.9%, New Mexico +4.4%, Oregon +2.0%, Utah +2.0%, and Washington +5.5%. Monthly milk production per cow for the 23 surveyed states was 12 pounds (+0.7%) more than September 2010. Compared to September 2010, the Arizona herd is up 7,000 head, California +25,000, Colorado +8,000; Idaho +11,000, New Mexico +13,000, Oregon +1,000, Utah +2,000, and Washington +12,000. These 8 states are up 79,000 cows and the 23 surveyed states are up 101,000. September cow numbers in these 8 states were 2,000 more than last month.

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for nonfat dry milk, Central, are unchanged to lower in the low/medium heat mostly price series. With the domestic market tone still lacking price stimuli, and international markets favoring lower prices, the focus for many operations is keeping NDM inventories at comfortable levels in the near term. Some F.O.B. price trimming from week to week is accomplishing that task. One or two facilities in the region report they have cleared all NDM inventories and will rebuild as milk supplies allow. Favorable pricing of Central NDM compared to Eastern NDM reportedly is helping clear some Central NDM spot loads into the Eastern region. Nonfat dry milk production is steady at most locations as the school milk pipeline is currently drawing regular in-session volumes. Condensed skim sales to some Class III plants have slowed as some cheese plants switch to powder for vat fortification due to price advantages. However, seasonally increasing orders from various Class II manufacturers for condensed skim are absorbing much of condensed skim previously earmarked for cheese plants. NDM manufacturers note the volume of NDM contract shipments is steadily increasing as the season advances. Contract sales represent the bulk of sales activity for the week.

EAST: Prices for high heat nonfat dry milk moved lower. The mostly price range for low heat nonfat dry milk declined marginally on the upper end of the range. Nonfat dry milk production in the East continues to be limited, as low seasonal milk production combined with strong Class I pulls, reduces the volumes of condensed skim going to dryers. Eastern NDM supplies are tight and primarily moving through contracts. NDM buyers are looking to other regions where supplies are more readily available at lower prices. NDM demand is weak as customers are limiting their purchase volumes to current needs, unwilling to expand inventories at a time when the market is unsettled and on a downward price trend. Some product is becoming available in the Eastern region through resale offers as some owners of nonfat dry milk are attempting to get out of their current market positions.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.6100 MOSTLY: 1.4200 - 1.5500
 HIGH HEAT: 1.5000 - 1.6600

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mixed; reflecting both lower lows and a higher high on the ends of the range, while the mostly series trends lower. The market undertone remains weak. Some of the pricing changes are happening from sales based on fluctuating indices that are reflecting reporting criteria. While not all the market pressure is on NDM, producers/marketers are selling and exporting skim milk powder at a discount to the NDM market. Powder export demand continues to be fair to good, but with more pressure on price. Resale offerings of NDM remain available at discount. Production of NDM is active at seasonal volumes in the region. Stocks are moderate to heavy and vary. High heat prices are steady to slightly lower. The market tone is trending weaker, reflecting the overall NDM complex. High heat supplies are often tight and being made to order. FAS export data for NDM/SMP show January-August 2011 exports at 642.7 million pounds, up 31% from the same period in 2010. August 2011 exports total 80.0 million pounds, up 1% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3700 - 1.5600 MOSTLY: 1.4000 - 1.4900
 HIGH HEAT: 1.4700 - 1.6600

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are both lower and higher on an unsettled market. Churning is clearing much of the cream from standardization as several Class II end users, such as ice cream manufacturers, enter a lull before production of holiday related items need to gear up. Dry buttermilk production is, therefore, higher for the week. Contract sales account for most of the sales activity within the region.

EAST: The dry buttermilk price range narrowed this week as the low end of the range moved higher, while the upper end of the range moved lower. Dry buttermilk production has picked up following butter production increases, prompted by the seasonal increase in butter orders for the yearend holidays. Some marginal demand increases have been noted as baking product manufacturers have increased their production schedules. Dry buttermilk production increases are more than enough to cover the increase in demand and as a result, dry buttermilk inventories are increasing. Product is primarily moving through contracts with the occasional LTL or spot load transaction. Production increases combined with limited demand gives the dry buttermilk market a weak undertone.

F.O.B. CENTRAL/EAST: 1.3000 - 1.4800

DRY BUTTERMILK - WEST

Dry buttermilk prices in the Western region are trending higher. The market tone is steady to slightly firm. The market has tightened up after trending lower over the past several months. More producers are in better inventory shape after clearing surplus stocks over that period through discounted pricing. Buying interest is light. Many buyers have holdings that they have acquired for their needs. Spot buyers looking to fill an immediate need are finding offerings on the short side. Production levels are active.

F.O.B. WEST: 1.2500 - 1.3200 MOSTLY: 1.2700 - 1.3000

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady for the week. Several manufacturers indicate production schedules for meeting upcoming contract needs are in place, with manufacturers keeping length of storage to a minimum before shipment. A few manufacturers are actively courting interest from domestic end users who have traditionally used imported dry whole milk powder; manufacturers are submitting dry whole milk samples for sensory analysis and functionality testing.

F.O.B. PRODUCING PLANT: 1.8400 - 2.0400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 14	\$1.5102	10,994,494	0
October 7	\$1.5291	9,978,302	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

Dry whey, Central, prices are higher, reflecting firm spot and contract pricing in this market. Interest is steady for any F.O.B. spot loads that come to the market. Reseller based loads, which are hampered by light holdings, are also clearing readily. Some manufacturers indicate 1 – 3 week shipping delays on dry whey contracts are in place and unlikely to lessen during the near term. Central dry whey production moved slightly higher this week as cheese ordering improved. Some plant operators indicate sluggish growth in milk supplies is keeping cheese and dry whey production below capacity. ANIMAL FEED DRY WHEY prices are higher as contract and intermittent spot sales clear to end users. Many feed blenders indicate supplies of slightly off spec dairy products with 34% or more protein content are readily available at what are termed “bargain” prices. But, there is little dry whey or permeate available for blending down this higher protein powder. Some animal feed operators expressed frustration with dry whey markets that seem to be working on a two tier price system that favors off shore buyers. To counter this, feed blenders are turning to nondairy blending/filler agents as one way to keep operations going and finished product sales active.

F.O.B. CENTRAL: .5850 - .6400 MOSTLY: .5900 - .6250
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4525 - .6100

DRY WHEY - NORTHEAST

Contract formulations and some spot market transactions advanced Northeastern whey prices for the ninth consecutive week. During that period, prices have moved \$0.0700 higher on the low end of the range and \$0.0325 higher on the high end of the range. Dry whey production is steady with nearly all available supplies moving through contracts. Product availability continues to be primarily through re-sales with prices above the market range. Some brokers have indicated that prices have reached a level where end users are considering reformulation, where possible, and using alternative protein products.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6200 - .6425

DRY WHEY - WEST

Western edible dry whey prices are unsettled as reported lower international prices are creating a two tiered market structure. Domestic demand is steady and prices are mostly steady, although a weaker undertone is being expressed. Tight domestic offerings are holding that market captive. Spot sales are light with some resales above the mostly market. Most production continues to be geared to contract fulfillment. Cheese production schedules are showing some increases and whey supplies are being divided among differing whey protein products. Lower prices are being reported for international sales in the fourth quarter. Buyers in the Pacific markets are expecting lower prices to compete with European offerings.

