

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/04):**

BUTTER: Grade AA closed at \$1.8325. The weekly average for Grade AA is \$1.8660 (-.0060).

CHEESE: Barrels closed at \$1.9200 and 40# blocks at \$1.8800. The weekly average for barrels is \$1.8295 (+.0895) and blocks, \$1.8125 (+.0855).

BUTTER HIGHLIGHTS: Butter prices at the CME have been trading at incrementally lower levels over the past week, losing a combined 4.75 cents to close the current week at \$1.8325. Butter churning has been active, as holiday print orders have improved. Print butter demand has been good and moving to seasonal accounts. More butter features are appearing in newspaper ads, but pricing levels are higher than in past years. Feature activity is clearing moderate to heavier volumes of butter. Bulk butter demand is variable. Some processors are tempering butter and reworking for fall needs, while others are discounting butter to sell off extra holdings. There are concerns about where future butter pricing will settle after holiday orders are filled. Lower anhydrous milk fat and butteroil pricing in world markets is adding to the unsettledness. Cumulative butter production, YTD through September, is running 16.5% higher than a year earlier. The increase amounts to an additional 190 million pounds of butter in 2011 during the first three quarters of the year.

CHEESE HIGHLIGHTS: The cheese market is firm for late pre-Thanksgiving movement and broke out of the recent trading range. Barrels closed on Friday at \$1.92, up 15.25 cents and blocks at \$1.8800, up 10.75 cents, the highest prices since mid-August. Barrels are in the tightest position though regular process interest is generally steady. The inverted barrel/block spread causes most industry representatives to expect additional price adjustments. The stronger pull for fluid use in November is tightening milk supplies in the low milk receipt month of the year. Cheese yields are generally higher seasonally. During January – September 2011, estimated U.S. cheddar production totals 2.367 billion pounds, down 69.6 million pounds (-2.9%) from the same period in 2011 and the eighth straight month production was below the comparable month in 2010. Mozzarella production during 2011 totals 2.663 billion pounds, up 2.9% from 2011, despite 3 straight months of production below the comparable month last year. Total 2011 cheese output is put at 7.890 billion pounds, up 127.0 million pounds (1.6%), also despite 3 consecutive months below monthly year ago volume. On October 31, the Kansas City Commodity Office announced awards under Solicitation AG-DPRO-S-12-001, Invitation 20000000566 to purchase up to 71,550,000 pounds of process for January – December 2012 delivery. The award is about 630,000 pounds below the intended volume under the Invitation.

FLUID MILK: Disruptions in processing and consumption were noted in the Northeast where heavy snow caused branches and power lines to break, leaving many consumers without power for extended periods. Manufacturing

in the region was heavier as a result. Milk intakes are near annual low levels in the Northeast, Upper Midwest, and Pacific Northwest. California intakes are both higher and lower and above year ago levels. Receipts are higher in Florida, Utah and Idaho. Bottlers were increasing production of eggnog as well as specialties for holiday consumption such as sour cream, dips, and whipping cream, reducing manufacturing milk supplies in those areas. Cream interest was also improved from most non-ice cream manufacturers as a result.

DRY PRODUCTS: The NDM market is weak with prices unchanged to lower. Drying was higher in the Northeast where the early winter storm reduced fluid interest and more milk headed to dryers. Elsewhere, production was steady to occasionally lighter. Increased churning is generating larger volumes of buttermilk for the light interest. Whole milk prices are lower and manufacturers continue to have inquiries from new buyers interested in sourcing product. Current production is intermittent with producers just trying to cover commitments. The whey market is mostly firm with spot offerings limited as producers struggle to fill contracts. Whey production is lower seasonally. The WPC market is unsettled as weakness from NDM carries over to WPC as an alternative option. Lactose prices are steady to higher in November. Buyer interest in contracting 2012 production continues. Production is lower seasonally.

INTERNATIONAL UPDATE (DMN): Reports indicate that New Zealand dairy plants are fully processing milk supplies after repairs have been made to a gas pipeline supplying the North Island. The November 1 g/DT session 55, all contract periods' results indicated slight improvements for SMP, a big increase in casein pricing, but lower prices for all other categories. Contract #1 (December) had activity only in U.S. sourced skim milk powder which averaged \$3,180, +4.8% from the previous session. Contract #2 (January 2012) prices and changes from the previous session were recorded at: anhydrous milk fat, \$3,200/MT, -11.9%; buttermilk powder, \$2,855, -3.9%; skim milk powder, \$3,238, -0.6%; whole milk powder, \$3,511, +0.7%; milk protein concentrate \$5,555/MT -14.7%; rennet casein \$9,343/MT +36.5%; and cheddar \$3,251/MT, -8.5%.

ORGANIC DAIRY MARKET OVERVIEW (DMN): AMS reports Total Organic Milk Products sales for August 2011, 171 million pounds, were up 7.5% from August 2010 sales and up 17.1% January through August 2011 compared with the same first eight months of 2010. Organic Whole Milk sales for August 2011, 41 million pounds, were up 7.3% compared with August 2010 and up 20.1% January through August this year compared with the same period of 2010. Organic Fat-Reduced Milk sales for August 2011, 130 million pounds, were up 7.6% compared with August 2010 and up 16.1% January through August 2011 compared with the same months of 2010.

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CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 31	TUESDAY NOV 01	WEDNESDAY NOV 02	THURSDAY NOV 03	FRIDAY NOV 04	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7675 (N.C.)	\$1.7800 (+.0125)	\$1.8200 (+.0400)	\$1.8600 (+.0400)	\$1.9200 (+.0600)	:: (+.1525)	:: \$1.8295 (+.0895)
40# BLOCKS	\$1.7725 (N.C.)	\$1.7800 (+.0075)	\$1.7925 (+.0125)	\$1.8375 (+.0450)	\$1.8800 (+.0425)	:: (+.1075)	:: \$1.8125 (+.0855)
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	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4300 (N.C.)	:: (N.C.)	:: \$1.4300 (-.0240)
BUTTER							
GRADE AA	\$1.8800 (N.C.)	\$1.8800 (N.C.)	\$1.8775 (-.0025)	\$1.8600 (-.0175)	\$1.8325 (-.0275)	:: (-.0475)	:: \$1.8660 (-.0060)

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**

Weighted average advertised pricing for organic milk half gallons decreased this period by 20 cents, to a weighted average advertised price of \$3.69. All half gallons were priced \$3.69, resulting in no price range. All ads for organic milk in 8 ounce containers this reporting period were priced \$1.00 for a national brand. No newspaper ads for organic gallons appeared this period but the last advertised price two weeks ago was \$4.99. Organic yogurt advertising intensity is robust in contrast with lackluster organic milk advertising. Due to a significant percentage of store ads having multiple organic yogurt listings, the highest ratio of organic yogurt ad listings to ads during 2011 occurred during this data period. Overall yogurt advertising was at the fourth highest level of the year. Greek yogurt ads vastly dominate organic dairy advertising. 86.9% of organic milk and yogurt ads are yogurt and 98% of yogurt ads are Greek yogurt. The largest number of organic yogurt ads this period are ads for 5.3 ounce organic Greek yogurt priced \$1.00. All of the ads are for a national brand and placed by a national supermarket chain. A close second in ad volume within the organic yogurt category is 32 ounce organic Greek Yogurt priced \$4.49. All of the ads are for a national brand and placed by a national supermarket chain. Organic milk advertising, in contrast, was at the lowest level of 2011. Even organic butter, which is a variable factor in organic dairy advertising, is at the third highest level of the year. There are more organic butter ads this period than organic milk ads, for the first time ever in this report's history.

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS (NASS): The U.S. All Milk price received by farmers was \$19.90 in October, down \$1.20 from September 2011 and up \$1.40 from October 2010. The milk cow average price was \$1,480 in October, up \$150 from October 2010. The alfalfa hay price was \$203.00 per ton in October, up \$85.00 from October 2010. Corn price averaged \$5.92 per bushel in October, up \$1.60 from October 2010. The soybean price was \$11.90 per bushel in October, up \$1.70 from October 2010. The milk-feed price ratio was 1.79 in October, down 0.61 from October 2010. The index of prices received by farmers for dairy products decreased 10 points during the month of October 2011 to 152. Compared with October 2010, the index was up 10 points (7.0%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2011 was unchanged at 205 from the previous month. Compared with October 2010, the index was up 20 points (10.8%).

SEPTEMBER 2011 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 137.6 million pounds, 21.0% above September 2010 and 3.5% above August 2011. American type cheese production totaled 337.0 million pounds, 4.2% below September 2010 and 3.2% below August 2011. Total cheese output (excluding cottage cheese) was 867.3 million pounds, 0.6% below September 2010 and 0.2% below August 2011. Nonfat dry milk production, for human food, totaled 103.9 million pounds, 5.0% below September 2010 and 9.6% below August 2011. Dry whey production, for human food, was 69.6 million pounds, 7.5% below September 2010 and 2.7% below August 2011. Ice cream (hard) production totaled 67.2 million gallons, 6.5% below September 2010 and 13.2% below August 2011.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the October 2011 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$19.41 (-\$1.14), Class III \$18.03 (-\$1.04), and Class IV \$18.41 (-\$1.12). Product price averages used in computing Class prices are: butter \$1.7893, NDM \$1.5109, cheese \$1.7471, and dry whey \$0.6152. The Class II butterfat price is \$1.9662 and the Class III/IV butterfat price is \$1.9592. Further information may be found at: www.ams.usda.gov/AMSV1.0/PriceFormulas2011

CME GROUP

CORRECTION: OCTOBER 28 TRADING ON BUTTER SHOULD HAVE HAD SALES: 3 TOTAL

MONDAY, OCTOBER 31, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7675; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, NOVEMBER 1, 2011

CHEESE -- SALES: 6 CARS BARRELS: 3 @ \$1.7675, 1 @ \$1.7700, 2 @ \$1.7800; 1 CAR 40# BLOCKS @ \$1.7800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, NOVEMBER 2, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.7925; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.8200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$1.8800, 1 @ \$1.8775; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.8800

THURSDAY, NOVEMBER 3, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.8300, 1 @ \$1.8375; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.8600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA @ \$1.8775; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8600

FRIDAY, NOVEMBER 4, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8800; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.9200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.8400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8325

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group was unchanged Tuesday and closed at \$1.8800. The rate of increase in the butter price has slowed, rising only 2 cents in the last 10 sessions, compared to the \$.1025 increase in the previous 10 trading sessions. The early snow storm that hit the Northeast channeled significantly higher volumes of cream to churns as numerous cream based manufacturers were shut down due to power outages. One broker said "the churns are full to the gills". Butter demand and orders are strong, which is typical 4 weeks prior to Thanksgiving. Some plants are continuing to rework supplies to update inventories. Butter makers are walking a fine line regarding inventories as they attempt to match production with current and expected holiday orders to limit inventories ahead of the expected price decline, sometime in December. According to NASS, cumulative 2011 butter production through September was 16.6% above cumulative year production for the same period for 2010. September 2011 monthly U.S. butter production totaled 137.6 million pounds, up 3.5% from August and 21.0% more when compared to September 2010. Atlantic region butter production in September totaled 13.1 million pounds, up 97.0% from August and 29.4% more than September 2010. 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 price dipped slightly at midweek to settle at \$1.8775. Cream supplies are tightening for churning as Class II cream based holiday product production increases. Although cream supplies are less available, many butter operations continue to actively churn, although on lighter schedules than a few weeks ago. Fresh production is clearing facilities with additional requirements being filled from inventoried stock. Micro-fixing continues and will continue into December. Butter orders continue to be placed for upcoming needs, although most yearend needs are known and on the books,

scheduled for delivery over the next 4 - 6 weeks. Retail promotions continue to appear in print ads in the Central part of the country. Retail buyers indicate that scheduled feature activity has significantly increases since the cash price dipped under the \$2.00 level in the 3rd quarter. Retailers that have already experienced feature activity indicate that sales have been strong and good volumes of print butter cleared store shelves. Food service orders are fairly steady at good levels. Some early reports of restaurant and food service traffic are positive. 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 \$1.8775. This is the first time since October 5 that the price has declined. Trading activity on Wednesday was moderate with four loads trading hands. Those are the only loads sold so far this week. Butter prices have been steady to firm through most of last month and into the first week of November. Production schedules have been heavy to fill holiday orders. Cream supplies are becoming tighter as Class II manufacturing is picking up. Butter churns are microfixing some inventory to fill needs and reduce stored volumes. Print butter manufacturing is busy as retailers are securing holiday supplies. Bulk sales are slower as buyers anticipate lower prices after the holiday order flush. Prices for bulk butter range from even to \$.0650 cents under the market, based on the CME with various time frames and averages used. According to the NASS *Dairy Products* report, September butter production for the U.S. totals 137.6 million pounds, up 21% or 23.9 million pounds from September of last year. Production was up 3.5% or 4.6 million pounds from August 2011. Cumulative output through September for the U.S. is 1,341.4 million pounds, up 16.6% or 190.8 million pounds from the same period in 2010. September output in the Western region totals 71.1 million pounds, up 14.9% or 9.2 million pounds more than September 2010. The West produced 51.6% of the butter in the U.S. in September.

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 29	1.7226 11,010,981	1.7411 7,006,395	1.4872 21,539,909	1.8290 4,866,005	0.6238 6,249,080

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group increased Tuesday with barrels increasing \$0.0125 to close at \$1.7800, while blocks increased \$0.0075 and closed also at \$1.7800. In the last 5 trading sessions, barrels have increased 7 cents while blocks moved 9 cents higher. The weekly average prices have also increased raising the Wholesale prices with Process 5# sliced cheese increasing \$0.0350, while Cheddar 40# blocks and Muenster increased \$0.0075. Despite the snow storm over the weekend, cheese production remained active as most cheese plants did not experience power outages. Mozzarella, Provolone and cream cheese orders and sales remain good. The Kansas City Commodity Office announced this week contract awards for nearly 71.5 million lbs. of process cheese for delivery in 2012. According to the latest NASS report, September 2011 total cheese production in New York was 64.0 million pounds, 0.4% less than August and 1.4% less than September, 2010. Pennsylvania produced 34.1 million pounds in September, 4.3% less than one month earlier, but 1.5% more than one year ago. Vermont produced 10.4 million pounds, 1.5% less than last month, but 20.1% more than September 2010. The total of all cheese production for September in the Atlantic region was 117.5 million pounds, down 1.7% from August, but 1.3% more compared to the same period last year. Atlantic region cheese production accounted for 13.5% of total U.S. production. Total U.S. cheese production in September 2011 totaled 867.3 million pounds, 0.2% less than August and 0.6% less than September 2010. Cumulative 2011 U.S. Cheese production through September was 1.6% greater than comparable 2010 production. Focusing on Italian cheese, in September, New York produced 29.7 million pounds, 1.4% less than August and 4.8% less than September 2010. Pennsylvania produced 20.1 million pounds in September, 7.1% less than August and 4.3% less than September 2010. The Atlantic region in September, produced 56.8 million pounds of Italian cheese, 4.1% less than August and 3.8% less than the same period last year.

