

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (11/11):

BUTTER: Grade AA closed at \$1.7400. The weekly average for Grade AA is \$1.7845 (-.0815).

CHEESE: Barrels closed at \$1.9800 and 40# blocks at \$1.9500. The weekly average for barrels is \$1.9400 (+.1105) and blocks, \$1.9045 (+.0920).

BUTTER HIGHLIGHTS: The cash butter price at the CME has trended steadily lower during the past 8 consecutive trading sessions to settle at \$1.7400 at week's end. The current cash price compares to \$1.8325 last Friday, \$2.0000 last year at this time, and \$1.5250 in 2009. Churning schedules across the country remain seasonally active, although cream offering to the churn are tightening. Class II cream based holiday item production is seasonally strong. Retail orders for butter and other cream based products have been strong for the upcoming Thanksgiving holiday, often stimulated by feature activities. Retailers report that shopping patterns for the Thanksgiving holiday are more concentrated versus the yearend holidays which are often more spread out.

CHEESE HIGHLIGHTS: The cheese market is firm with closing prices on the CME Group cash cheese market above last week. The inverted spread continues as barrels closed the week above blocks. Current barrel supplies are more limited than cheddar blocks. Orders were steady to heavier on natural with process mostly steady. With turnaround time limited, current orders may not be available for Thanksgiving use. Spot interest picked up for fall/holiday specialties such as pepper jack and colby/jack with adequate age for cutting. Cheese production is about steady at lighter seasonal levels. Milk components are generally at annual peak levels. During September, U.S. cheese and curd exports totaled 34.3 million pounds, up 22% from September 2010. Cumulative 2011 cheese exports totals 368.1 million pounds, 32% above 2010. This equates to 4.7% of the January - September cumulative U.S. cheese production. January - September imports of high tier and quota cheese total 133.2 million pounds, 36.2% of the cheese volume exported during the period.

FLUID MILK: Milk production is holding mostly steady to slightly higher in the Southwest with levels trending above a year ago. Weather conditions have been moderate and not a factor to milk cows. In the Northwest, milk output is trending towards seasonal low levels with milk components building. Weather conditions have been favorable for milk cows in Utah and Idaho and milk production is steady to higher. Midwest milk output has been sporadically moving higher and lower at what is thought to be the lowest intake levels of the year. Processors are reaching to other states and regions for milk supplies. In the East, the milk flow is marginally higher.

DRY PRODUCTS: Nonfat dry milk prices are trending slightly higher, following recent clearing of excess stocks by several manufacturers. Dry buttermilk markets are mixed with light demand from the trade. Dry whey prices continue to move higher and reflect the market situation of limited spot

offerings and unfilled demand. The supply outlook looks to be tighter than in 2011 and buyers are attempting to secure supplies in an environment where more condensed whey will be moving to higher protein product production and dry whey producers have reshuffled their contract customers. Dry 34% whey protein concentrate prices are slightly firm with less discounting occurring. The 2012 supply of 34% WPC is also expected to decline in 2012. Lactose prices moved higher with some indices adjustments. Overall, demand remains good from domestic and international buyers.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** is basically at seasonal low levels, with some countries such as France reporting slight increases. September EU production is 1.2% ahead of last season which is lower than recent month to month trends, although September 2010 saw a significant increase which limited the percentage growth this year. Weather conditions throughout Europe have been positive for much of the fall and overall milk volumes have maintained a higher level than usual. Rainfall in southern regions has slowed late season milk output. Milk handlers are now directing limited milk volumes to product production of most need or best return. When possible, it appears that cheese production gets the tilt at this time. Traders and handlers indicate that they are anticipating an international milk powder and anhydrous milk fat tender to be announced in the near future. Speculation is that the delivery period will be first quarter 2012. European participation within the tender is being questioned by some traders and handlers as supplies are often limited to in close balance with prices often higher than other possible international sources. Butter stocks continue to clear back to the industry from PSA. As of October 20, 65,117 MT of butter remain in the PSA program. During the open season, approximately 89,000 MT of butter cleared to the program, thus about a quarter of the total volume has re-entered the marketplace. Milk production trends in **Eastern Europe** are also at or very near seasonal low levels. Although milk volumes are near seasonal lows, overall milk volumes are running heavier than last year at this time in many regions. The milk production season in the Oceania region is at or on the down side of seasonal peak levels. In **New Zealand**, milk output peaked about the second week of October and now receipts at manufacturing facilities are indicating declines. At the present time, temperatures are quite cool for this time of the season with snowfall being reported on the South Island. Milk producers and handlers are indicating that if the temperatures remain on the cold side, milk volumes will probably decline at a faster pace than desired. Currently, receipts are lower from peak levels, but the decline is not significant. The gas line breach, that disrupted manufacturing schedules two weeks ago on the North Island was quickly remedied and most manufacturing facilities that were impacted were back on line within a day, two at the most.