NONHYGROSCOPIC: .5500 - .6575 MOSTLY: .6225 - .6375

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged to higher on the range, unchanged on the mostly price series. The market tone is mixed, with price pressure from the nonfat dry milk market overshadowing the issue that many manufacturers' WPC 34% inventories range from short to comfortable. Some F.O.B. and resale loads are available at the lower end of the range price series, but conversely, some buyers sought out and bought F.O.B. loads at prices that raised the top of the range. Approved supplier status enhanced pricing for some F.O.B. spot loads. WPC 34% production returned to seasonal levels at some plants that recently underwent maintenance or repairs. Generally improved cheese ordering is also prompting increasing WPC 34% production trends at several plants.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4000 - 1.5400 MOSTLY: 1.4200 - 1.4500

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged to higher on a firm market. Buyer demand has not waned, according to many manufacturers, although a few buyers voiced concerns about lactose pricing trends. Lactose production is at mostly seasonal levels and dependent upon the vitality of cheese sales. Lactose inventories are described as tight domestically. A few spot loads have surfaced, though, as a timed release to the market based on the arrival of new quarterly pricing. Milk supplies and cheese production control lactose output and several manufacturers indicate customer demands for lactose outstrip their production abilities.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .5600 - .8850 MOSTLY: .7200 - .7900

CASEIN - NATIONAL

Casein markets and prices are generally holding steady, although an unsettled undertone prevails. Manufacturers and handlers are stating that supplies are sufficient for contractual needs, with surplus volumes less available for spot inquiries. The European casein production season has now concluded and, for the most part, was quite favorable. Casein output in the Oceania region is in full swing as milk production is nearing seasonal peak levels in New Zealand and Australia. Milk volumes in the Oceania region are reported to be running heavier than last year at this time, thus casein production has realized an earlier than usual start and producers are hopeful that the season will extend further beyond peak milk output levels. Domestic buyers are indicating that they are generally comfortable with their supply/need situation.

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

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 17 - 21, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 10/14/11	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 10/01/11 & 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	9.2	3.4	21.5	3.5	N.A.	N.A.	15.6	3.0	59.0	2,213.3	40.4	44.3
2010-Dairy	N.A.	0.6	7.8	3.3	19.4	3.5	0.5	N.A.	15.5	2.6	54.9	2,123.4	44.6	44.0
2011-All cows	0.0	0.8	11.7	15.9	40.1	28.4	N.A.	N.A.	23.8	4.2	146.1	5,000.6		
2010-All cows	N.A.	0.7	9.9	14.2	34.6	23.5	8.7	N.A.	21.3	6.6	123.1	4,823.0		

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)

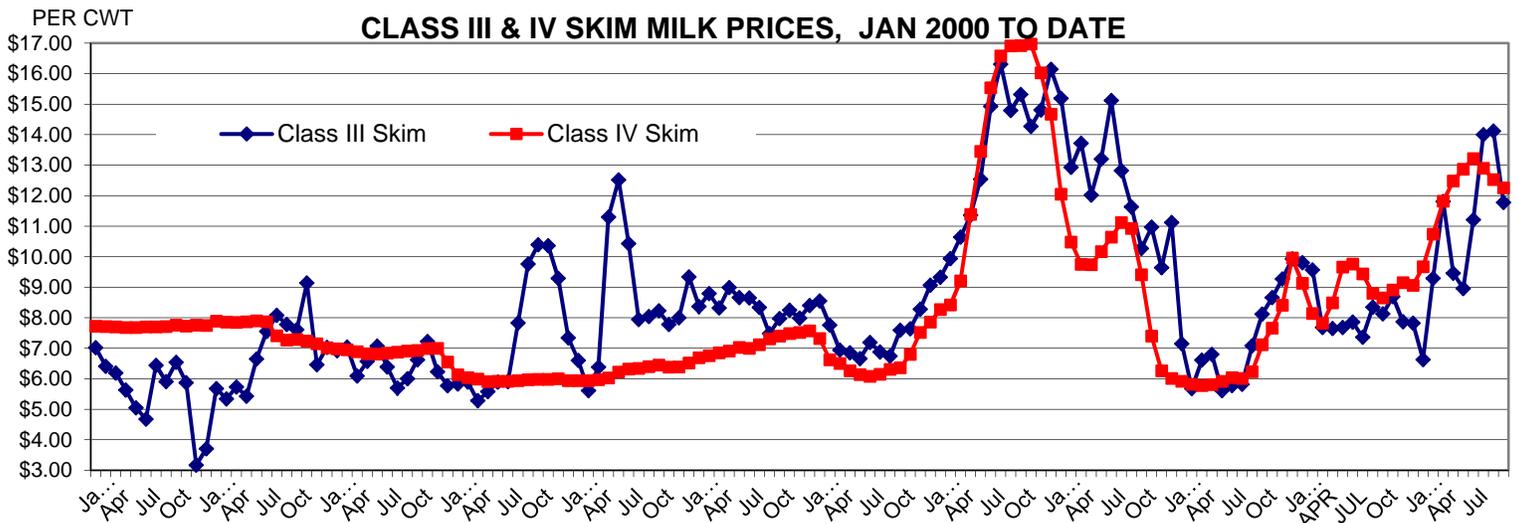
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	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	18.45	
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



ORGANIC DAIRY MARKET NEWS

Information gathered October 10 - 21, 2011

ORGANIC DAIRY FLUID OVERVIEW

During the last week, there has been an increase in volume of organic milk going into New York State and New Jersey, sourced from Wisconsin. This results from demand for organic milk in the Northeast being ahead of what is produced in the region.

Focusing further on the Northeast, for the first 6 months of 2011, sales of organic fluid milk products in the Northeast Milk Marketing Area (NMA) increased 21.4% from the same period of 2010. The 2011 magnitude of growth is triple the magnitude for the same period of 2010. The organic milk products percentage of all fluid milk sales is also increasing within the NMA. January-June 2011 sales of organic milk products accounted for 5.2% of all fluid milk sales in the region, up from 4.2% in 2010.

MONTHLY RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Comparing retail half gallon organic reduced fat (2%) milk prices surveyed in October 2011 with October 2010, 23 cities have higher prices, 6 lower prices, and 1 the same price.

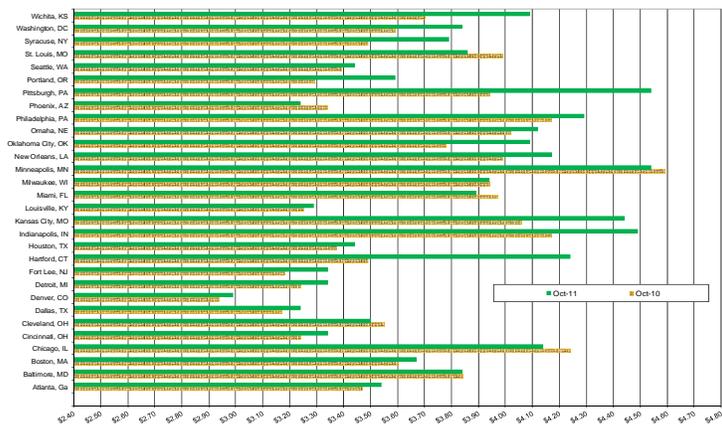
St. Louis, at \$3.86, is the city with prices most below one year ago, being 13 cents lower. Hartford, at \$4.24, is the city with prices most above October 2010, being 75 cents higher.

Denver has the lowest price of any city in both October 2010 and 2011, \$2.94 and \$2.99 respectively.

Minneapolis and Pittsburgh tied for the highest October 2011 price, \$4.54. Minneapolis also had the highest price in October, 2010, \$4.59.

The overall October 2011 average price for the 30 cities combined, \$3.84, is 24 cents higher than the combined average one year earlier, \$3.60.

Half Gallon Organic 2% Milk Price Change: October 2010 - October 2011



The price listed represents the simple average of two prices, the price of the single most common brand in non-returnable paper cartons in one outlet of each of the two largest food store chains in each of the Thirty Cities. Not all brands of organic milk in each surveyed store are included and higher or lower prices of milk offered by other than the most common brand in each of the two stores are not included. Prices are collected by Federal Milk Market Administrators during the first non-Friday or weekend 10 days of each month.

NATIONALLY ADVERTISED PRICE COMPARISON:

Organic Dairy Overview. Unusual intensity in advertising focus led to near record levels of organic yogurt and butter advertising this two week period. Both organic butter and yogurt advertising volume in weekly supermarket ads were at the second highest level since this data series began in 2009. Strong advertising emphasis of private label organic butter and yogurt by a national supermarket chain drove this result.