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

Cheddar 40# Block	:	2.0425-2.3175
Process 5# Sliced	:	1.8500-2.1600
Muenster	:	2.0625-2.2675
Grade A Swiss Cuts 10 - 14#	:	3.9325-4.2550

MIDWEST

The cheese market is firmer, breaking out of the recent trading range, particularly barrels that closed at the CME Group cash market on November 2 at \$1.82. Orders were steady to improved. Packaging operations are busy yet still lacking the usual fall urgency in filling orders. Overtime is common on natural with most process lines just filling a regular work-week. Process interest is steady though some reported tightness noted on current barrels. Mozzarella movement is seasonally good. Volumes of hard Italian varieties continue to move in and out of storage. Baby swiss movement has picked up, along with most other holiday specialties. Milk volumes are steady though competition from bottlers for milk usually is stronger in the first half of November. Cheese yields continue to increase seasonally to around peak annual levels. On October 31, the Kansas City Commodity Office announced awards under Solicitation AG-DPRO-S-12-001, Invitation 20000000566 to purchase up to 71,550,000 pounds of process for January - December 2012 delivery. The award is about 630,000 pounds below the intended volume under the Invitation.

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

Process American 5# Loaf	:	2.1000-2.3600
Brick And/Or Muenster 5#	:	2.2350-2.4800
Cheddar 40# Block	:	2.2350-2.8650
Monterey Jack 10#	:	2.1975-2.8650
Blue 5#	:	2.4900-3.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0700-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.1900-3.3300

WEST

Wednesday's close at the CME Group had barrel cheese advancing \$.0400 to \$1.8200. Block cheese was up \$.0125 to \$1.7925. Barrels showed no sales activity with the price advance and blocks had only light trading with one sale recorded. For the week, barrels have a total of six sales while blocks have only had two sales in light trading. Cheese prices remain firm with good interest for domestic sales. Cheese manufacturing is running below year ago levels, but very close to those numbers. Demand from contract buyers is good, although the spot market is somewhat unsettled as to future prices. Export sales are at expected levels and being aided by CWT assistance in some cases. Processing demand is good as barrel prices have gone above block prices temporarily. According to the NASS Dairy Products report, total cheese production in the U.S. in September reached 867.3 million pounds, down 0.6% or 5.0 million pounds from last year. Cumulative total cheese output for the U.S. through September is 7.9 billion pounds, up 1.6% or 127.0 million pounds from the same period in 2010. September total cheese production in the Western region was 367.5 million pounds, down 2.5% or 9.5 million pounds from September 2010. The West produced 42.4% of all the cheese in the U.S. in September. Swiss output for the U.S. in September is 27.2 million pounds, down 3.1% or 0.9 million pounds from last year.

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

Process 5# Loaf	:	1.8650-2.1225
Cheddar 40# Block	:	1.8550-2.2075
Cheddar 10# Cuts	:	2.0350-2.2550
Monterey Jack 10#	:	2.0450-2.2050
Grade A Swiss Cuts 6 - 9#	:	3.5100-3.9400

FOREIGN

The weekly average price on the CME Group for block cheese increased and advanced domestic wholesale prices by \$0.0075. Prices for Swiss cuts held steady. Three US food trade associations, including the Cheese Importers Association of America recently filed a petition urging the FDA to revoke recently announced new fees for 2012, which included foreign facility re-inspections and importer re-inspections. According to the latest NASS report, domestic Parmesan production during September 2011 totaled 21.1 million pounds, 10.8% more than August and 42.5% more than September 2010. Provolone production during September totaled 29.8 million pounds, 0.5% less than August and 1.1% less than September 2010. Romano production during September 2011 totaled 3.2 million pounds, 36.8% more than August and 69.7% more than September 2010. Swiss production during September 2011 totaled 27.2 million pounds, 2.7% less than August and 3.1% less than September 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	: 2.1825-3.6700*
Gorgonzola	: 3.6900-6.3900	: 2.6850-2.9450*
Parmesan (Italy)	: -0-	: 3.3050-3.8600*
Provolone (Italy)	: 3.4400-6.3900	: 2.2250-2.3825*
Romano (Cows Milk)	: -0-	: 3.3725-5.5150*
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.

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

	BUTTER	CHEESE
10/31/11	6,202	128,435
10/01/11	7,919	135,392
CHANGE	-1,717	-6,957
% CHANGE	-22	-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	144	0	130	0	0	0
SOUTHEAST STATES	0	0	0	0	10	0

The snow storm that hit the Northeast region over the weekend caused considerable disruption in milk supplies, movements and manufacturing. Some areas received as much as 30 inches of wet heavy snow that brought down tree limbs and power lines. Some of the hardest hit areas were in western Massachusetts, Connecticut and Eastern New York. Power outages caused many schools and dairy manufacturing plants to close, which backed up milk at balancing plants, causing considerable unloading delays. The snow storm and wet conditions have slowed, already delayed; harvest and field work activities and brought an end to the grazing season. A major bottling plant in the Southeast has experienced a breakdown and is causing milk transports to be reallocated to other manufacturing facilities. A cheese plant in the region was also down for scheduled maintenance. Class I demand weakened during the last week of the month, which is not unusual, adding to the manufacturing milk supply. The increase in manufacturing milk volumes caused some milk loads to be shipped to the Central region. The Mid-Atlantic region saw an increase in their manufacturing milk supplies as a result of the production interruptions in the Northeast and Southeast. Class I pulls held steady in the region as most school schedules were not affected by the storm. Milk production in the region is steady and remains at or near the seasonal low point. Balancing plants are rolling over any excess supplies to assist with next week's fluid contract commitments. Florida milk production increased this week, reversing last week's unexpected decline. Weather conditions are near perfect for milk production. Class I demand showed some increase this week as egg nog production expanded. Plant managers are forecasting increased Class I pulls next week as retailers are expected to submit their Thanksgiving holiday fluid orders. Florida imported 144 spot loads this week. Cream supplies exceeded demand this week as power outages, caused by the snow storm, shut down numerous cream based product manufacturers. Churns were running at near capacity in storm hit areas to handle the additional volumes. Numerous cream loads had to be reallocated to find a home, adding to transportation costs. As a result of the storm related production interruptions and additional transportation costs, cream multiples were in a wide range of 115-142. Condensed skim milk supplies were also heavy this week, due to the snow storm, which significantly increased volumes being channeled to dryers. Demand for condensed skim remains good as numerous yogurt manufacturers continue their attempts to expand production. Ice Cream production in the Atlantic region in September totaled 14.0 million gallons, 12.0% less than August and 6.7% less than September 2010. U.S. Yogurt production (plain and flavored) for September totaled 391.3 million pounds, up 5.1% from August, but 1.0% less than for the same period last year. Cumulative 2011 production through September totaled 3,289 million pounds, 2.7% higher than through September 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 -	2.1528-2.6582
F.O.B. producing plants: Upper Midwest -	2.3213-2.4336

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,	
F.O.B. PRODUCING PLANTS:	
Northeast - Class II - includes monthly formula prices -	1.58-1.63
Northeast - Class III - spot prices -	1.45-1.52

MIDWEST

Class I interest was steady to improved, aided by feature activity in some markets. Bottlers have stepped up production of holiday specialties, including eggnog. Cream demand is also stronger between cream cheese and the increased production of sour cream, dips, and whipping cream for the holidays. Butter features at retailers for the holidays/baking season are also underway. This keeps churns active printing butter from cream as well as tempering frozen stocks to help fill orders. Ice cream production remains seasonally light. Churns and other cream buyers are still contracting supplies for 2012 use. Cheese milk interest remains fairly steady and premiums continue steady in the Wisconsin/Minnesota area. Spot milk volumes remain much more available and cheaper to the east. Manufacturing schedules are seasonal. Handlers and plant operators have started making commitments to handle the anticipated yearend holiday surplus volumes of milk and cream when schools close until January. Milk volumes are near the annual low point and milk components are around annual peak levels.

WEST

CALIFORNIA milk output is variable with some areas higher and others trending slightly lower. Plant intake levels reflect this situation. Overall, volumes remain higher than year ago levels. Comments are noted that solid's levels in milk are lower. This is being attributed ultimately to the higher feed costs having changed feeding rations for cows in efforts to find a balance between input costs and cash flow. Plants are generally running along planned schedules with some equipment down for maintenance ahead of the upcoming seasonal milk buildup. There are no issues handling the milk supplies. The October 4a price (butter/powder) in CALIFORNIA is \$18.29, down \$1.00 from September but \$1.64 higher than last year. The October 4b price (cheese) is \$15.78, \$0.55 lower than September but \$0.12 more than last year. (The October 2011 4a/4b pricing formulas reflect changes made as a result of the June 30 and July 1, 2011 hearing.) ARIZONA and NEW MEXICO milk indications are mostly steady. Plants are running well with one plant back online after some planned downtime. Weather conditions are very favorable for milk cows. The impact of the Class I sales are steady to slightly higher with some store specials featuring half gallon and gallons of milk. The Western CREAM market remains firm and there is a good demand for any current offerings. Print butter production is very active ahead of the holidays and producers are seeking additional cream volumes to supplement butter production. Cream pricing is moving higher for multiples and overages. Tankers are available for shipping cream, but transportation costs remain high. Other cream based, higher class products are being made for holiday orders. Buying interest for those products is building. Basing prices and averages are also moving higher. The CME Grade AA butter price closed at \$1.8775 on Wednesday, November 2, up .75 cents from a week ago. Western cream multiples are up slightly and range 112-126, and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST is at or near the seasonal low point. This is allowing for manufacturers to schedule maintenance at processing plants without seriously disrupting milk handling patterns. Milk intakes are above year ago levels as more cows are part of the milking herd. Dairy farmers are finishing fall harvest and tilling operations as colder weather begins to arrive. Feed costs are significantly higher than last year with alfalfa prices being very pricey and supplies tight. Dairy farmers are trying to secure needs for winter and are competing with

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

neighbors and export buyers for supplies. UTAH and IDAHO milk supplies are following expected levels for this time of year. Warm days and cool nights are adding to cow comfort levels and milk production. Current production is being handled within the region in most cases. Dairy farmers and managers are spending more office time to assess feed costs versus expected milk prices in order to maximize profitability or minimize losses. According to the NASS *Agricultural Prices* report for October, mid-month U.S. prices for baled alfalfa hay were \$203/ton, \$85/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$225, +\$100; California \$239, +\$112; Colorado \$220, +\$95; Idaho \$233, +\$109; Nevada \$216, +\$94; New Mexico \$295, +\$130; Oregon \$245, +\$110; Utah \$200, +\$92; and Washington \$240, +\$130. Transportation costs are also adding significantly to delivered hay prices. For the United States, alfalfa prices went up \$7.00 per ton from last month's value. According to the NASS *Agricultural Prices* report for October, quarterly milk cow prices for dairy herd replacement only for the U.S. sold at \$1480 per head, \$150 more than a year ago. Slaughter prices for cull beef and dairy cows for the U.S. continued significantly higher than last year and helped to offset higher replacement costs. The cull cattle price was \$63.30/cwt. compared to \$52.50/cwt. a year ago.

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: The nonfat dry milk market, Central region, is steady on the mostly price series, while the overall range stepped slightly lower. Some manufacturers adjusted low heat NDM spot prices fractionally lower to stay in step with market conditions. Contract sales represent the bulk of transactions in the region, but spot sales are occurring steadily from a few Central NDM manufacturers. Some powder producers are short on NDM inventories, anticipating replenished stocks in mid to late November. Condensed skim contract and spot sales are regaining strength, with Class II products other than ice cream gearing up for the holidays. According to NASS, NDM production in the Central region totaled 8.5 million pounds during September 2011, 20.2% less than one month ago but 42.0% more than one year ago. Cumulative nonfat dry milk production for 2011 in the Central region totals 118.2 million pounds, 8.1% higher than 2010 production during the same time span.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of human food NONFAT DRY MILK during September 2011 totaled 103.9 million pounds, down 9.6% from August 2011 production and 5.0% lower than September 2010. Cumulative nonfat dry milk production for 2011 totals 1,146.5 million pounds, 3.8% lower than 2010 production during the same time span. Month ending stocks, at 150.9 million pounds, are 10.1% lower than a month ago but 8.2% higher than one year ago. September 2011 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 35.6 million pounds, 8.0% lower than one month ago but more than double production one year ago. Cumulative 2011 skim milk powder production totals 327.9 million pounds, compared to 189.9 million pounds during the same time span in 2010, a 72.7% increase in production.

EAST: Prices for nonfat dry milk moved lower on the full range for both low and high heat this week. Nonfat dry milk production in the East increased this week as an early season snow storm closed numerous dairy manufacturing facilities and increased milk volumes going to dryers. Plant managers, in the storm affected areas, were swamped with milk and focused on low heat production in order to clear milk supplies as quickly as possible. Areas unaffected by the snow storm saw little if any production increases. Demand for low heat NDM remains lackluster as purchasers continue to buy for immediate needs only. Those looking for additional supply are securing loads from the Central region below Eastern contract prices. High heat demand has also declined as baking interests appear to have adequate supplies for current needs. Inventory levels are mixed with increases in the storm affected areas; other areas have very limited supplies. Some low heat NDM loads continue to be offered at discounts as various brokers attempt to reposition themselves in the market. The latest NASS Dairy Products report indicates nonfat dry milk production for September in the Atlantic region totaled 6.1 million pounds, 5.9% of the nation's total. The Atlantic region production was 36.8% less than one year ago and 15.5% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.5700 MOSTLY: 1.4200 - 1.5300
 HIGH HEAT: 1.4500 - 1.6200

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mostly unchanged. The market undertone remains weak. Buyer interest is light for any spot market offerings directly from producers. Contract sales are light to moderate with most transactions at volume minimums. The resale market continues often to be the better choice for buyers. Buyers are reluctant to hold onto NDM with the possibility of future market price declines. Pricing levels continue to trade below most contract pricing points. Production schedules are mostly steady. Some plants are running on reduced schedules to accommodate maintenance, while there are others that are coming back on line after recent, planned schedules. Stocks are moderate to heavy for trade needs.

High heat nonfat dry milk prices are mixed, but generally trending lower. The market tone is weaker, mainly reflecting the weaker low heat prices and declining index and basing points. Some additional seasonal demand is developing for holiday and seasonal orders. Several producers are ramping up additional production schedules to accommodate customer needs. Current holdings are light to moderate. U.S. NDM production in September 2011 totaled 103.9 million pounds, 5.0% less than last year. Cumulative YTD output through September totals 1.15 billion pounds, down 3.8% from the same period in 2010. NDM production in the West region in September totaled 89.3 million pounds, down 4.7% from last year. The West produced 86% of the U.S. total in September. U.S. manufacturers' stocks of NDM at the end of September were 150.9 million pounds, 8.2% higher than a year earlier but 10.1% lower than August 2011. U.S. skim milk powder (SMP) production in September totaled 35.6 million pounds, 103.7% more than last year but 8.0% below August. Cumulative YTD output for SMP through September totals 327.9 million pounds, up 72.7% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3500 - 1.5350 MOSTLY: 1.3700 - 1.4900
 HIGH HEAT: 1.4600 - 1.5950

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged on the bottom of the range and 1 cent lower on the top. With various retailers planning in-store butter features as the holidays approach, many Central butter manufacturers are churning more frequently to meet upcoming orders. Condensed buttermilk sales are improving compared to last month. Dry buttermilk production is moving higher, but the sales of condensed buttermilk are cutting into inventory buildup. Dry buttermilk spot sale interest moved a little higher this week. Some brokers/traders mentioned dry buttermilk spot market supplies tightened noticeably during the last week or two.

DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during September 2011 totaled 7.3 million pounds, 11.2% more than one month ago and 32.3% more than production one year ago. Cumulative 2011 dry buttermilk production totals 73.3 million pounds, 23.1% more than during the same time span of 2010. Month ending stocks of dry buttermilk, at 12.8 million pounds, are 21.0% lower than one month ago but 48.8% higher than 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 WHOLE MILK - NATIONAL

EAST: Prices for dry buttermilk declined marginally on the upper end of the range again this week. Butter and dry buttermilk production increased significantly as an early season snow storm caused power outages and closed numerous plants, which channeled more cream volumes to churns. Demand for dry buttermilk has declined as baking product manufacturers appear to have adequate supplies for current needs. Inventories are expanding as spot sales activity has turned light.

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

Dry whole milk prices are lower, following adjustments in various indices. Production is intermittent at several plants, with contract fulfillment with fresh powder and inventory management being top priorities. Various manufacturers indicate they continue to receive inquiries for supplying dry whole milk on a contract basis to new customers. Some manufacturers indicate their capacity to take on new customers is limited while others are looking for opportunities to expand their dry whole milk markets.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during September 2011 totaled 4.2 million pounds, down 41.9% from August 2011 and 23.9% lower than September 2010. Cumulative 2011 production totals 51.6 million pounds, a 3.9% increase from 2010 production during the same time period.

F.O.B. PRODUCING PLANT: 1.7950 - 2.0200

DRY BUTTERMILK - WEST

Dry buttermilk prices are slightly higher in light trading. The market tone is steady to firm, coming off recent low pricing levels where producers were able to clear parts of their holdings. Demand is light with buyers not active in the market. Current production schedules are active around heavy butter production. Current stocks are light to moderate. Buttermilk powder production in September 2011 for the U.S. totals 7.3 million pounds, up 32.3% from last year. Buttermilk stocks at the end of September were 12.8 million pounds, up 48.8% versus a year ago but 21.0% lower than last month.

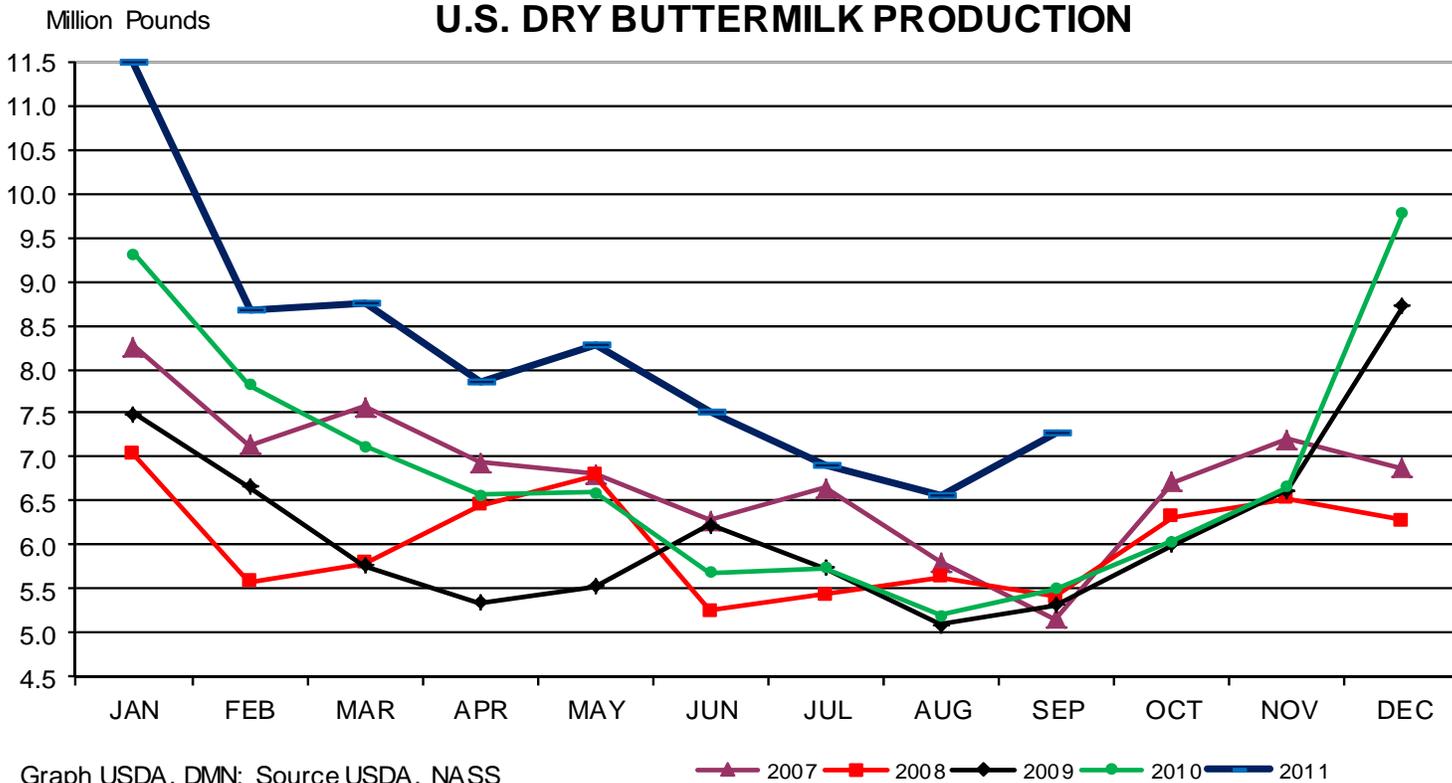
F.O.B. WEST: 1.2800 - 1.3350 MOSTLY: 1.3000 - 1.3225

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 28	\$1.4937	11,923,717	0
October 21	\$1.4771	14,652,580	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.

U.S. DRY BUTTERMILK PRODUCTION



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 prices in the Central region are notching higher on a firm market. Manufacturers are not offering extensively into the spot market, therefore most sales activity in the edible market is between brokers/traders and end users. Resale prices reportedly range into the high \$.60's. Some plants that have a cushion in dry whey holdings anticipate that will dissipate by the end of the year through sales to contract buyers. Cheese ordering is steady to lower for some plants, especially those plants specializing in fresh Italian-type cheeses. Cheese and dry whey production are lower at those locations on a week to week comparison because of the slowness in cheese sales. Human food dry whey production during September 2011 in the Central region totaled 35.9 million pounds. This dry whey production is 2.4% less than August 2011 production and 4.6% lower than September 2010. ANIMAL FEED DRY WHEY PRICES are unchanged to higher. Demand remains active as the influx of higher protein dairy powders to blenders mandates the addition of a blending agent for animal feed production. Many animal feed blenders prefer dry whey over other blending agents, especially for "all dairy" blends.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during September 2011 totaled 69.6 million pounds, 2.7% less than August and 7.5% less than production 1 year ago. September ending stocks of HUMAN FOOD dry whey totaled 38.8 million pounds, 2.3% lower than 1 month ago but 4.7% higher than September 2010. Production of ANIMAL FEED dry whey during September 2011 totaled 7.5 million pounds, 9.0% lower than one month ago but more than three times the production of September 2010. ANIMAL FEED dry whey month ending stocks totaled 2.2 million pounds, 20.5% lower than one month ago but 28.9% higher than the stocks of one year ago. Cumulative 2011 dry whey production, HUMAN AND ANIMAL FEED, is 0.9% higher than 2010 production through September, totaling 773.4 million pounds.

F.O.B. CENTRAL: .5850 - .6475 MOSTLY: .5950 - .6300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: . 4550 - .6450

DRY WHEY - NORTHEAST

Prices for dry whey moved lower as last week's spot market top was not repeated. This is the first time the Eastern price range has moved lower in 23 weeks. Contracted purchasers are trying to pull as much product as their contracts will allow with manufacturers struggling to keep up with contract demand. Spot sales activity is nearly nonexistent; however there is some resale activity at prices above the range. End users are continuing to consider reformulations, where possible, in order to use alternative, lower priced, protein products. DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for September 2011, in the Atlantic area totaled 16.9 million pounds, or 24.3% of the nation's total for September of 69.6 million pounds. The Atlantic area's production is 1.5% less than August and 6.9% below production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6225 - .6600

DRY WHEY - WEST

Western edible dry whey prices are steady to firm. The market is following a two tiered pricing pattern as domestic prices are mostly steady to firm. Export markets continue to be priced lower to maintain market share as international prices are below current domestic levels. Whey supplies are tight for domestic needs with most of the production geared to contract fulfillment. Spot availability is tight and carrying a premium. Negotiations for 2012 supplies are beginning with buyers looking to secure supplies for the coming year. According to the NASS *Dairy Products* report, total dry whey production in September totaled 77.1 million pounds, down 0.8% or 0.6 million pounds compared to September 2010. The Western region

produced 16.7 million pounds of human dry whey in September, down 13.7% or 2.7 million pounds from last year. The West produced 24.0% of the human dry whey in the U.S. in September. Cumulative total dry whey production for the year in the U.S. is 773.4 million pounds, up 0.9% or 7.1 million pounds from 2010. Manufacturers' stocks at the end of September for total dry whey are 43.3 million pounds, up 3.9% or 1.6 million pounds from last year.

NONHYGROSCOPIC: .5100 - .6575 MOSTLY: .6175 - .6525

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

With spot sales pushing the top end of the WPC 34% range higher, the market is unsettled. Sales from brokers/traders continue to clear to end users, with occasional discounts to the market providing some incentives. The nonfat dry milk market continues to exert some price pressure on the WPC 34% market. For some end users, nonfat dry milk may offer a cost effective alternative to WPC 34% at this time. A few manufacturers, though, cleared spot loads to anxious contract buyers needing extra loads to carry them through to the end of the year. Those spot loads carried premiums to the contract prices, thus moving the top of the range price series higher. WPC34% production is mostly steady, although sporadic contract sales of condensed WPC 34% are channeling whey solids to other end uses. Discussions for 2012 contracts are moving forward, with concerns from some buyers over news that some WPC34% manufacturers anticipate cutting production volumes in 2012.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during September 2011 totaled 19.9 million pounds, 0.4% less than one month ago, but 0.7% higher than production of one year ago. Cumulative WPC 34% production for 2011 totals 177.6 million pounds, 3.6% 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 19.1 million pounds, 2.9% more than August 2011 and 17.6% more than September 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3750 - 1.5650 MOSTLY: 1.4200 - 1.4500

LACTOSE - CENTRAL AND WEST

With October monthly prices ending and November monthly prices activating this week, the bottom of the lactose range price series rose 10 cents. Lactose supplies loosened slightly with the advent of fourth quarter pricing and F.O.B.-sourced spot sales cleared to both end users and resellers this week. Both slow-paced cheese ordering and seasonally low milk supplies are curtailing cheese and lactose production at several plants. Contract shipments range from being on time to delayed by one to two weeks. Discussions for 2012 contracts are ongoing. Changes to pricing structures are expected from some manufacturers that will allow for closer alignment with monthly and/or quarterly market adjustments.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during September 2011 increased 0.2% compared to August 2011 to 83.1 million pounds and was 5.9% higher than September 2010 production. Cumulative 2011 lactose production totals 747.6 million pounds, 11.1% more than during the same time span in 2010. Month ending stocks, at 68.2 million pounds, are 0.6% more than one month ago but 20.7% lower than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .6600 - .8000 MOSTLY: .7200 - .7900

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

Casein markets and prices are holding steady, although the undertone remains weak. The disrupted casein production situation in New Zealand has now been basically resolved, although the total impact of the disruption is still not fully known. Early in the week, most dairy production facilities returned to pre-disruption levels. Oceania suppliers indicate that the recent blip in New Zealand output will not impact current supply situations, but may have an impact later in the season. European supplies appear to be sufficient to maintain deliveries as scheduled. Domestic buyers are looking at longer term contracts, but remain cautious with commitments as most buyers feel that that prices will weaken in 2012.

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.

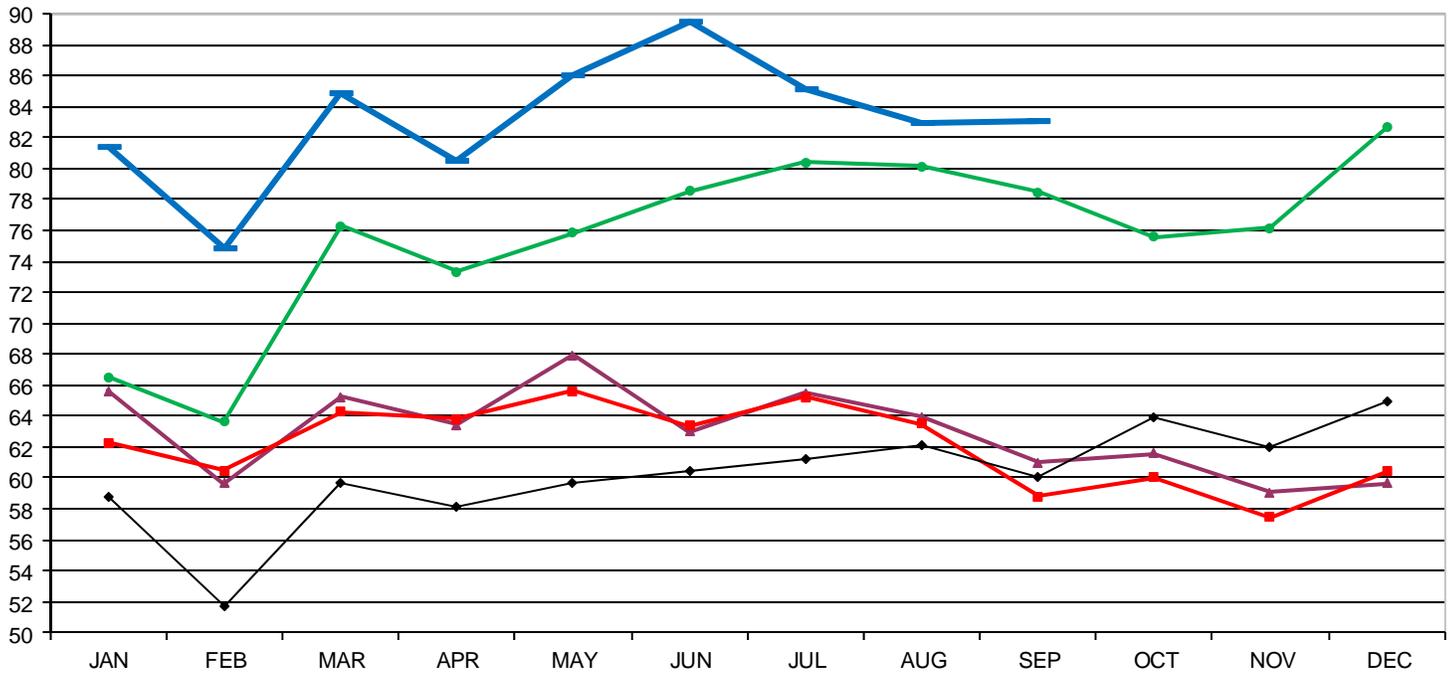
RENNET: 4.6000 - 5.0500
 ACID: 4.9500 - 5.2000