This occurred in the context of a survey period where overall organic dairy advertising ad numbers were at a high-average level for the year, but not record setting. 3,677 of 9,124 surveyed stores ran ads with organic dairy content.

The yogurt magnitude was reached because a number of stores placed ads for multiple sizes of yogurt products within the same ad. Typically each ad has tended to feature only one organic yogurt product sized container. The unusual intensity of organic butter ads was reached because the normal pattern of very low advertising emphasis abruptly reversed into a sizeable number of organic butter ads.

This degree of product intensity in supermarket advertising has typically been more common in non-organic dairy advertising than in organic dairy advertising.

Information presented is compiled from newspaper supermarket ads for the

period October 8, 2011, to October 21, 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 led the six regions in organic dairy advertising for the fourth consecutive two week period, with 28.1% of all organic dairy ads in the survey. Four of the remaining five regions placed nearly equal in the next tier, including the Northwest, 17.3%, Northeast, 16.9%, Midwest, 16.6%, and South Central, 15.1%. The Southeast had 6.1% of organic dairy ads.

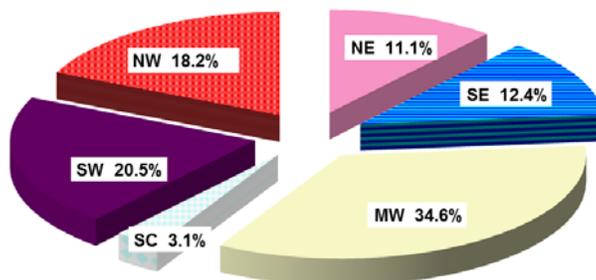
2011 Regional Organic Dairy Ads As A Percentage of Surveyed Organic Dairy Ads - Week 42



Organic Dairy Product Emphasis. Organic milk ad numbers overall were relatively low in comparison with other survey periods of the year. Only six other survey periods had lower numbers while 14 had higher numbers. This was in contrast with the near record level of ads for organic yogurt and butter. Many industry participants view organic milk as the consumer entry product into organic dairy purchasing. This data period reflects an advertising focus on products considered steps beyond consumer entry into purchasing organic dairy products.

Organic Milk. Organic milk ads appeared in all of the six regions, led by the Midwest with 34.6% of ads. Other regions included the Southwest, 20.5%, Northwest, 18.2%, Southeast, 12.4%, Northeast, 11.1%, and South Central, 3.1%.

ORGANIC MILK FEATURES
Regional % of Nationally Surveyed Supermarket Ads
Report - Week 42, 2011



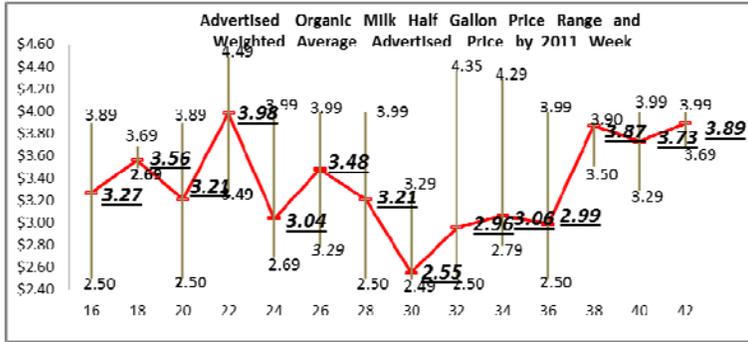
Organic Half Gallons. Weighted average advertised pricing for organic milk half gallons increased slightly this period by 16 cents, to a weighted average advertised price of \$3.89. The price range remained unchanged at the top, \$3.99, while contracting at the bottom by 40 cents to \$3.69. Pricing was regional, with all half gallons in the Midwest and South Central advertised at \$3.69, while all organic half gallon ads in the Southeast, Southwest and Northwest were \$3.99. There were more organic half gallon ads in fourteen of twenty other survey periods of 2011 and fewer in six.

CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered October 10 - 21, 2011

CONTINUED FROM PAGE 8

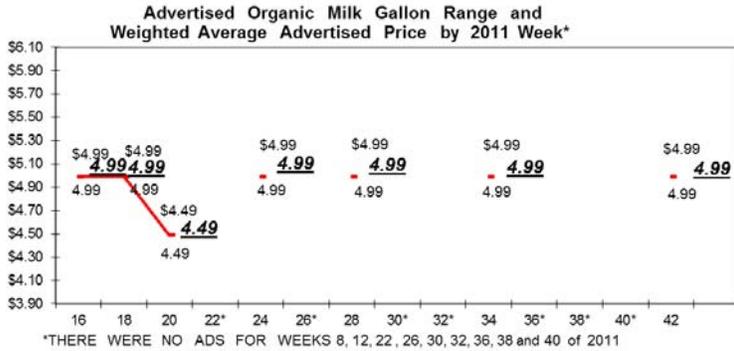


The following table shows the percentage of half gallon organic milk ads by region and the regional weighted average advertised price.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	27.0	3.99
MW	26.7	3.69
SC	05.8	3.69
SW	07.8	3.99
NW	32.7	3.99
US		3.89

Organic Gallons. Newspaper ads for organic gallons returned this period following an absence lasting three two-week periods. With only 39 ads for organic gallons, all in the Northwest, the advertising level was low. In contrast, there were more ads for either organic cottage cheese or organic sour cream this period than for organic gallons.



GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	----	----
SE	----	----
MW	----	----
SC	----	----
SW	----	----
NW	100.0	4.99
US		4.99

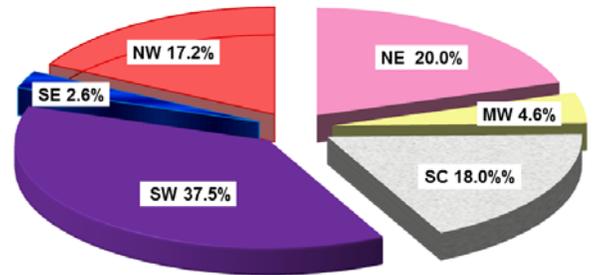
8 Ounce Organic Milk. All ads for organic milk in 8 ounce containers this reporting period were priced \$1.00. While advertising intensity for this organic milk product overall in 2011 is well over 2010 levels, this week's advertising was below the level for eleven of twenty other 2011 periods.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	08.7	1.00
MW	74.8	1.00
SC	03.0	1.00
SW	00.0	----
NW	13.4	1.00
US		1.00

Organic Yogurt. Organic yogurt ads ran in all regions this report period, led by the Southwest with 37.5% of ads. The remaining regions included the Northeast, 20.0%; the South Central with 18.0%; the Northwest with 17.2%; the Midwest with 4.6%; and Southeast with 2.6%.

ORGANIC YOGURT FEATURES Regional % of Surveyed National Newspaper Ads Report Week 42, 2011

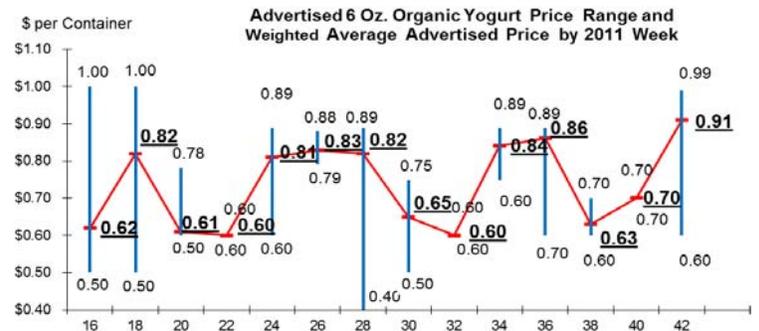


The largest number of organic yogurt ads were for 6 ounce organic yogurt, 1,958 ads, 54.7% of all organic yogurt ads. Next in the ranking was organic yogurt in 27 ounce containers, not often a size with any significant advertising presence, but 37.8% of total organic yogurt ads this period. Remaining ads were for 4 ounce and 32 ounce organic yogurt. No ads appeared for organic Greek Yogurt.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	18.7	0.70
SE	02.4	0.97
MW	08.4	0.88
SC	20.8	0.91
SW	34.3	0.99
NW	15.4	0.99
US		0.91

The national weighted average advertised price for 6 ounce organic yogurt is up 21 cents to 91 cents with a range spanning 60 cents to 99 cents. The 91 cent weighted average advertised price ties the price set in early April this year, as the highest weighted average advertised price for 6 ounce organic yogurt since this data series began during fall 2009.