EVAPORATED MILK – NATIONAL

Canned evaporated milk production during September 2011 totaled 32.7 million pounds, a decrease of 18.5% from August 2011 and 19.8% lower than September 2010. Manufacturers' end-of-month stocks totaled 77.1 million pounds, 12.6% lower than one month ago and 31.3% lower than one year ago. The Kansas City Commodity Office issued Bid Description AG-DPRO-S-12-0015, Invitation Number 2000000636 on November 3 for evaporated milk packaged in 24/12 fluid ounce cans totaling 371,790 pounds. Deliveries are to take place from January to March, 2012. Offers are due by November 15, 2011. Award notifications are scheduled to be announced on November 16, 2011, with public release currently scheduled for November 17, 2011. More information on offer specifications may be obtained at: <http://www.fsa.usda.gov/FSA/>

Million Pounds

U.S. DRY LACTOSE PRODUCTION, HUMAN & ANIMAL



Graph: DMN - Source: NASS

Legend: 2007 (purple triangle), 2008 (red square), 2009 (black diamond), 2010 (green circle), 2011 (blue square)

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 31 - NOVEMBER 4			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 10/28/11	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 10/15/11 & Comparable Week 2010

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.7	8.7	3.0	18.2	3.8	N.A.	N.A.	16.4	3.1	55.9	2,326.0	42.3	44.1
2010-Dairy	N.A.	0.6	7.8	3.3	18.7	3.1	0.3	N.A.	14.0	2.7	52.0	2,230.3	40.8	44.0
2011-All cows	0.0	0.8	11.0	14.7	33.7	27.5	N.A.	N.A.	21.9	4.2	132.0	5,273.6		
2010-All cows	N.A.	0.7	9.8	14.5	34.7	24.4	13.4	N.A.	19.6	6.7	127.5	5,077.5		

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)

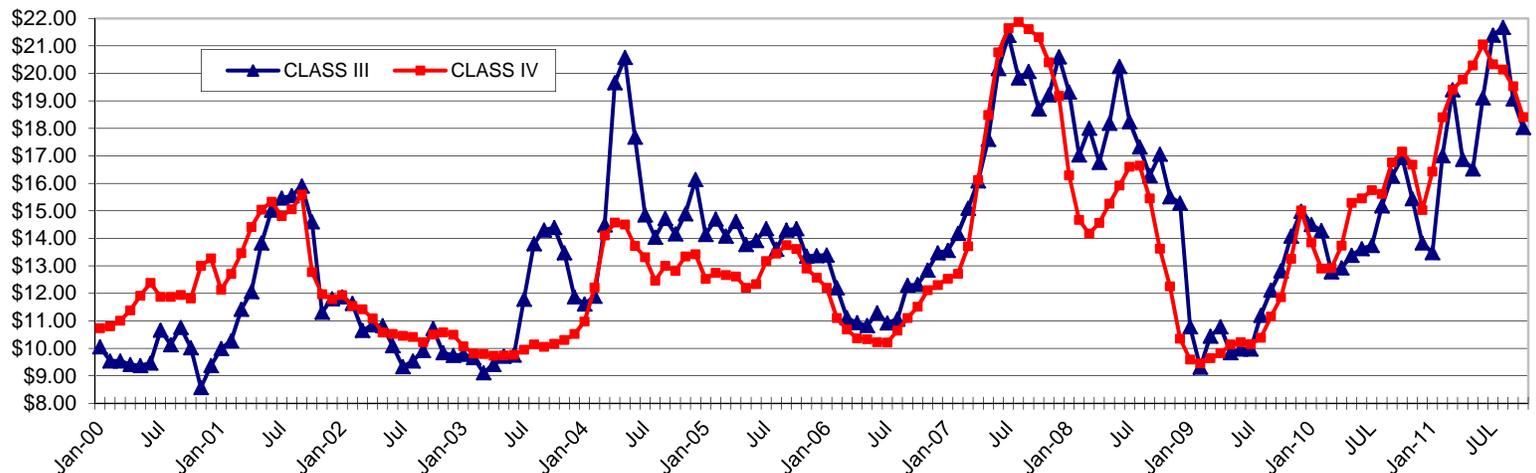
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78	19.56	18.45	
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55	19.41		
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03		
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41		

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 III & IV MILK PRICES, JAN 2000 TO DATE



ORGANIC DAIRY MARKET NEWS

Information gathered October 24 - November 4, 2011

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Total Organic Milk Products sales for August 2011, 171 million pounds, were up 7.5% from August 2010 sales and up 17.1% January through August 2011 compared with the same first eight months of 2010.

Organic Whole Milk sales for August 2011, 41 million pounds, were up 7.3% compared with August 2010 and up 20.1% January through August this year compared with the same period of 2010.

Organic Fat-Reduced Milk sales for August 2011, 130 million pounds, were up 7.6% compared with August 2010 and up 16.1% January through August 2011 compared with the same months of 2010.

This contrasts with a 1.2% August 2011 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with one year ago. This total Fluid Milk products data is adjusted for calendar year composition.

Total Conventional Milk Products, which does not include organic milk, has a 0.6% increase in sales comparing August 2011 with August 2010, but a 2.2% decline January through August 2011, compared with the same period of 2010.

Itemized data compared with prior reporting periods is not yet available for organic categories reduced fat milk, low fat milk, fat-free milk, flavored milk or fat-reduced milk because data analysis recently expanded these categories and data for a full year has not yet accumulated.

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

Product Name	Sales		Change from: 2/	
	August	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,174	9,108	-0.6	-2.9
Flavored Whole Milk	43	346	-5.7	-4.5
Reduced Fat Milk (2%)	1,564	12,085	1.4	-1.8
Low Fat Milk (1%)	596	4,634	4.2	-0.1
Fat-Free Milk (Skim)	656	5,154	-0.6	-3.4
Flavored Fat-Reduced Milk	255	2,403	-1.4	-1.4
Buttermilk	41	312	4.6	0.9
Tot. Conv. Milk Products	4,330	34,063	0.6	-2.2
Organic Whole Milk	41	327	7.3	20.1
Organic Reduced Fat Milk	50	384	3/	3/
Organic Low Fat Milk	33	270	3/	3/
Organic Fat-Free Milk (Skim)	39	307	3/	3/
Organic Flavored Milk	8	63	3/	3/
Organic Fat-Reduced Milk 4/	130	1,027	7.6	16.1
Tot. Organic Milk Products.	171	1,354	7.5	17.1
Tot. Fluid Milk Prod. 5/	4,501	35,417	0.9	-1.5
Tot Fluid Milk Prod Adj 5/6/	4,458	35,469	-1.2	-1.4

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

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

Organic Dairy Overview. Organic yogurt advertising intensity is robust in contrast with lackluster organic milk advertising this period. Due to a significant percentage of store ads having multiple organic yogurt listings, the highest ratio of organic yogurt ad listings to ads during 2011 occurred during this data period. Overall yogurt advertising was at the fourth highest level of the year. Organic milk advertising, in contrast, was at the lowest level of 2011. Even organic butter, which is a variable factor in organic dairy advertising, is at the third highest level of the year. There are more organic butter ads this period than

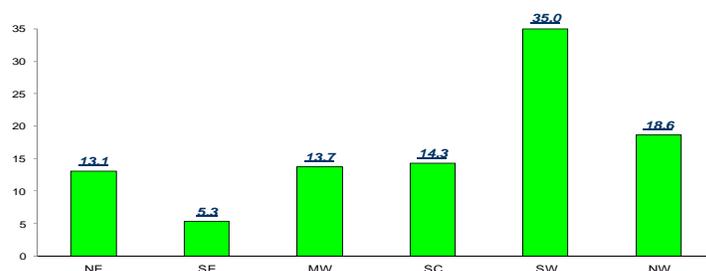
organic milk ads, for the first time ever in this report's history.

1,910 of 9,124 surveyed stores ran ads with organic dairy content this period. For the first three quarters of 2011, cumulative organic ad numbers are 97.8% of the same period last year.

Information presented is compiled from newspaper supermarket ads for the period October 22, 2011, to November 4, 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 as it has for seven of the last eight survey periods. The single period among the eight which it did not lead, it was second by a very narrow factor. 35.0% of organic ads placed were in the Southwest this period. Four of the remaining five regions placed closely in the next tier, including the Northwest, 18.6%, South Central, 14.35, Midwest, 13.7%, Northeast, 13.1%, and Southeast, 5.3%.

Regional Organic Dairy Ads As A Percentage of Surveyed Organic Dairy Ads 2011 - Week 44



While comparisons within a two week data period may reveal wide percentage variation in organic advertising intensity among regions, such as 29.7% this period, the cumulative year to date aggregate shows much closer regional percentages. A year to date comparison of regional emphasis in organic dairy advertising finds only a 6.9 point spread between the percentage of the highest level region and lowest level, with a very close relationship between the top three regions.

The cumulative year to date organic advertising percentages are the Southeast, 19.6%, Northeast, 19.3%, Southwest, 19.1%, Midwest, 15.3%, South Central, 14.2%, and Northwest, 12.7%.

Regional Organic Dairy Ads As A Percentage of Surveyed Organic Dairy Ads 2011 - Year To Date Through Period 44



The Southwest stands out in having both the most periods with the highest percentage among regions, 8 periods, as well as 7 periods with the lowest percentage. The remaining regions and number of times ranking as the highest organic advertising percentage and lowest organic advertising percentage respectively, include: Northeast, 5 highest and 1 lowest; Southeast, 5 highest and 4 lowest; Midwest, 2 highest and 3 lowest; South Central, 2 highest and 5 lowest; and Northwest, 0 highest and 3 lowest.

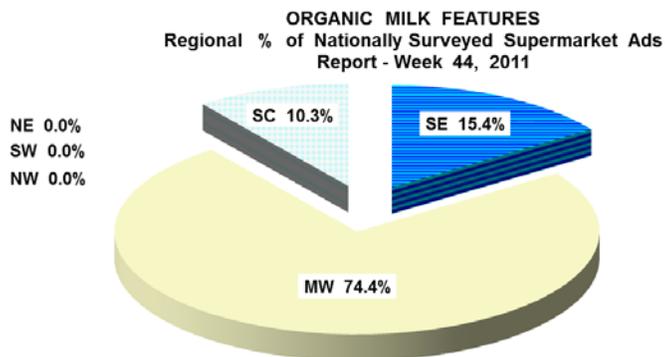
ORGANIC DAIRY MARKET NEWS

Information gathered October 24 - November 4, 2011

CONTINUED FROM PAGE 8

Organic Dairy Product Emphasis. Greek yogurt ads vastly dominate organic dairy advertising this data period. 86.9% of organic milk and yogurt ads are yogurt and 98% of yogurt ads are Greek yogurt. There are more ads for organic butter than organic milk, a very unusual occurrence and the first time this has occurred since this data has been recorded beginning the fall of 2009.

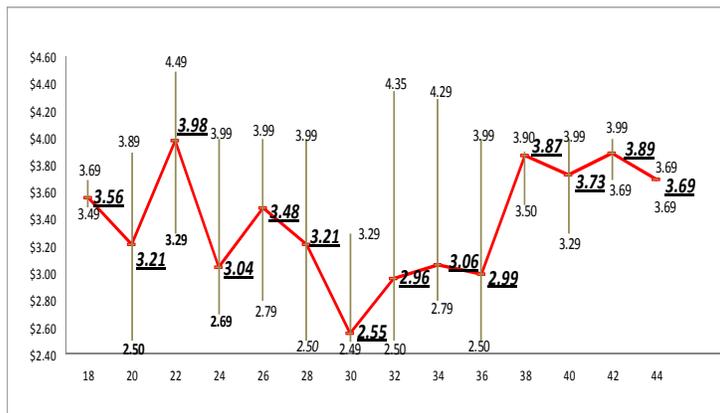
Organic Milk. Organic milk ads appeared in three of the six regions, led significantly by the Midwest with 74.4% of ads. The other two regions included the Southeast, 15.4%, and South Central, 10.3%.



Year to date, 2011 cumulative ads for organic milk reflect retailers increasingly advertising smaller container sizes than during 2010. Ads for organic milk in 8 ounce containers year to date in 2011 are up 48.8% from 2010 levels for the same period. Ads for organic half gallons are down 28.2% in 2011 from 2010 and for organic gallons, down 76.3%.

Organic Half Gallons. Weighted average advertised pricing for organic milk half gallons decreased this period by 20 cents, to a weighted average advertised price of \$3.69. All half gallons were priced \$3.69, resulting in no price range. Each ad was for a store brand of organic milk.

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



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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	82.1	3.69
SC	17.9	3.69
SW	00.0	----
NW	00.0	----
US		3.69

Organic Gallons. No newspaper ads for organic gallons appeared this period, continuing a 2011 trend of significantly fewer ads for organic gallons than during 2010. The weighted average advertised price from the last ad for organic gallons was \$4.99.

8 Ounce Organic Milk. All ads for organic milk in 8 ounce containers this

reporting period were priced \$1.00 for a national brand. While advertising intensity for this organic milk product overall in 2011 is well over 2010 levels, this week's advertising was the third lowest level of 2011.

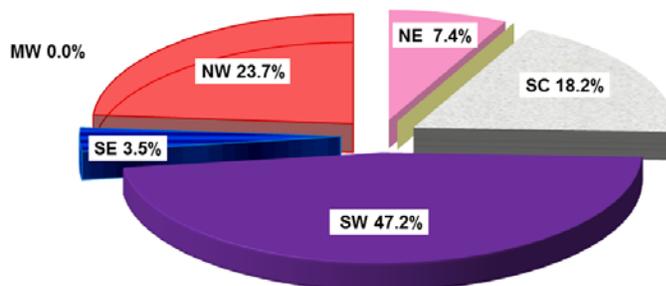
8 OUNCE ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	36.0	1.00
MW	64.0	1.00
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		1.00

Organic Yogurt. Organic yogurt ads ran in five of six regions this report period, led significantly by the Southwest with 47.2% of ads. The remaining regions included the Northwest, 23.7%; the South Central with 18.2%; the Northeast with 7.4%; and the Southeast with 3.5%. No organic yogurt ads ran in the Midwest for the first time since late August.

Cumulative 2011 year to date advertising for organic yogurt is 4.2% higher than

ORGANIC YOGURT FEATURES Regional % of Surveyed National Newspaper Ads Report Week 44, 2011



the same period of 2010.

5.3 Ounce Organic Greek Yogurt. The largest number of organic yogurt ads this period are ads for 5.3 ounce organic yogurt. All of the ads are for a national brand and placed by a national supermarket chain. 50.8% of organic yogurt ads are for 5.3 ounce organic Greek Yogurt.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	07.1	1.00
SE	03.3	1.00
MW	00.0	----
SC	17.6	1.00
SW	49.7	1.00
NW	22.3	1.00
US		1.00

32 Ounce Organic Greek Yogurt. A close second in ad volume this period within the organic yogurt category with 47.1% of ads, is 32 ounce organic Greek Yogurt. All of the ads are for a national brand and placed by a national supermarket chain.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	07.7	4.49
SE	03.6	4.49
MW	00.0	----
SC	18.9	4.49
SW	44.6	4.49
NW	25.2	4.49
US		4.49

CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered October 24 - November 4, 2011

CONTINUED FROM PAGE 8-A

6 ounce organic yogurt. Ads for 6 ounce organic yogurt comprised only 2.1% of organic yogurt ads this period. This is among the lowest relative percentage within the organic yogurt category ever for traditional 6 ounce organic yogurt. All ads were for a national brand in stores of two different small regional chains.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	00.0	----
SC	00.0	----
SW	00.0	----
NW	100.0	0.89
US		0.89

All ads were priced 89 cents, slightly reducing the national weighted average advertised price by 2 cents to 89 cents.

Organic Butter. Although the level of organic butter advertising is well below the level of two weeks ago, which was the second highest level since this data series began during fall 2009, it remains among the five highest levels. The total ad volume for this two week period and the prior period combined, is a record for the highest two consecutive periods since fall 2009.

As previously noted, there are more organic butter ads this period than organic milk ads, for the first time ever in this report's history.

Another dimension to organic butter advertising this period, relates to advertised pricing. The prevailing advertised price for 1 pound organic butter, \$4.19, is the third lowest level since fall 2009. The lowest advertised price was \$3.99. The current \$4.19 price is very competitive with advertised prices of some brands of premium non-organic butter, leaving a very narrow price spread between premium non-organic butter and organic butter. This is a price relationship generally regarded as leading to increased sales of organic dairy products. All advertised 1 pound organic butter is a private label brand.

Advertising also appeared for 8 ounce organic "pasture butter", a seasonal offering of a national brand. This product is offered in 8 ounce sizes at an advertised price of \$3.00.

Organic Sour Cream. Organic sour cream in 16 ounce containers ran in 201 newspapers, 165 in the Midwest and 36 in the South Central Region. All ads stated a price of \$2.59 for a store brand of organic sour cream.

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 44**

**MADISON, WI
LOW HIGH RANGE
(In Dollars)**

GALLONS:			
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:

Whole	3.19	4.19	1.00
-------	------	------	------

LOW HIGH RANGE

Reduced Fat (2%)	3.19	4.19	1.00
Low Fat (1%)	3.19	4.19	1.00
Nonfat (Skim)	3.19	4.19	1.00

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

Following some upward adjustment of organic milk price ranges last period, no changes in price ranges occurred this period. Within the ranges, some upward price movement appeared for certain brands in certain stores, particularly a national discount chain store.

ORGANIC GRAIN AND FEEDSTUFFS MARKETS:

National organic grain and feedstuffs were in good demand this period for food and feed grade grains. Corn prices have no comparison to two weeks ago due to new crop harvest, while soybeans and soybean meal were higher. Wheat prices were lower this period with good demand and moderate offerings. Corn yields in the Upper Midwest have ranged throughout the region from 150-180 bu/acre and soybeans have been reported in some areas at 60 bu/acre. Supreme organic alfalfa hay in Northern California was reported at \$275.00/ton this period.

Eastern organic grain and feedstuffs prices were mostly higher on limited comparisons. Feed grade corn this week was in good demand with no comparison to the previous report due to lack of trades. Soybeans, as well as soybean meal, were higher with moderate demand and offerings. New crop corn harvest is just beginning for many producers throughout the Eastern Corbel, while other areas throughout the region have made considerable progress. Corn and soybean yields in southern Illinois have been lackluster, while many farmers in northern Illinois have reportedly been satisfied with their harvest. Wheat trade this period was very active with good demand and moderate offerings.

Upper Midwest organic grain and feedstuffs prices were mixed, with soybeans mostly higher and food grade hard red spring wheat lower. Feed grade corn was not tested two weeks ago, but was reported with good demand and moderate offerings this period. Increased demand and movement for feed and food grade wheat was reported, with moderate offerings in the market. Increased interest in feed grade wheat was reported due to the strength in new crop corn prices, as well as new crop contract prices. New crop corn harvest in Iowa, Minnesota and Nebraska was reported for some to be in the area of 150-180 bushels/acre. Some reported soybean yields were approximately 60 bushels/acre in Nebraska.

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

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

COMMODITY	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	REPORT NUMBER 44	2011	2010
	OCT 03 - 07	OCT 10 - 14	OCT 17 - 21	OCT 24 - 28	OCT 31 - 31	or Total	or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 2.0175 - 2.4800	:: 2.0600 - 2.4800	:: 2.0800 - 2.4800	:: 2.0650 - 2.4800	:: 2.1000 - 2.3600	:: 2.2658	: 2.1499
-- Brick And/Or Muenster 5#	:: 2.2300 - 2.6000	:: 2.2425 - 2.6000	:: 2.2125 - 2.6000	:: 2.2275 - 2.6000	:: 2.2350 - 2.4800	:: 2.4109	: 2.2514
-- Cheddar 40# Block	:: 2.2300 - 2.8650	:: 2.2425 - 2.8650	:: 2.2125 - 2.8650	:: 2.2275 - 2.8650	:: 2.2350 - 2.8650	:: 2.5464	: 2.3275
-- Monterey Jack 10#	:: 2.1925 - 2.8650	:: 2.2050 - 2.8650	:: 2.1750 - 2.8650	:: 2.1900 - 2.8650	:: 2.1975 - 2.8650	:: 2.5276	: 2.3550
-- Blue 5#	:: 2.4850 - 3.2700	:: 2.4975 - 3.2700	:: 2.4675 - 3.2700	:: 2.4825 - 3.2700	:: 2.4900 - 3.1500	:: 2.8734	: 2.7801
-- Mozzarella 5 - 6#	:: 2.0650 - 2.9650	:: 2.0775 - 2.9650	:: 2.0475 - 2.9650	:: 2.0625 - 2.9650	:: 2.0700 - 2.9650	:: 2.5139	: 2.3706
-- Grade A Swiss Cuts 6 - 9#	:: 3.1900 - 3.3300	:: 3.1900 - 3.3300	:: 3.1900 - 3.3300	:: 3.1900 - 3.3300	:: 3.1900 - 3.3300	:: 3.2600	: 2.9685

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.0375 - 2.3125	:: 2.0500 - 2.3250	:: 2.0200 - 2.2950	:: 2.0350 - 2.3100	:: 2.0425 - 2.3175	:: 2.1728	: 2.2003
-- Process 5# Sliced	:: 1.7675 - 2.0775	:: 1.8100 - 2.1200	:: 1.8300 - 2.1400	:: 1.8150 - 2.1250	:: 1.8500 - 2.1600	:: 1.9626	: 1.9835
-- Muenster	:: 2.0575 - 2.2625	:: 2.0700 - 2.2750	:: 2.0400 - 2.2450	:: 2.0550 - 2.2600	:: 2.0625 - 2.2675	:: 2.1578	: 2.1853
-- Grade A Swiss Cuts 10 - 14#	:: 3.9325 - 4.2550	:: 3.9325 - 4.2550	:: 3.9325 - 4.2550	:: 3.9325 - 4.2550	:: 3.9325 - 4.2550	:: 4.0938	: 3.3608

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.7825 - 2.0400	:: 1.8250 - 2.0825	:: 1.8450 - 2.1025	:: 1.8300 - 2.0875	:: 1.8650 - 2.1225	:: 1.9514	: 1.9798
-- Cheddar 40# Block	:: 1.8500 - 2.2025	:: 1.8625 - 2.2150	:: 1.8325 - 2.1850	:: 1.8475 - 2.2000	:: 1.8550 - 2.2075	:: 2.0240	: 2.0515
-- Cheddar 10# Cuts	:: 2.0300 - 2.2500	:: 2.0425 - 2.2625	:: 2.0125 - 2.2325	:: 2.0275 - 2.2475	:: 2.0350 - 2.2550	:: 2.1378	: 2.1653
-- Monterey Jack 10#	:: 2.0400 - 2.2000	:: 2.0525 - 2.2125	:: 2.0225 - 2.1825	:: 2.0375 - 2.1975	:: 2.0450 - 2.2050	:: 2.1178	: 2.1453
-- Grade A Swiss Cuts 6 - 9#	:: 3.5100 - 3.9400	:: 3.5100 - 3.9400	:: 3.5100 - 3.9400	:: 3.5100 - 3.9400	:: 3.5100 - 3.9400	:: 3.7250	: 2.9920

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 2.1120 - 2.2880	:: 2.1515 - 2.3278	:: 2.2816 - 2.4126	:: 2.3231 - 2.6577	:: 2.1528 - 2.6582	:: 2.3276	: 2.9069
-- Upper Midwest - f.o.b	:: 2.0944 - 2.1824	:: 2.1515 - 2.2044	:: 2.1949 - 2.2856	:: 2.2860 - 2.3789	:: 2.3213 - 2.4336	:: 2.2322	: 2.8113

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

-- Class II	:: 1.59 - 1.63	:: 1.59 - 1.63	:: 1.59 - 1.63	:: 1.58 - 1.62	:: 1.58 - 1.63	:: 1.6073	: 1.2150
-- Class III	:: 1.45 - 1.49	:: 1.45 - 1.49	:: 1.45 - 1.49	:: 1.45 - 1.50	:: 1.45 - 1.52	:: 1.4720	: 1.0963

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

COMMODITY	:REPORT NUMBER 40		:REPORT NUMBER 41		:REPORT NUMBER 42		:REPORT NUMBER 43		:REPORT NUMBER 44:		2011	2010
	:-----		:-----		:-----		:-----		:-----		Average	Average
	OCT 03 - 07	OCT 10 - 14	OCT 17 - 21	OCT 24 - 28	OCT 31 - 31	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 1.4000 - 1.6225	:: 1.4000 - 1.5900	:: 1.4000 - 1.6100	:: 1.4100 - 1.5900	:: 1.4000 - 1.5700	:: 1.5023	:: 1.2391					
-- Mostly	:: 1.4400 - 1.5800	:: 1.4200 - 1.5600	:: 1.4200 - 1.5500	:: 1.4200 - 1.5300	:: 1.4200 - 1.5300	:: 1.4893	:: 1.2445					
-- High Heat	:: 1.5800 - 1.7000	:: 1.5800 - 1.7000	:: 1.5000 - 1.6600	:: 1.4500 - 1.6400	:: 1.4500 - 1.6200	:: 1.5960	:: 1.3903					
-- West (f.o.b.)												
-- Low/Medium Heat	:: 1.3900 - 1.5800	:: 1.3900 - 1.5550	:: 1.3700 - 1.5600	:: 1.3400 - 1.5400	:: 1.3500 - 1.5350	:: 1.4641	:: 1.1911					
-- Mostly	:: 1.4200 - 1.5300	:: 1.4200 - 1.4950	:: 1.4000 - 1.4900	:: 1.3700 - 1.4900	:: 1.3700 - 1.4900	:: 1.4505	:: 1.1920					
-- High Heat	:: 1.5000 - 1.6700	:: 1.4800 - 1.6600	:: 1.4700 - 1.6600	:: 1.4600 - 1.6300	:: 1.4600 - 1.5950	:: 1.5641	:: 1.3023					
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)												
-- Mostly	:: 0.5700 - 0.6250	:: 0.5800 - 0.6250	:: 0.5850 - 0.6400	:: 0.5850 - 0.6400	:: 0.5850 - 0.6475	:: 0.6069	:: 0.3569					
-- West (f.o.b.)												
-- Mostly	:: 0.5700 - 0.6475	:: 0.5900 - 0.6500	:: 0.5500 - 0.6575	:: 0.5100 - 0.6550	:: 0.5100 - 0.6575	:: 0.6019	:: 0.3807					
-- Northeast (f.o.b.)												
-- Mostly	:: 0.6175 - 0.6425	:: 0.6250 - 0.6500	:: 0.6225 - 0.6375	:: 0.6175 - 0.6500	:: 0.6175 - 0.6525	:: 0.6327	:: 0.3846					
-- Northeast (f.o.b.)												
-- Mostly	:: 0.6025 - 0.6250	:: 0.6150 - 0.6375	:: 0.6200 - 0.6425	:: 0.6225 - 0.6650	:: 0.6225 - 0.6600	:: 0.6295	:: 0.3702					
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 1.4000 - 1.5400	:: 1.4000 - 1.5250	:: 1.4000 - 1.5400	:: 1.3750 - 1.5200	:: 1.3750 - 1.5650	:: 1.4629	:: 1.0006					
-- Mostly	:: 1.4200 - 1.4600	:: 1.4200 - 1.4500	:: 1.4200 - 1.4500	:: 1.4200 - 1.4500	:: 1.4200 - 1.4500	:: 1.4363	:: 0.9845					
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.4400 - 0.5800	:: 0.4500 - 0.5900	:: 0.4525 - 0.6100	:: 0.4550 - 0.5900	:: 0.4550 - 0.6450	:: 0.5224	:: 0.2994					
BUTTERMILK (Min. 30% protein)												
-- Central And East (f.o.b.)												
-- West (f.o.b.)												
-- Mostly	:: 1.2300 - 1.3200	:: 1.2300 - 1.3200	:: 1.2500 - 1.3200	:: 1.2800 - 1.3300	:: 1.2800 - 1.3350	:: 1.2866	:: 1.2433					
-- Mostly	:: 1.2600 - 1.2800	:: 1.2600 - 1.2800	:: 1.2700 - 1.3000	:: 1.2900 - 1.3150	:: 1.3000 - 1.3225	:: 1.2839	:: 1.2395					
WHOLE MILK POWDER												
-- National (f.o.b.)												
-- National (f.o.b.)	:: 1.8500 - 2.0200	:: 1.8400 - 2.0400	:: 1.8400 - 2.0400	:: 1.8500 - 2.0400	:: 1.7950 - 2.0200	:: 1.9384	:: 1.6855					
LACTOSE												
-- Central And West (f.o.b.)												
-- Mostly	:: 0.5600 - 0.8000	:: 0.5575 - 0.8000	:: 0.5600 - 0.8850	:: 0.5600 - 0.8000	:: 0.6600 - 0.8000	:: 0.6929	:: 0.3401					
-- Mostly	:: 0.7200 - 0.7600	:: 0.7200 - 0.7800	:: 0.7200 - 0.7900	:: 0.7200 - 0.7900	:: 0.7200 - 0.7900	:: 0.7503	:: 0.3343					
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet												
-- Nonrestricted - Rennet	:: 4.6000 - 5.0500	:: 4.6000 - 5.0500	:: 4.6000 - 5.0500	:: 4.6000 - 5.0500	:: 4.6000 - 5.0500	:: 4.8250	:: 4.1000					
-- Nonrestricted - Acid												
-- Nonrestricted - Acid	:: 4.9500 - 5.2000	:: 4.9500 - 5.2000	:: 4.9500 - 5.2000	:: 4.9500 - 5.2000	:: 4.9500 - 5.2000	:: 5.0750	:: 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 OCTOBER 2011

COMMODITY	:REPORT NUMBER 40:	:REPORT NUMBER 41:	:REPORT NUMBER 42:	:REPORT NUMBER 43:	:REPORT NUMBER 44:	2011 *	2010 *
	OCT 3 - 7	OCT 10 - 14	OCT 17 - 21	OCT 24 - 28	OCT 31	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	1.7600	1.7800	1.8525	1.8700	1.8800	:	:
--Tuesday	1.7600	1.8000	1.8600	1.8700	:	:	:
--Wednesday	1.7575	1.8200	1.8600	1.8700	:	:	:
--Thursday	1.7700	1.8350	1.8600	1.8700	:	:	:
--Friday	1.7700	1.8350	1.8600	1.8800	:	1.8295	2.1895
--Weekly Average**	1.7635	1.8140	1.8585	1.8720	:	:	:
CHEESE*							
-- BARRELS							
--Monday	1.6400	1.7350	1.7000	1.7125	1.7675	:	:
--Tuesday	1.6650	1.7200	1.7200	1.7100	:	:	:
--Wednesday	1.6850	1.7300	1.7200	1.7400	:	:	:
--Thursday	1.7300	1.7300	1.6950	1.7700	:	:	:
--Friday	1.7850	1.6900	1.6900	1.7675	:	1.7192	1.7120
--Weekly Average**	1.7010	1.7210	1.7050	1.7400	:	:	:
-- 40# BLOCKS							
--Monday	1.7200	1.7650	1.7125	1.7325	1.7725	:	:
--Tuesday	1.7200	1.7000	1.7200	1.6900	:	:	:
--Wednesday	1.7250	1.6800	1.7200	1.7200	:	:	:
--Thursday	1.7400	1.6800	1.7200	1.7200	:	:	:
--Friday	1.7650	1.6900	1.7200	1.7725	:	1.7231	1.7246
--Weekly Average**	1.7340	1.7030	1.7185	1.7270	:	:	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	1.5800	1.5800	1.5800	1.5800	1.5800	:	:
--Tuesday	1.5800	1.5800	1.5800	1.5800	:	:	:
--Wednesday	1.5800	1.5800	1.5800	1.5800	:	:	:
--Thursday	1.5800	1.5800	1.5800	1.5800	:	:	:
--Friday	1.5800	1.5800	1.5800	1.5800	:	1.5800	1.2250
--Weekly Average**	1.5800	1.5800	1.5800	1.5800	:	:	:
-- GRADE A							
--Monday	1.4900	1.4900	1.4900	1.4900	1.4300	:	:
--Tuesday	1.4900	1.4900	1.4900	1.4900	:	:	:
--Wednesday	1.4900	1.4900	1.4900	1.4300	:	:	:
--Thursday	1.4900	1.4900	1.4900	1.4300	:	:	:
--Friday	1.4900	1.4900	1.4900	1.4300	:	1.4786	1.2290
--Weekly Average**	1.4900	1.4900	1.4900	1.4540	:	:	:

* 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.