ORGANIC DAIRY MARKET NEWS

Information gathered October 10 - 21, 2011

CONTINUED FROM PAGE 8-A

All ads for organic yogurt in 27 ounce containers were placed by a national supermarket chain for a private label brand, all at the same price, \$2.88.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	07.1	2.88
SE	03.3	2.88
MW	00.0	----
SC	17.6	2.88
SW	49.7	2.88
NW	22.3	2.88
US		2.88

There was a low level of advertising for 4 ounce containers of organic yogurt, all in the Northeast. All were for the same national brands but at two different prices, 50 cents and 63 cents.

Fifteen ads also appeared for organic yogurt in 32 ounce containers, all in the Northwest and all priced \$2.29. Noteworthy are 32 ounce containers priced 59 cents lower than the smaller 27 ounce containers priced \$2.88, as mentioned above.

No ads for 5.3 ounce organic Greek Yogurt appeared.

Organic Butter. Organic butter advertising most two week periods, when it occurs, generally numbers range between 67 and 159 ads. Thus, this period's 1,350 ads for organic butter advertising is overwhelming in comparison. It represents the second highest level of organic butter advertising since fall 2009 when this data began to be recorded. The vast majority of ads were for 1 pound organic butter bearing a private label brand.

There were also 201 ads for 8 ounce organic butter, designated "organic pasture butter", a seasonal offering manufactured by a national brand, priced \$3.00. These ads appeared in the Midwest and South Central Regions.

The following table describes the distribution of ads for organic butter in 1 pound sizes.

1 POUND ORGANIC BUTTER ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	07.1	4.49
SE	03.3	4.49
MW	00.0	----
SC	17.6	4.49
SW	49.7	4.49
NW	22.3	4.49
US		4.49

Organic Cottage Cheese. Also appearing this period were 201 ads for 16 ounce organic cottage cheese. All ads ran in the Midwest and South Central, all reflecting a price of \$3.49.

Organic Sour Cream. Organic sour cream in 16 ounce containers ran in 197 newspapers in the Midwest and South Central Regions, all priced \$2.59.

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

SUPERMARKET PRICE COMPARISON:

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

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

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

A table summarizing the survey results follows:

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2011 REPORTING WEEK 42

MADISON, WI
LOW HIGH RANGE
(In Dollars)

GALLONS:	LOW	HIGH	RANGE
Whole	5.69*	6.75*	1.06
Reduced Fat (2%)	5.69*	6.75*	1.06
Low Fat (1%)	5.69*	6.75*	1.06
Nonfat (Skim)	5.69*	6.75*	1.06

HALF GALLONS:	LOW	HIGH	RANGE
Whole	3.19*	4.19	1.53
Reduced Fat (2%)	3.19*	4.19	1.53
Low Fat (1%)	3.19*	4.19	1.53
Nonfat (Skim)	3.19*	4.19	1.53

CHOCOLATE HALF GALLON:	LOW	HIGH	RANGE
	3.49	5.69	2.20

YOGURT	LOW	HIGH	RANGE
	.79	1.29	0.50

CHEESE - 8 OUNCE BLOCKS:	LOW	HIGH	RANGE
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	LOW	HIGH	RANGE
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	5.39	1.40

BUTTER - 1 POUND	LOW	HIGH	RANGE
	4.25	5.59	1.34

*=Price change from prior reporting period

All price changes were for organic milk. Gallons increased both at the bottom and top of the price range. The citywide low price increased 20 cents to \$5.69, while the high increased 26 cents to \$6.75. This very slightly expanded the price range to \$1.04.

The low price for half gallons increased by 53 cents, to \$3.19. This resulted from the single store with an unusually low price, moving its' price back up closer to the prevailing cluster of lower prices.

ORGANIC GRAIN AND FEEDSTUFFS MARKETS:

National organic grain and feedstuffs prices were firm, with moderate demand in the soybean market. No feed grade corn trades were reported, due to lack of supply. Few farmers in the Upper Midwest have started to harvest, but the majority of organic farmers across the country are reportedly expecting harvest to be in full swing by November 1. Areas of the Eastern Cornbelt that suffered from drought have begun some harvest, with very poor yields reported.

Eastern organic grain and feedstuffs prices were lightly tested due to limited supplies and new crop harvest expected to begin fully by November 1. Feed grade hard red winter wheat was priced higher this period, mostly due to extremely limited supplies of feed grade corn. No spot market trades of corn were reported. Demand for corn was very good, while demand for soybeans was moderate to good.

Upper Midwest organic grain and feedstuffs prices were mostly higher, with moderate to good demand for soybeans and feed wheat. Feed grade corn trades were not reported this period due to limited supply, and because the harvest is expected to be in full swing by November 1, weather permitting. Some harvest was reported to have begun in Iowa and Minnesota this week. Corn yields and quality are the focus for most people at this time, as weather conditions during the growing season have been mixed throughout the region.

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

**2011 Total Cow Slaughter Under Federal Inspection - U. S. Total
(thousand head)**

Week Ending	Dairy Cows	All Cows	Dairy as Percent of All	Week Ending	Dairy Cows	All Cows	Dairy as Percent Of All
Jan 1	52.5	111.4	41.6	Jul 2	51.0	124.7	40.9
8	67.4	137.7	48.9	9	41.1	100.8	40.8
15	61.8	129.2	47.8	16	51.4	129.5	39.7
22	62.7	130.5	48.0	23	49.3	127.7	38.6
29	62.5	131.6	47.5	30	51.6	128.3	40.2
Feb 5	59.0	122.1	48.3	Aug 6	53.2	129.3	41.1
12	63.6	119.4	53.3	13	53.2	127.3	41.8
19	64.8	126.2	51.3	20	54.2	133.2	47.9
26	60.7	127.9	47.5	27	54.6	136.7	39.9
Mar 5	62.1	123.5	50.3	Sep 3	53.5	135.7	39.4
12	58.9	118.4	49.7	10	49.2	121.8	40.4
19	57.5	116.3	49.4	17	60.5	147.0	41.2
26	56.2	118.1	47.6	24	58.7	148.0	39.7
Apr 2	56.1	116.8	48.0	Oct 1			
9	58.2	122.5	47.5	8			
16	58.3	126.8	46.0	15			
23	55.9	123.6	45.2	22			
30	52.9	121.5	43.5	29			
May 7	53.4	121.2	44.0	Nov 5			
14	52.1	121.2	43.0	12			
21	51.7	125.2	41.3	19			
28	52.5	123.5	42.5	26			
Jun 4	44.1	104.8	42.1	Dec 3			
11	47.1	117.1	40.2	10			
18	50.7	122.5	41.4	17			
25	50.1	125.5	39.9	24			

Source: U.S. Department of Agriculture. Market News Service. *Cow Slaughter Under Federal Inspection, January-September 2011.*

SEPTEMBER MILK PRODUCTION

Milk production in the 23 major states during September totaled 14.8 billion pounds, up 1.9 percent from September 2010. August revised production at 15.3 billion pounds, was up 2.3 percent from August 2010. The August revision represented an increase of 17 million pounds or 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 States averaged 1,742 pounds for September, 12 pounds above September 2010. The number of milk cows on farms in the 23 States was 8.47 million head, 101,000 head more than September 2010, and 1,000 head more than August 2011. Milk production in the U.S. during the July-September quarter totaled 48.7 billion pounds, up 1.4 percent from the July-September quarter last year. The average number of milk cows in the U.S. during the quarter was 9.21 million head, 83,000 head more than the same period last year.