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$19.90 in October, down \$1.20 from September 2011 and up \$1.40 from October 2010. Milk Cows price was \$1,480 in October, up \$150 from October 2010. Alfalfa hay price was \$203.00 in October, up \$85.00 from October 2010. Corn price was \$5.92 in October, up \$1.60 from October 2010. Soybean price was \$11.90 in October, up \$1.70 from October 2010. The milk-feed price ratio was 1.79 in October, down 0.61 from October 2010.

The index of prices received by farmers for dairy products decreased 10 points during the month of October 2011 to 152. Compared with October 2010, the index was up 10 points (7.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2011 was unchanged at 205 from the previous month. Compared with October 2010, the index was up 20 points (10.8 percent).

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

State	All-Milk price 1/ 2/				Milk cows 3/		Alfalfa hay, baled		Corn		Soybeans	
	Dollars per cwt.				Dollars per head		Dollars per ton		Dollars per bushel		Dollars per bushel	
	September		October		October		October		October		October	
	2010	2011	2010	2011 4/	2010	2011 4/	2010	2011 4/	2010	2011 4/	2010	2011 4/
AZ	17.00	21.00	17.80	19.60	1,400	1,550	125.00	225.00	---	---	---	---
CA	16.35	18.99	16.93	18.00	1,300	1,400	127.00	239.00	---	---	---	---
CO	17.70	21.30	18.50	20.30	1,350	1,550	125.00	220.00	4.23	5.95	---	---
ID	16.50	18.90	17.10	18.30	1,350	1,450	124.00	233.00	---	---	---	---
IN	18.50	22.40	19.30	20.90	1,340	1,550	---	---	4.51	6.10	---	---
IA	18.10	21.60	19.00	20.00	1,250	1,450	112.00	140.00	4.28	5.90	9.98	11.90
MI	18.10	22.60	19.30	20.70	1,400	1,600	105.00	110.00	4.48	5.80	10.30	12.00
MN	18.20	21.10	18.90	20.30	1,280	1,440	110.00	130.00	3.95	6.00	9.69	11.20
NM	17.00	20.30	18.20	19.00	1,370	1,480	165.00	295.00	---	---	---	---
NY	18.60	23.00	19.50	21.50	1,300	1,450	125.00	127.00	---	---	---	---
OH	19.20	22.90	20.10	21.40	1,360	1,510	155.00	181.00	4.56	6.31	---	---
PA	19.60	23.80	20.30	22.30	1,400	1,550	142.00	187.00	5.44	6.74	---	---
TX	18.40	22.00	19.50	20.60	1,260	1,400	180.00	260.00	4.48	6.21	---	---
WA	17.40	21.60	18.30	20.10	1,300	1,450	130.00	240.00	---	---	---	---
WI	17.80	21.20	18.80	19.80	1,410	1,560	105.00	120.00	4.30	6.21	10.20	12.60
U.S.	17.70	21.10	18.50	19.90	1,330	1,480	118.00	203.00	4.32	5.92	10.20	11.90

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

3/ Animals sold for dairy herd replacement only. Prices estimated in January, April, July, and October. 4/ Preliminary.

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	October 2010	September 2011	October 2011 3/
IA	2.53	2.07	2.03
MI	2.54	2.24	2.27
MN	2.65	2.11	2.11
OH	2.30	1.95	1.91
WI	2.53	2.02	2.02
U.S.	2.40	1.84	1.79

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., OCTOBER 2011 WITH COMPARISONS

Item	October 2010	September 2011	October 2011 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	142	162	152
Prices paid by farmers for commodities and services, interest taxes, and wage rates	185	205	205

1/ Preliminary.

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

SEPTEMBER 2011 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 137.6 million pounds, 21.0 percent above September 2010 and 3.5 percent above August 2011. **AMERICAN TYPE CHEESE** production totaled 337.0 million pounds, 4.2 percent below September 2010 and 3.2 percent below August 2011. **TOTAL CHEESE** output (excluding cottage cheese) was 867.3 million pounds, 0.6 percent below September 2010 and 0.2 percent below August 2011. **NONFAT DRY MILK** production, for human food, totaled 103.9 million pounds, 5.0 percent below September 2010 and 9.6 percent below August 2011. **DRY WHEY** production, for human food, was 69.6 million pounds, 7.5 percent below September 2010 and 2.7 percent below August 2011. **ICE CREAM** (hard) production totaled 67.2 million gallons, 6.5 percent below September 2010 and 13.2 percent below August 2011.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 2011	PERCENT CHANGE FROM:			PRODUCT	SEP 2011	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 2010	AUG 2011	YEAR TO DATE 1/		1,000 LBS.	SEP 2010	AUG 2011	YEAR TO DATE 1/
BUTTER	137,611	21.0	3.5	16.6	SOUR CREAM	97,863	0.3	-11.4	3.9
CHEESE					YOGURT (PLAIN AND FLAVORED)	391,268	-1.0	5.1	2.7
AMERICAN TYPES 2/	337,012	-4.2	-3.2	-0.7	DRY WHEY, HUMAN FOOD	69,585	-7.5	-2.7	---
CHEDDAR	249,171	-3.0	-2.6	-2.9	DRY WHEY, ANIMAL FEED	7,527	202.0	-9.0	---
OTHER AMERICAN	87,841	-7.5	-4.9	---	DRY WHEY, TOTAL 8/	77,112	-0.8	-3.4	0.9
BRICK & MUENSTER	12,157	19.7	-8.8	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	67,689	-0.1	6.4	---	HUMAN FOOD	2,463	-19.1	-3.1	---
HISPANIC	20,717	9.1	14.9	---	ANIMAL FEED	4,755	-4.4	8.6	---
TOTAL ITALIAN TYPES	370,230	0.8	1.9	3.8	LACTOSE, HUMAN FOOD & ANIMAL FEED	83,063	5.9	0.2	11.1
MOZZARELLA	288,221	-0.9	0.6	2.9	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	82,009	7.1	6.7	---	HUMAN FOOD 9/	33,008	1.1	-0.2	---
SWISS	27,177	-3.1	-2.7	---	ANIMAL FEED 9/	2,583	-22.7	3.7	---
ALL OTHER TYPES	32,317	15.7	-6.3	---	TOTAL 9/	35,591	-1.1	0.1	-0.7
TOTAL	867,299	-0.6	-0.2	1.6	25.0-49.9 PERCENT 10/	19,944	0.7	-0.4	---
COTTAGE CHEESE, CURD 3/	35,446	-5.8	-6.7	---	50.0-89.9 PERCENT 10/	15,647	-3.4	0.8	---
COTTAGE CHEESE, CREAM 4/	28,338	-1.8	-6.7	-0.6	PROTEIN ISOLATES 11/	4,689	-13.7	1.3	---
COTTAGE CHEESE, LOWFAT 5/	31,601	-9.5	-7.3	-0.8	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	32,659	-19.8	-18.5	---	ICE CREAM (HARD)	67,173	-6.5	-13.2	-4.2
DRY BUTTERMILK	7,284	32.3	11.2	---	ICE CREAM, LOWFAT (HARD)	15,131	5.6	-5.6	---
DRY WHOLE MILK	4,220	-23.9	-41.9	---	ICE CREAM, LOWFAT (SOFT)	18,841	0.9	-23.5	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	6,197	62.7	5.9	---	ICE CREAM, LOWFAT (TOTAL)	33,972	2.9	-16.4	5.5
NONFAT DRY MILK (NDM), HUMAN	103,870	-5.0	-9.6	-3.8	SHERBET, HARD	3,183	-7.6	-24.2	-10.0
SKIM MILK POWDERS (SMP) 7/	35,593	103.7	-8.0	72.7	YOGURT (TOTAL)	4,415	-1.9	-18.1	3.0

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	SEP 2011	PERCENT OF:		PRODUCT	SEP 2011	PERCENT OF:	
	1,000 LBS.	SEP 2010	AUG 2011		1,000 LBS.	SEP 2010	AUG 2011
DRY WHEY, HUMAN FOOD	38,776	4.7	-2.3	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	4,501	-2.3	-2.1	HUMAN FOOD 9/	35,900	17.9	0.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	3,839	-63.7	-13.8	ANIMAL FEED 9/	2,153	28.9	-20.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	68,179	-20.7	0.6	TOTAL 9/	38,053	18.4	-1.3
CANNED EVAP & CONDSO WHOLE MILK	77,103	-31.3	-12.6	25.0-49.9 PERCENT 10/	19,112	17.6	2.9
DRY BUTTERMILK	12,830	48.8	-21.0	50.0-89.9 PERCENT 10/	18,941	19.3	-5.3
NONFAT DRY MILK (NDM), HUMAN FOOD	150,897	8.2	-10.1	PROTEIN ISOLATES 11/	4,801	-39.4	7.7

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, November 2011.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, OCTOBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for October 2011 is \$1.9592 per pound. Thus, the Class II butterfat price is \$1.9662. The protein and other solids prices for October are \$2.9211 and \$0.4286 per pound, respectively. These component prices set the Class III skim milk price at \$11.58 per cwt. The October Class IV skim milk price is \$11.97 which is derived from the nonfat solids price of \$1.3297 per pound. **Product Price Averages:** The product price averages for October are: butter \$1.7893, nonfat dry milk \$1.5109, cheese \$1.7471, and dry whey \$0.6152.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <u>1/ 2/</u>						
FEDERAL MILK ORDER MARKETING AREAS <u>3/</u>	ORDER NUMBER	OCTOBER 2011				NOVEMBER 2011
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
DOLLARS PER 100 POUNDS						
Northeast (Boston) <u>4/</u>	001	22.81	19.41	18.03	18.41	21.70
Appalachian (Charlotte) <u>5/ 6/</u>	005	22.96	19.41	18.03	18.41	21.85
Southeast (Atlanta) <u>6/ 7/</u>	007	23.36	19.41	18.03	18.41	22.25
Florida (Tampa) <u>6/ 8/</u>	006	24.96	19.41	18.03	18.41	23.85
Mideast (Cleveland) <u>9/</u>	033	21.56	19.41	18.03	18.41	20.45
Upper Midwest (Chicago) <u>10/</u>	030	21.36	19.41	18.03	18.41	20.25
Central (Kansas City) <u>11/</u>	032	21.56	19.41	18.03	18.41	20.45
Southwest (Dallas) <u>12/</u>	126	22.56	19.41	18.03	18.41	21.45
Arizona (Phoenix)	131	21.91	19.41	18.03	18.41	20.80
Pacific Northwest (Seattle) <u>13/</u>	124	21.46	19.41	18.03	18.41	20.35
All-Market Average	---	22.45	19.41	18.03	18.41	21.34

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

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

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

6/ Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

7/ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

8/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

9/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

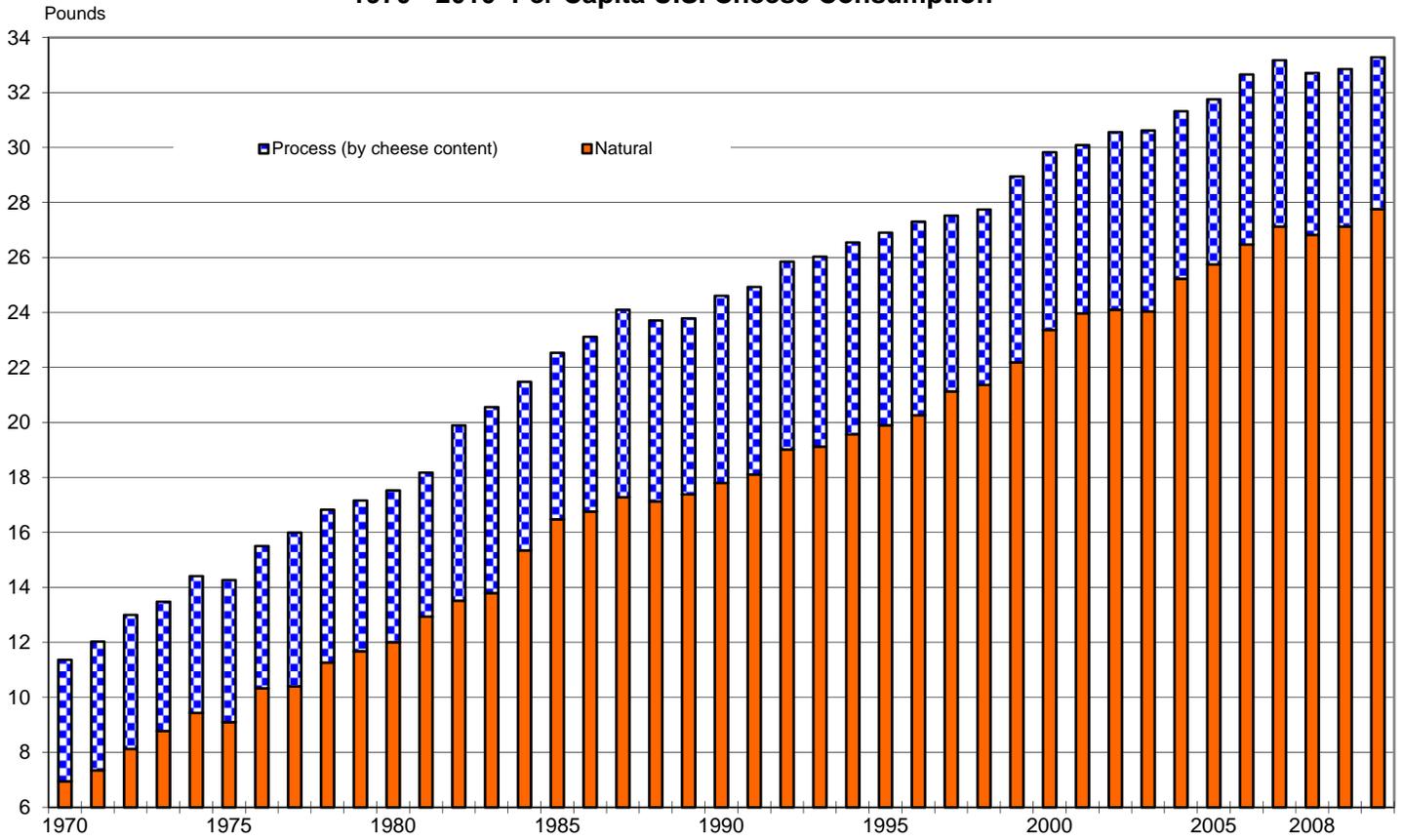
10/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