STATE	MILK COWS ^{1/ 2/}				MILK PRODUCTION ^{1/ 3/}			
	SEPTEMBER		JULY-SEPTEMBER		SEPTEMBER		JULY-SEPTEMBER	
	2010	2011	2010	2011	2011	% CHANGE FROM 2010	2011	% CHANGE FROM 2010
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	11.0	10.5	--	--	32.0	-5.9
AK	--	--	0.6	0.5	--	--	1.7	-19.0
AZ	182	189	180.0	187.0	334	4.7	1,023.0	5.2
AR	--	--	12.0	12.0	--	--	32.0	-8.6
CA	1,752	1,777	1,753.0	1,777.0	3,314	0.6	10,349.0	2.5
CO	122	130	120.0	129.0	252	6.3	767.0	5.9
CT	--	--	19.0	18.5	--	--	88.0	-1.1
DE	--	--	5.0	5.0	--	--	21.4	1.9
FL	113	119	114.0	119.0	158	11.3	506.0	7.7
GA	--	--	77.0	76.0	--	--	326.0	3.5
HI	--	--	1.9	1.9	--	--	6.8	3.0
ID	571	582	570.0	582.0	1,117	2.9	3,491.0	3.7
IL	99	98	100.0	98.0	149	1.4	451.0	-0.7
IN	169	171	169.0	171.0	281	3.3	856.0	1.7
IA	205	198	207.0	199.0	347	1.5	1,043.0	-1.8
KS	121	124	120.0	124.0	212	3.9	648.0	4.2
KY	--	--	78.0	75.0	--	--	257.0	-4.8
LA	--	--	19.0	18.0	--	--	48.0	-2.0
ME	--	--	32.0	32.0	--	--	149.0	0.7
MD	--	--	53.0	52.0	--	--	237.0	-1.7
MA	--	--	13.5	12.5	--	--	54.0	-10.0
MI	359	369	359.0	368.0	690	1.9	2,123.0	0.9
MN	470	471	470.0	471.0	714	-0.7	2,172.0	-3.7
MS	--	--	16.0	14.0	--	--	43.0	-8.5
MO	98	95	99.0	95.0	105	-4.5	317.0	-7.6
MT	--	--	14.0	14.0	--	--	73.0	1.4
NE	--	--	58.0	57.0	--	--	288.0	-0.7
NV	--	--	28.0	29.0	--	--	167.0	5.7
NH	--	--	15.0	14.0	--	--	69.0	-5.5
NJ	--	--	7.5	7.5	--	--	33.0	-2.9
NM	318	331	320.0	330.0	669	4.4	2,045.0	3.9
NY	611	610	611.0	610.0	1,037	0.1	3,218.0	-0.2
NC	--	--	44.0	45.0	--	--	213.0	3.4
ND	--	--	21.0	19.0	--	--	85.0	-13.3
OH	270	268	270.0	267.0	415	-1.4	1,260.0	-3.0
OK	--	--	54.0	52.0	--	--	218.0	-2.7
OR	121	122	121.0	123.0	205	2.0	641.0	3.7
PA	542	537	541.0	539.0	854	-1.5	2,618.0	-2.3
RI	--	--	1.1	1.1	--	--	4.8	-2.0
SC	--	--	16.0	16.0	--	--	61.0	1.7
SD	--	--	91.0	90.0	--	--	458.0	-3.2
TN	--	--	52.0	49.0	--	--	182.0	-6.2
TX	415	435	415.0	435.0	774	10.1	2,353.0	9.8
UT	85	87	85.0	88.0	153	2.0	476.0	2.6
VT	136	134	136.0	134.0	203	0.5	629.0	0.2
VA	95	96	95.0	96.0	136	0.0	414.0	-1.2
WA	253	265	252.0	265.0	517	5.5	1,603.0	6.2
WV	--	--	10.0	10.0	--	--	39.0	0.0
WI	1,264	1,264	1,263.0	1,264.0	2,124	1.8	6,504.0	-0.4
WY	--	--	6.0	6.0	--	--	31.2	-0.6
23 STATE TOTAL	8,371	8,472	--	--	14,760	1.9	--	--
U.S. ^{4/ 5/}			9,126.0	9,209.0			48,725.0	1.4

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding. **Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. *Milk Production, October 2011.*

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, SEPTEMBER 2011

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During September, more than 10.5 billion pounds of milk were received from producers. This volume of milk is 4.2 percent higher than the September 2010 volume. In September 2010 and September 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 0.9 percent lower than the previous year. Calendar composition likely had a positive impact on milk used in Class I in 2011 as compared to 2010. The all-market average Class utilization percentages were: Class I = 36%, Class II = 11%, Class III = 45% and Class IV = 8%. The weighted average statistical uniform price was \$21.28 per cwt., \$1.36 lower than last month and \$3.68 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2011										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	1,966.8	1.1	851.6	-3.5	43	24	26	7	22.23
Appalachian (Charlotte)	005	501.1	4.6	366.9	5.0	73	14	8	5	23.82
Florida (Tampa)	006	231.4	0.6	202.4	0.2	88	8	2	2	26.17
Southeast (Atlanta)	007	545.6	2.9	390.2	-0.5	72	8	18	2	24.06
Upper Midwest (Chicago)	030 3/	2,671.3	-0.3	362.5	-3.1	14	2	83	1	19.71
Central (Kansas City)	032 3/	1,304.7	15.2	383.9	0.9	29	11	47	13	20.43
Mideast (Cleveland)	033	1,307.2	4.4	542.9	-0.3	42	19	34	5	21.15
Pacific Northwest (Seattle)	124	691.3	5.2	188.7	-0.7	27	6	42	25	20.40
Southwest (Dallas)	126	948.9	9.7	369.8	-1.5	39	8	42	11	21.66
Arizona (Phoenix)	131	342.0	6.3	112.7	-5.6	33	10	32	25	20.95
ALL MARKET AVERAGE OR TOTAL	3/	10,510.3	4.2	3,771.7	-0.9	36	11	45	8	21.28