11/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

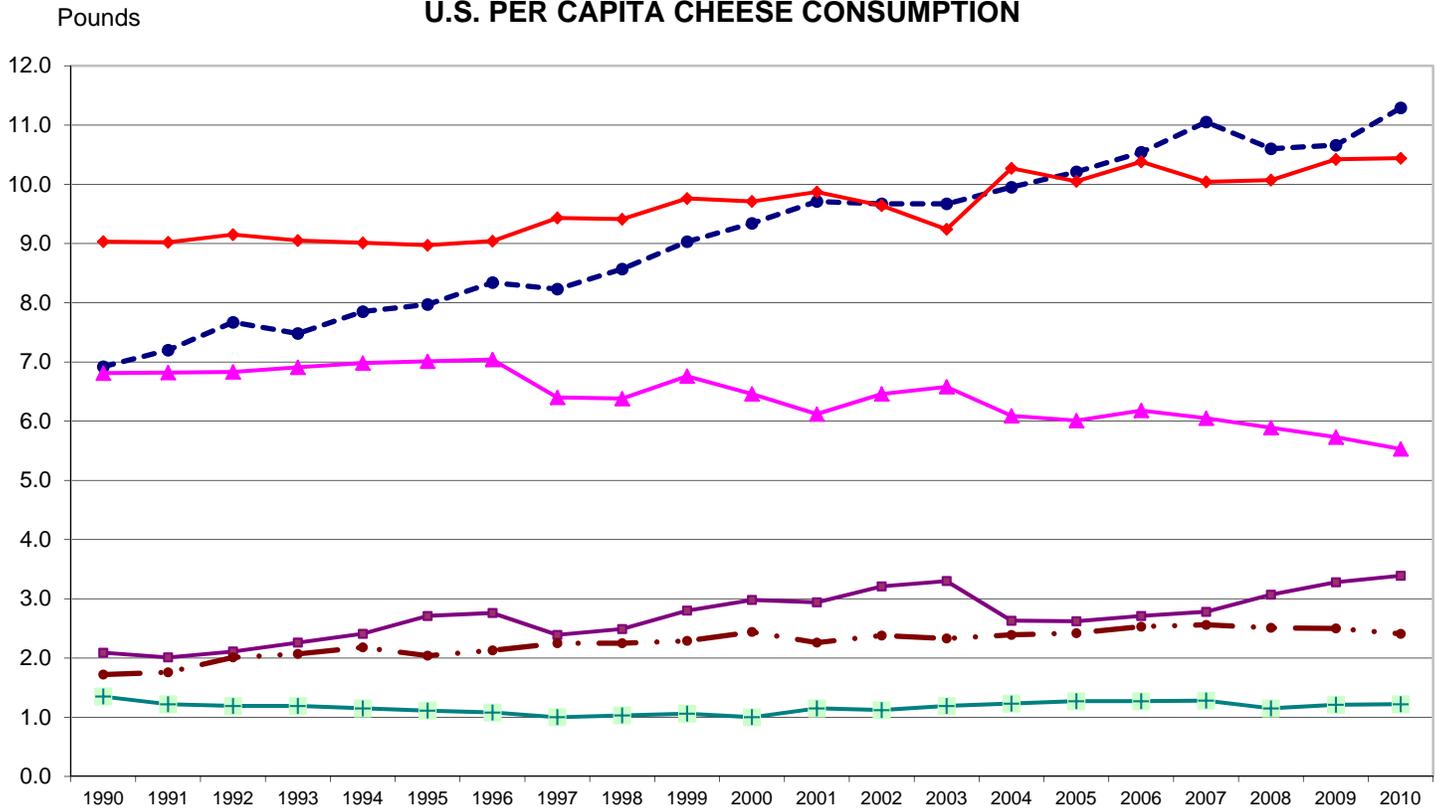
12/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

1970 - 2010 Per Capita U.S. Cheese Consumption

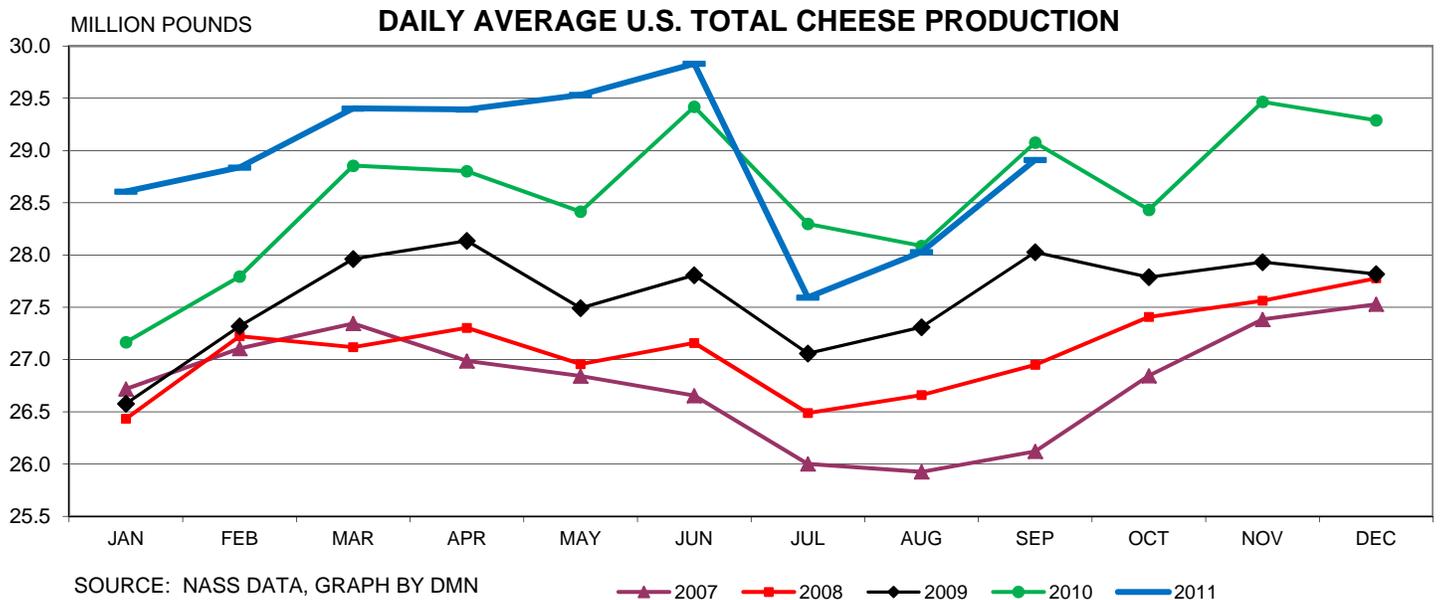
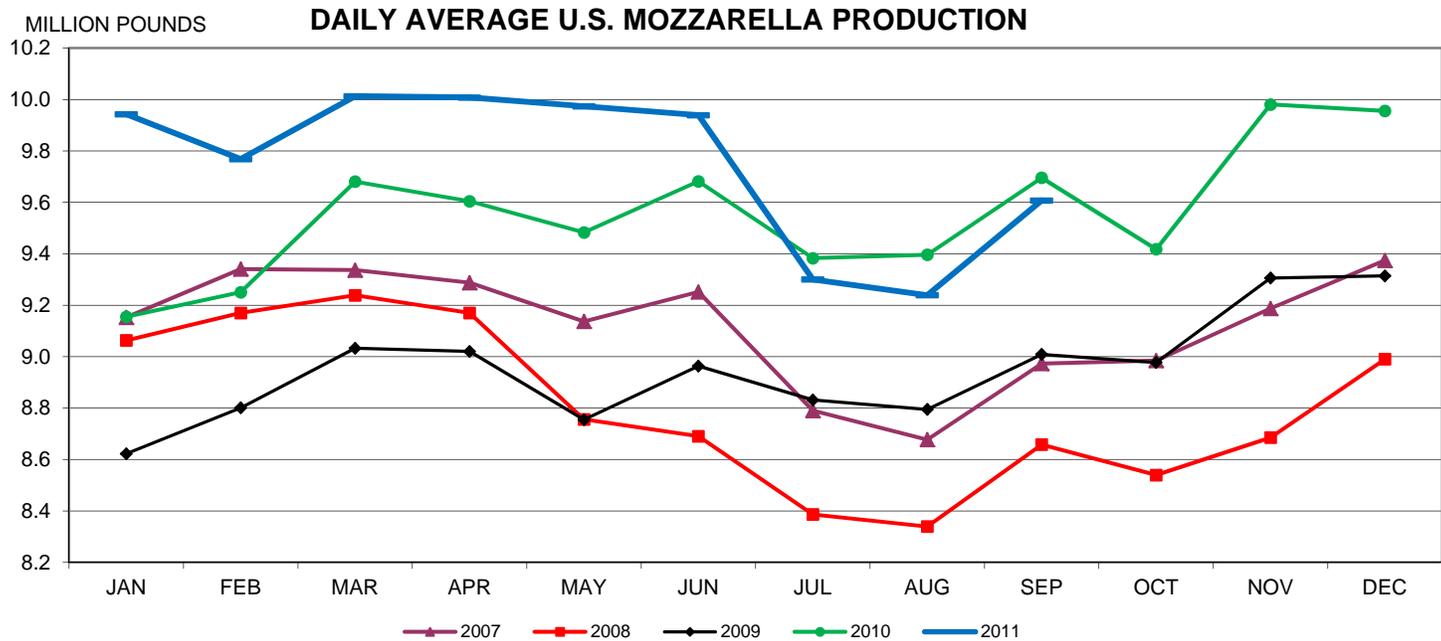
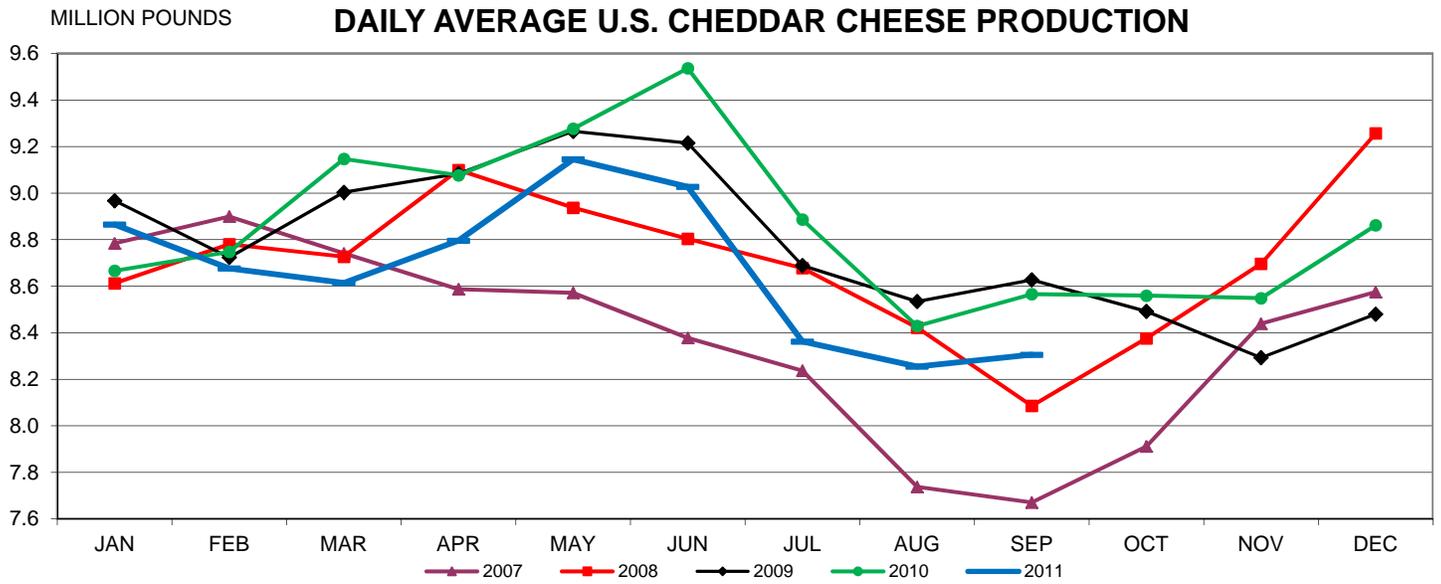