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

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

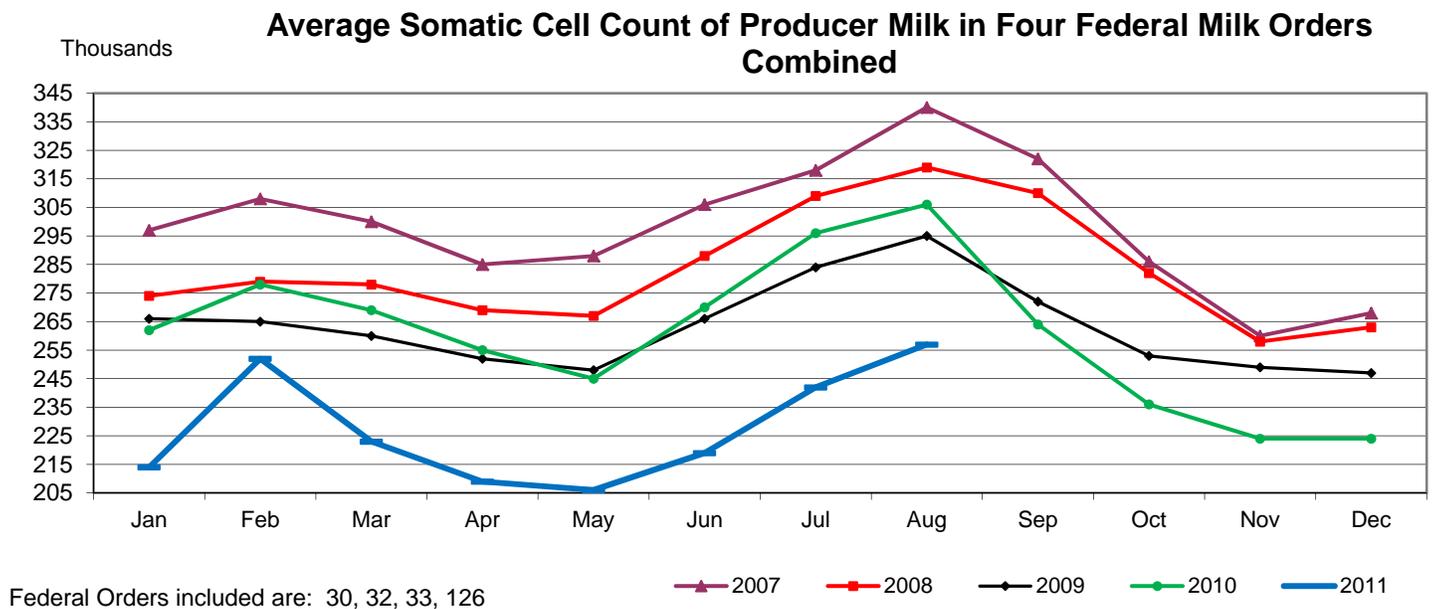
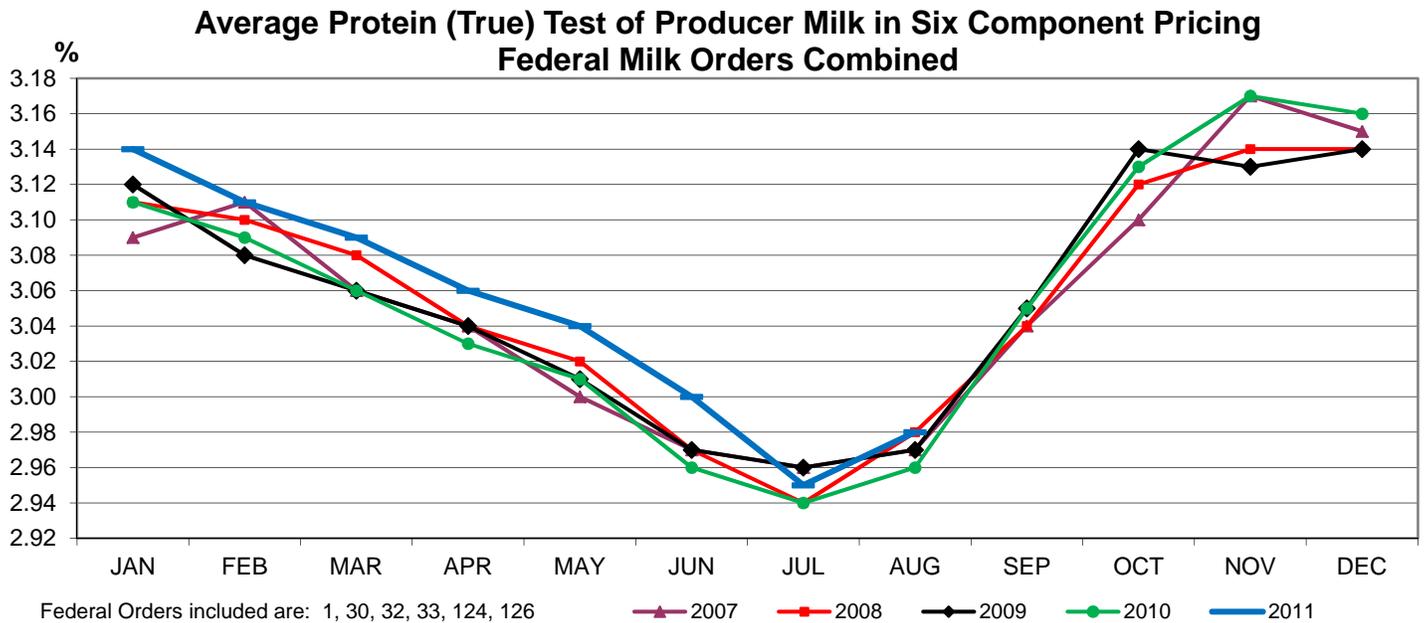
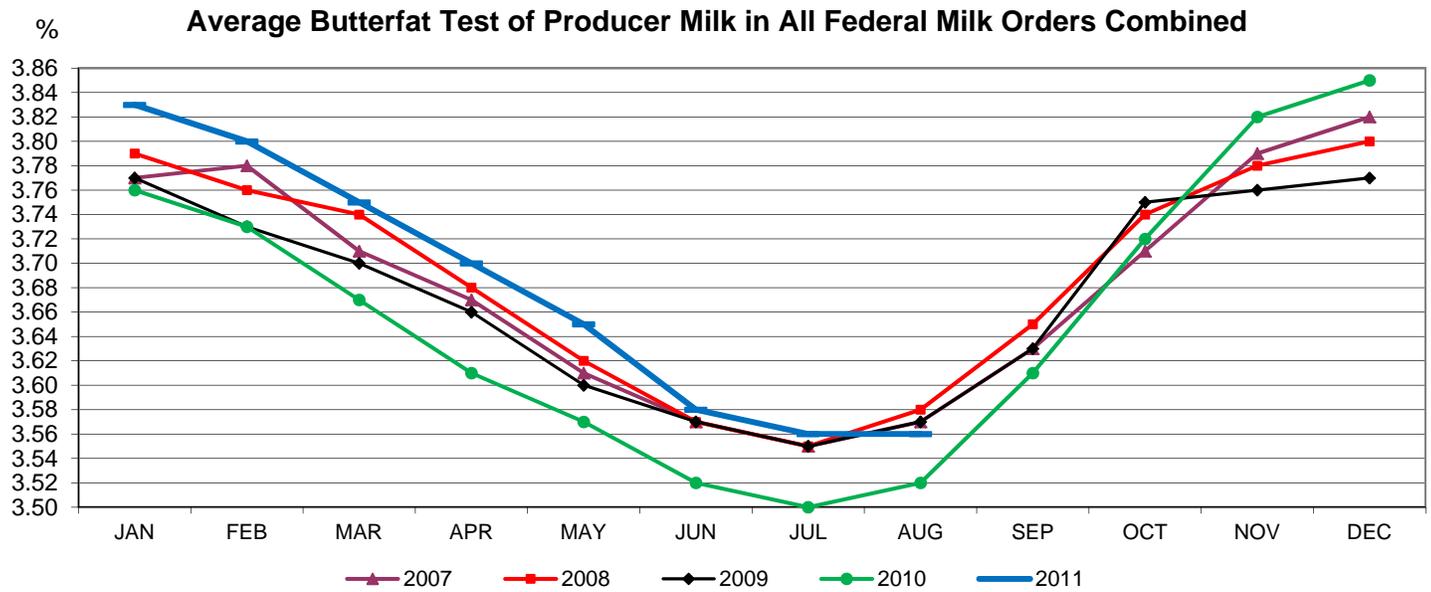
3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 129 million pounds of milk that normally would have been associated with these markets. In September 2010, the estimated not pooled volume of milk was 238 million pounds, occurring in order numbers 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is -2.9%.