U.S. PER CAPITA CHEESE CONSUMPTION



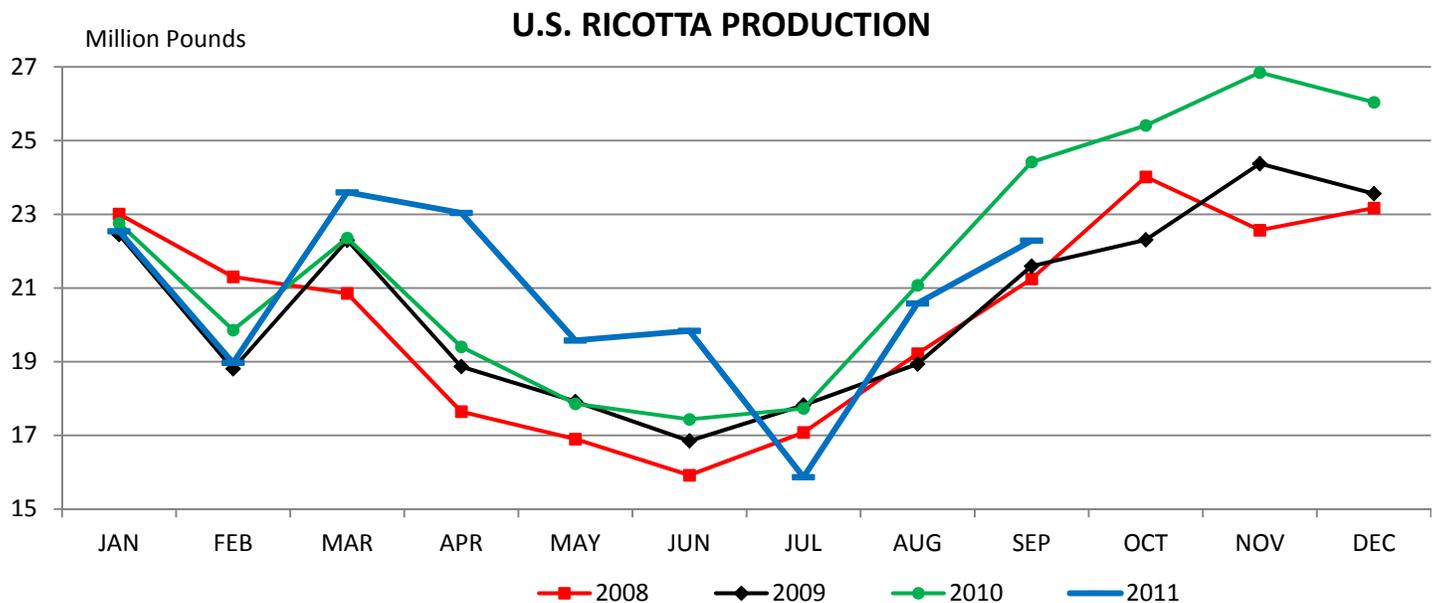
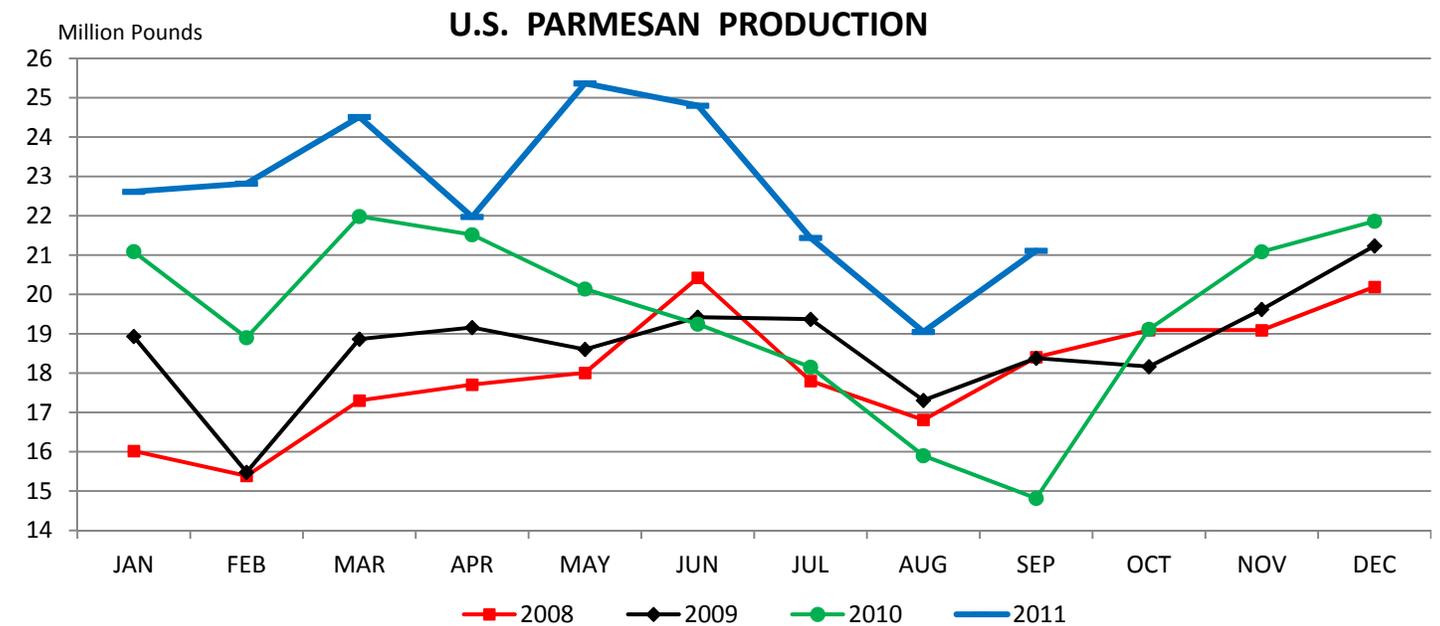
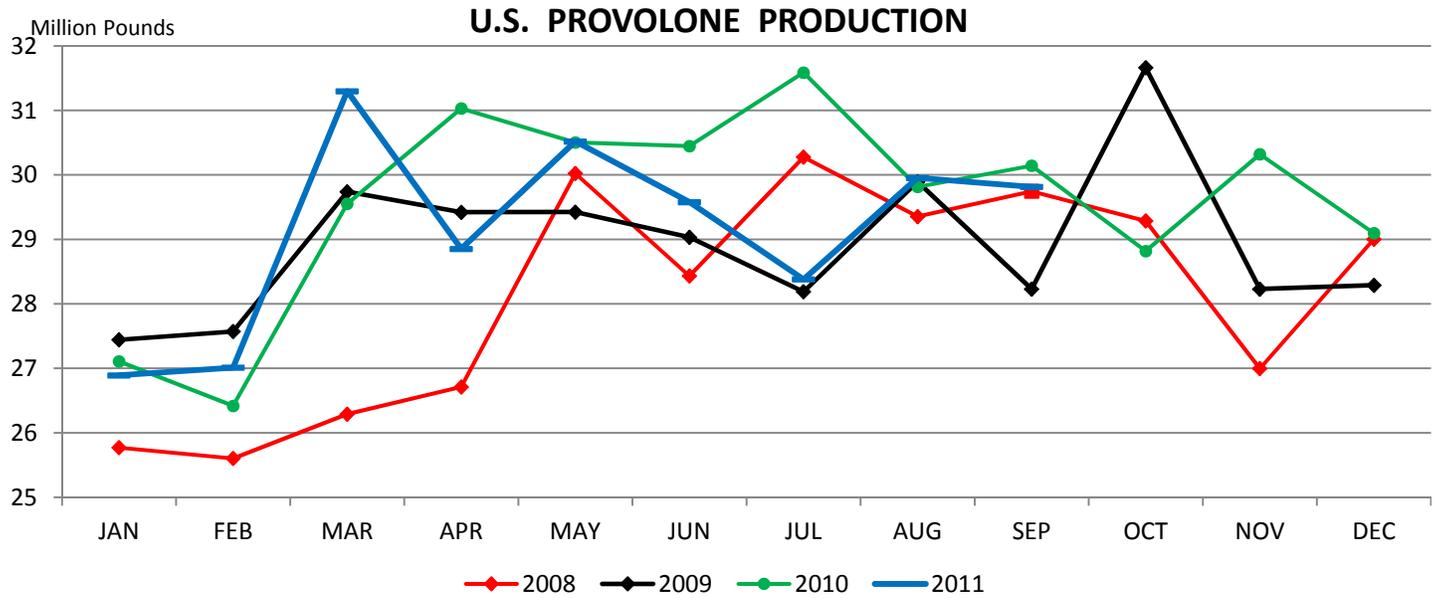
Graph USDA, DMN; Source USDA, ERS *process in cheese content

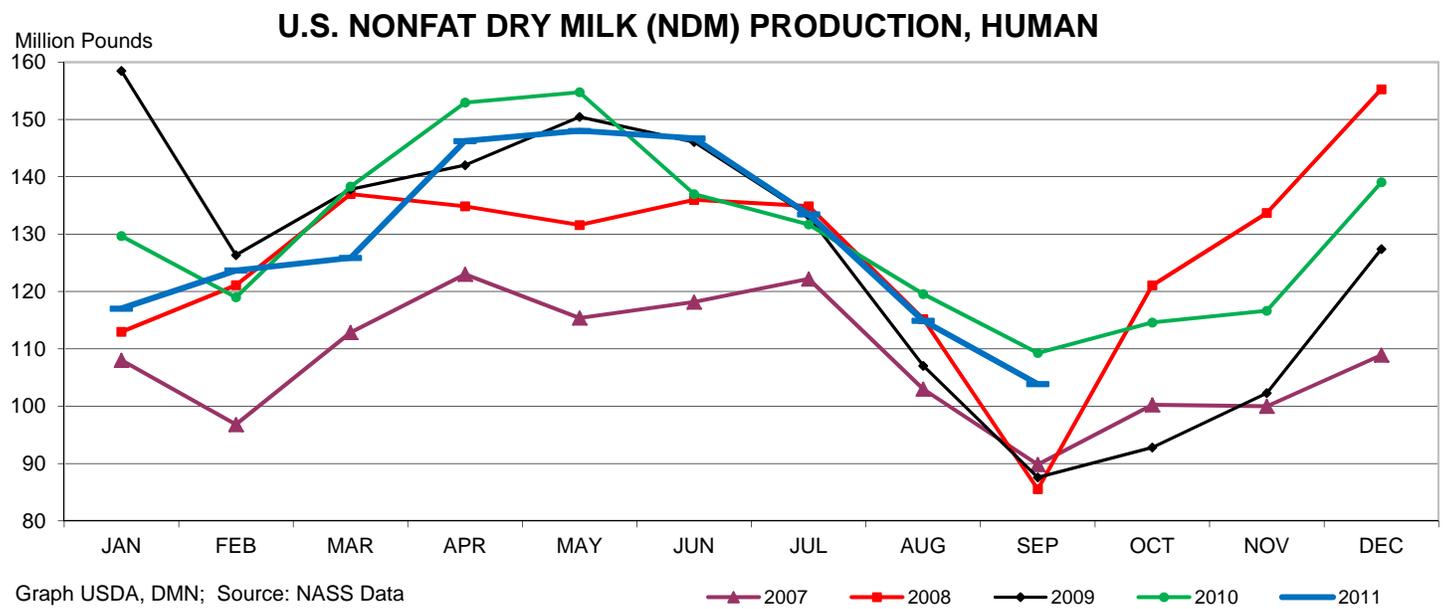
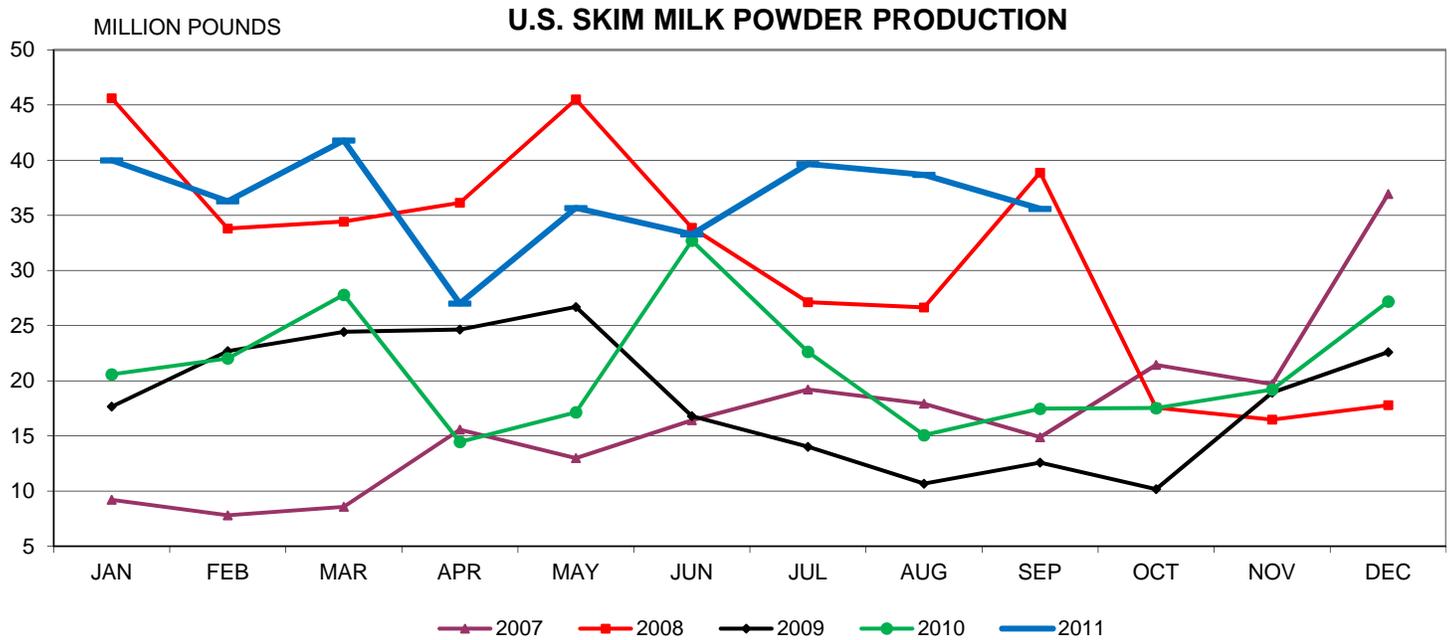
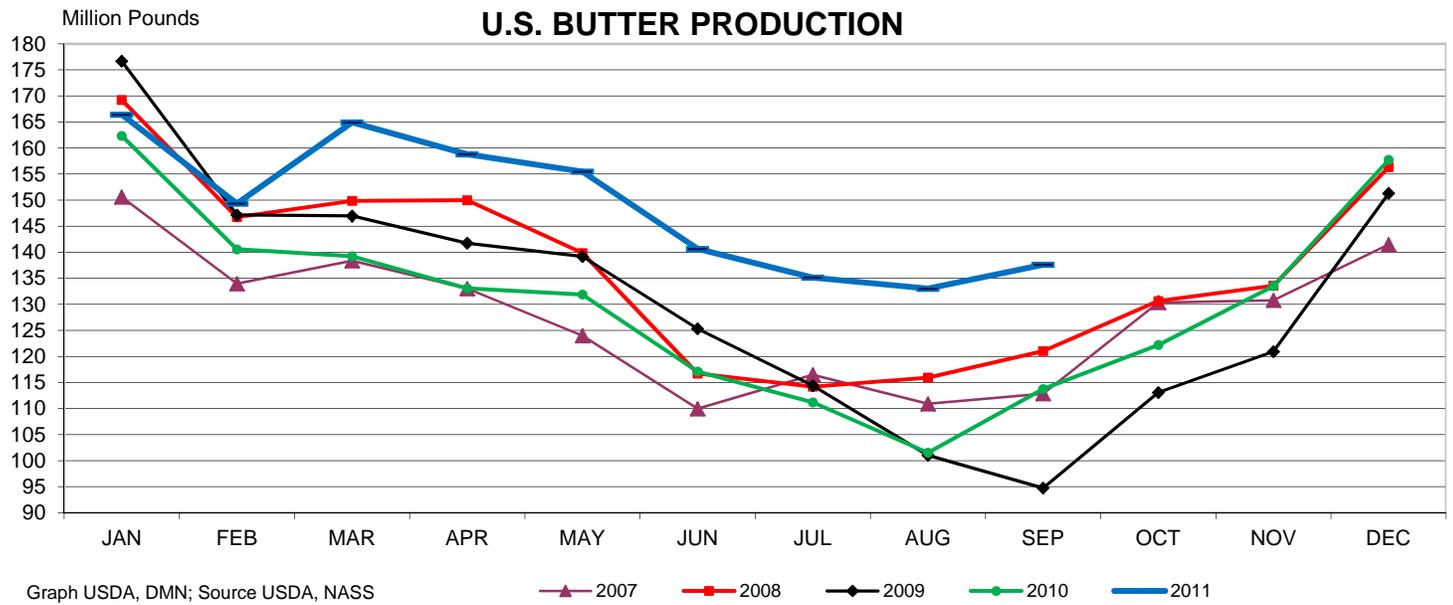
---●--- MOZZ —◆— CHED —■— OTHER AM -.-.- CREAM —+— SWISS —▲— PROCESS*



SOURCE: NASS DATA, GRAPH BY DMN

2007 2008 2009 2010 2011





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