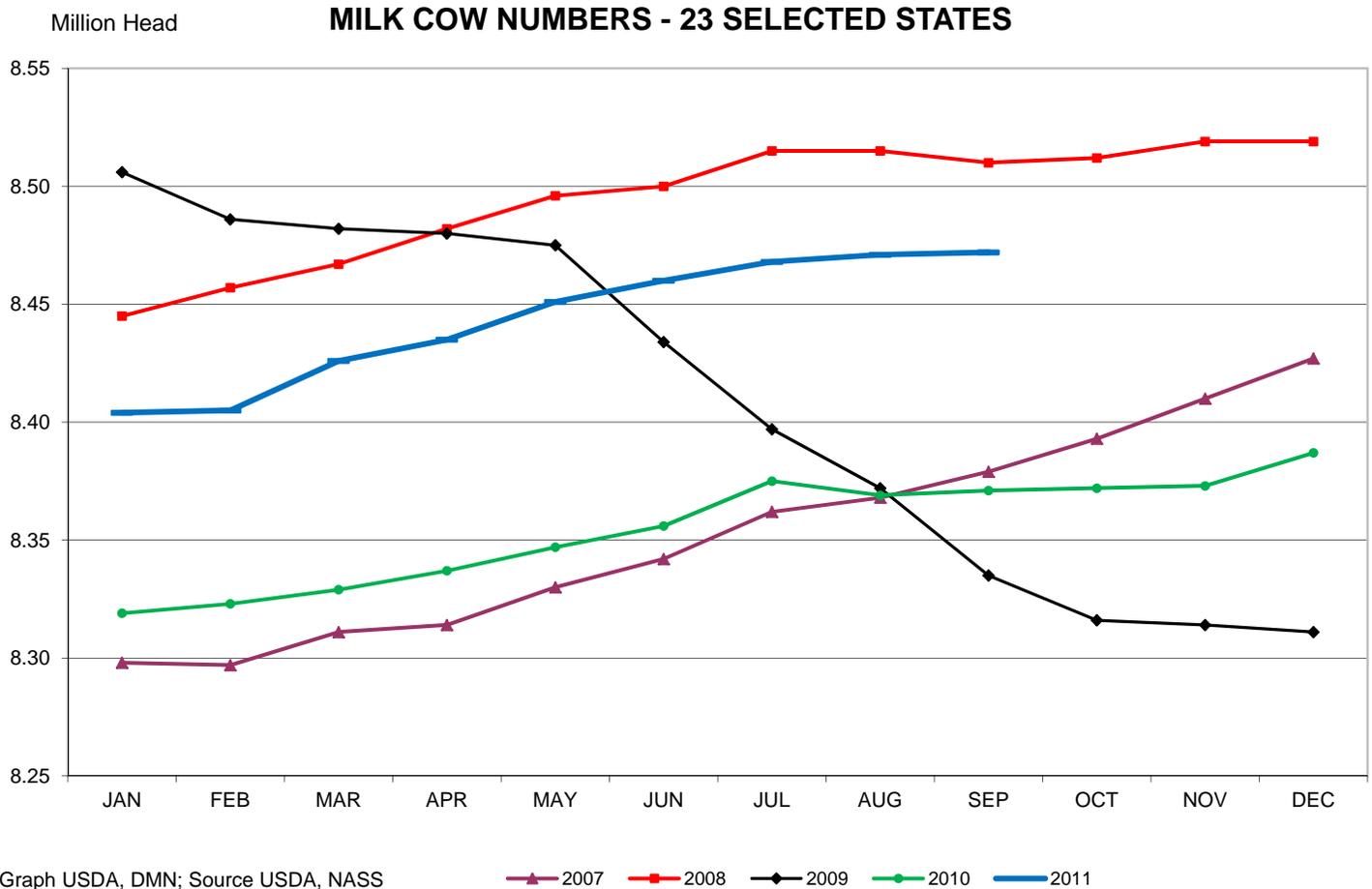
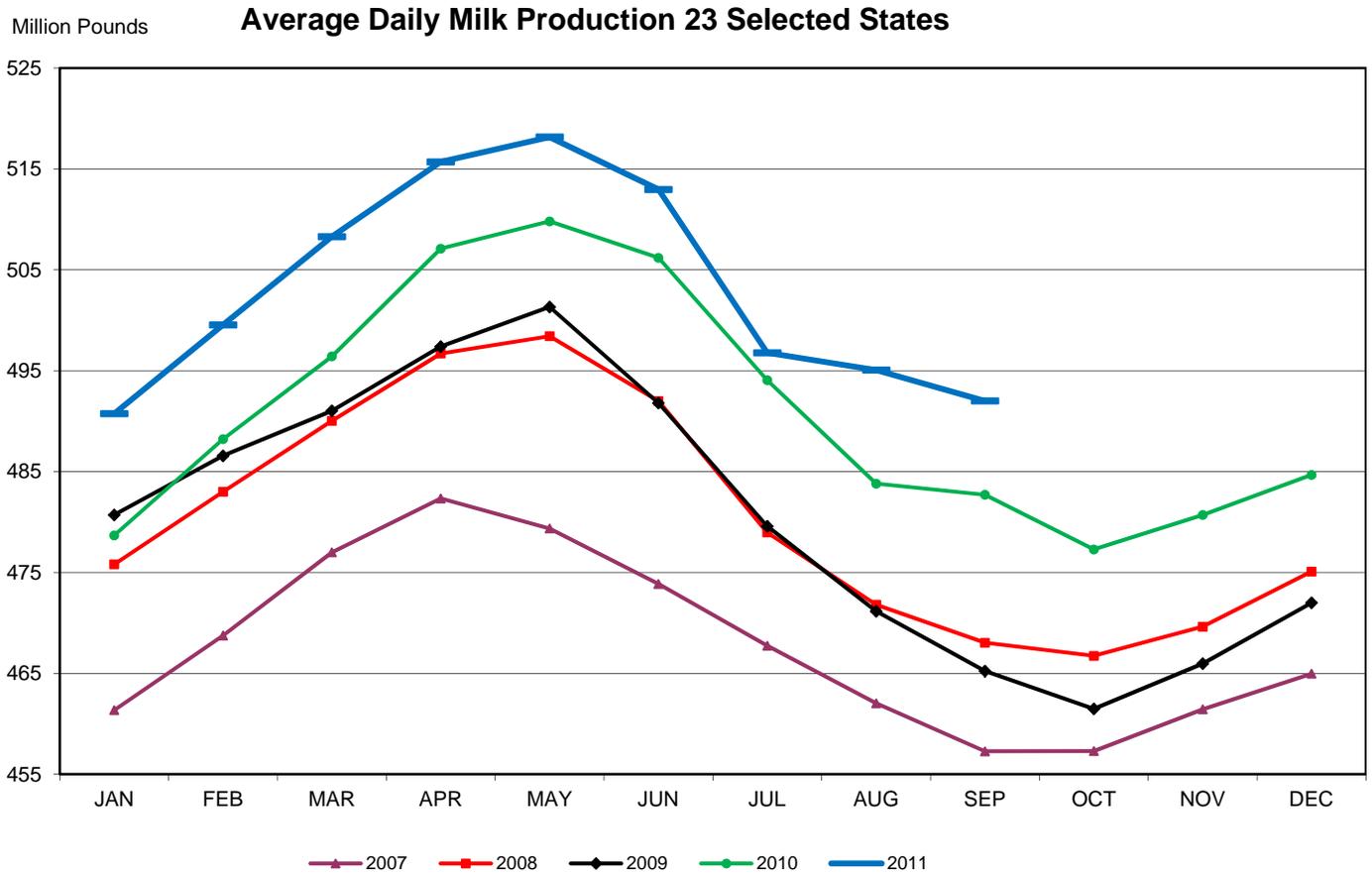
FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for November 2011 is \$18.45 per cwt. This price is derived from the Class IV skim milk pricing factor of \$12.16 and the advanced butterfat pricing factor of \$1.9179. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to October 2011, the Class I base price decreased \$1.11 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$1.04 per cwt., -\$0.089 per gallon; reduced fat milk (2%), -\$0.69 per cwt., -\$0.059 per gallon; fat-free (skim milk), -\$0.26 per cwt., -\$0.022 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$12.16. Thus, the Class II skim milk price for November is \$12.86 per cwt., and the Class II nonfat solids price is \$1.4289. **Product Price Averages.** The two-week product price averages for November are: butter \$1.7552, nonfat dry milk \$1.5328, cheese \$1.7437, and dry whey \$0.6121.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
November 2011				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	21.70	15.41	1.9504
Appalachian (Charlotte) ^{5/ 6/}	005	21.85	15.56	1.9519
Southeast (Atlanta) ^{6/ 7/}	007	22.25	15.96	1.9559
Florida (Tampa) ^{6/ 8/}	006	23.85	17.56	1.9719
Midwest (Cleveland) ^{9/}	033	20.45	14.16	1.9379
Upper Midwest (Chicago) ^{10/}	030	20.25	13.96	1.9359
Central (Kansas City) ^{11/}	032	20.45	14.16	1.9379
Southwest (Dallas) ^{12/}	126	21.45	15.16	1.9479
Arizona (Phoenix)	131	20.80	14.51	1.9414
Pacific Northwest (Seattle) ^{13/}	124	20.35	14.06	1.9369
All-Market Average		21.34	15.05	1.9468

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

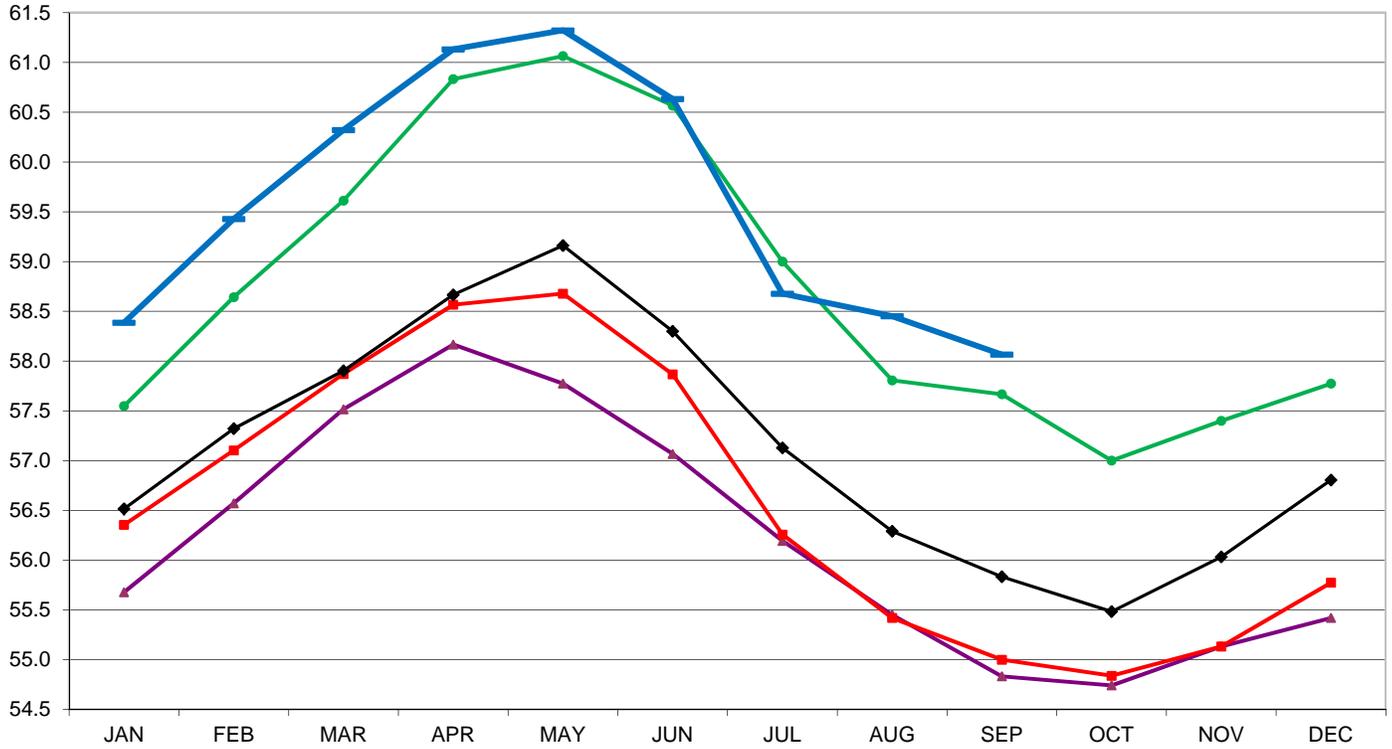




Graph USDA, DMN; Source USDA, NASS

Pounds per Day

23 STATES DAILY AVERAGE MILK OUTPUT PER COW

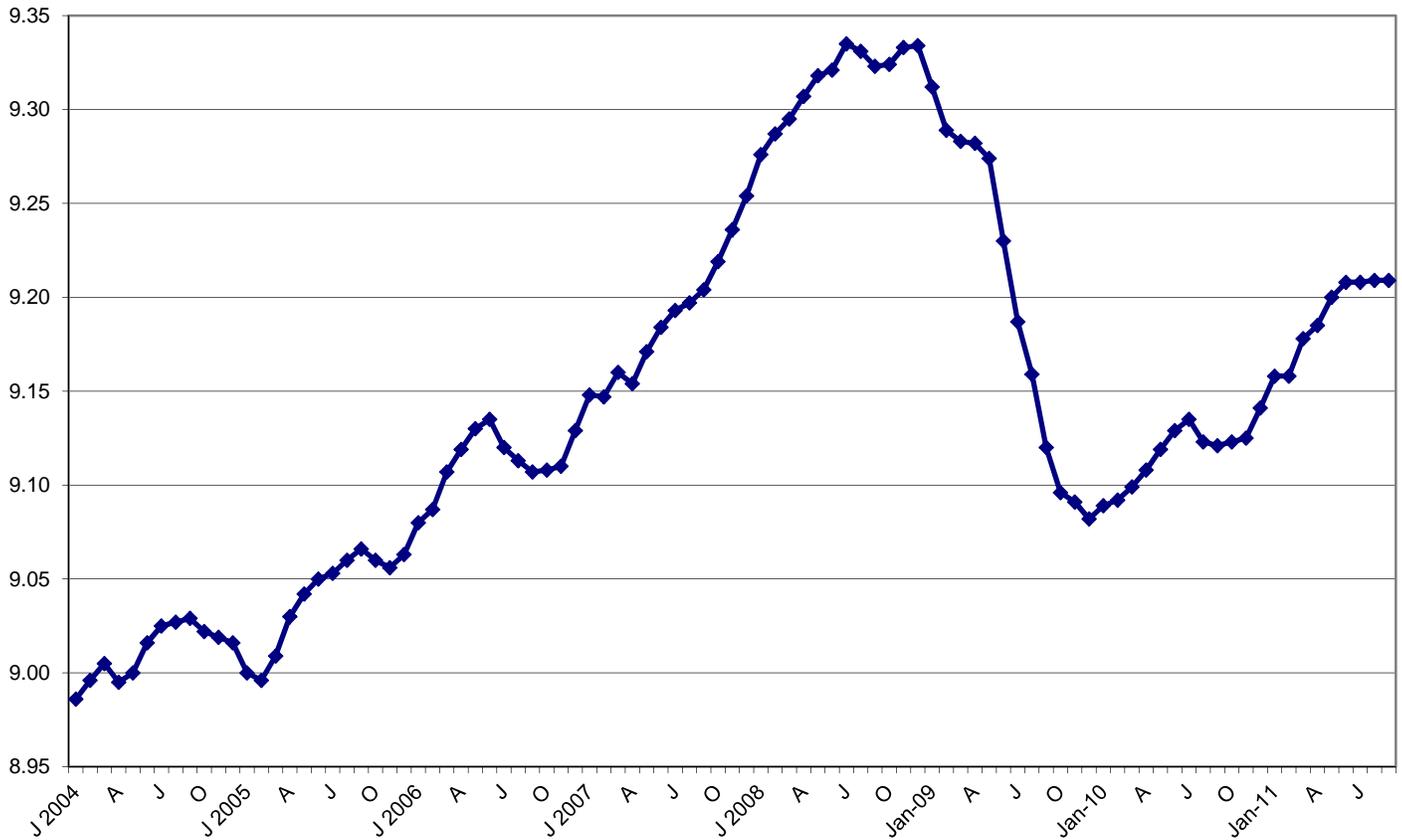


NASS DATA, GRAPH BY DMN

2007 2008 2009 2010 2011

THOUSAND HEAD

U.S. TOTAL DAIRY COW NUMBERS



DAIRY MARKET NEWS

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