CONTINUED ON PAGE 1A

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

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8 - 8B)
DAIRY FUTURES (PAGE 9)
NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (PAGES 10-11)

SEPTEMBER FLUID MILK SALES (PAGE 12)
AUGUST MAILBOX MILK PRICES (PAGE 13)
DAIRY GRAPHS (PAGES G1 - G4)

CME GROUP CASH TRADING

COMMODITY	MONDAY NOV 07	TUESDAY NOV 08	WEDNESDAY NOV 09	THURSDAY NOV 10	FRIDAY NOV 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.9300 (+.0100)	\$1.9300 (N.C.)	\$1.9300 (N.C.)	\$1.9300 (N.C.)	\$1.9800 (+.0500)	:: :: (+.0600)	:: :: \$1.9400 :: (+.1105)
40# BLOCKS	\$1.8775 (-.0025)	\$1.9000 (+.0225)	\$1.8975 (-.0025)	\$1.8975 (N.C.)	\$1.9500 (+.0525)	:: :: (+.0700)	:: :: \$1.9045 :: (+.0920)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.4800 (-.1000)	\$1.4800 (N.C.)	:: :: (-.1000)	:: :: \$1.5400 :: (-.0400)
GRADE A	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4325 (+.0025)	\$1.4350 (+.0025)	\$1.4350 (N.C.)	:: :: (+.0050)	:: :: \$1.4325 :: (+.0025)
BUTTER							
GRADE AA	\$1.8150 (-.0175)	\$1.8075 (-.0075)	\$1.7900 (-.0175)	\$1.7700 (-.0200)	\$1.7400 (-.0300)	:: :: (-.0925)	:: :: \$1.7845 :: (-.0815)

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

Milk was lost during the down time, but milk volumes were not as significant as they could have been for handlers and producers. The total impact of the processing derailment is hard for processors and handlers to measure at this time, with speculations that later in the season the disruption might be realized. In **Australia**, milk production is at peak levels at this time. Milk handlers and processors are indicating that receipts appear to be holding with no significant increases being reported. Processors are hopeful that peak levels will be able to be maintained for a while and that declines will hold off for at least a few weeks. Although current weather patterns are wet and cool, receipts are not indicating declines at this time. Manufacturers and handlers are indicating that stocks are sufficient for contractual commitments with uncommitted stocks available, although these float volumes are rapidly decreasing. Overall, order books are in fairly good shape as the milk production season remains strong. The November 1 g/DT session #55 results showed mixed trends with average prices for most contracting periods and products generally weaker, although skim milk powder and casein price averages firmed.

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): Milk production forecasts for 2011 and 2012 are unchanged from last month. Commercial exports are forecast higher for 2011. Fat and skim-solids ending stocks for 2011 are lowered. Cheese, butter, and whey prices are forecast higher for both 2011 and 2012, but the nonfat dry milk (NDM) price forecast is reduced for 2011 and unchanged for 2012. Class III prices are raised for 2011 and 2012 on the increased price forecast for cheese and whey. The Class IV price is unchanged for 2011 as the higher butter price is mostly offset by a lower NDM price forecast. However, for 2012 with an unchanged NDM price forecast, the Class IV price forecast is raised due to higher butter prices. The all milk price is forecast at \$20.10 to \$20.20 per cwt. for 2011, and \$18.05 to \$18.95 for 2012.

SEPTEMBER FLUID MILK SALES (AMS & CDFA): During September, over 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9% lower than September 2010. After adjusting for calendar composition, sales in September 2011 were 2.3% lower than September 2010. Estimated sales of total conventional fluid milk products decreased 1.3% from September 2010 and estimated sales of total organic fluid milk products increased 8.9% from a year earlier.

AUGUST MAILBOX MILK PRICES (AMS & CDFA): In August 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.25, up \$0.50 from the previous month's revised average and up \$5.65 from August 2010. The component tests of producer milk in August 2011 were: butterfat, 3.56%; protein, 2.98%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in August 2011 ranged from \$26.72 in Florida to \$20.17 in New Mexico.

CME GROUP

MONDAY, NOVEMBER 7, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9300; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8775
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4100; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8150

TUESDAY, NOVEMBER 8, 2011

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$1.8800, 1 @ \$1.9000; 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: 1 CAR GRADE AA @ \$1.8075

WEDNESDAY, NOVEMBER 9, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.8900, 1 @ \$1.8700; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8975; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4325; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS GRADE AA: 2 @ \$1.8000, 2 @ \$1.7975, 3 @ \$1.7900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7900

THURSDAY, NOVEMBER 10, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4350; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.4800
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7700

FRIDAY, NOVEMBER 11, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9100, 1 @ \$1.9500; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9800; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.7500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7400

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$.0075 Tuesday and closed at \$1.8075. In the last 5 trading sessions the butter price has declined \$.0725. Cream supplies and cream based product manufacturing have returned to normal seasonal levels after last week's early season snow storm. Retail butter sales are active in the Northeast, prompted by numerous features and promotions by grocery store chains. Butter production is at or near capacity at most butter plants as demand and orders remain strong ahead of the Thanksgiving holiday. Some butter plant managers are reworking supplies as a means to update inventories and to aid in filling current orders. Butter makers continue to closely monitor inventories as they attempt to limit supplies prior to expected future butter price declines. To compare and contrast, the weekly average butter price a year ago this week was \$1.9980, it declined \$.0500 cents the following week and then dropped \$.1980 to \$1.7500 the week of Thanksgiving. Current 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 continues to steadily decline during the past week to settle at \$1.7900 at midweek. The current cash price has declined 8 3/4 cents during the past five trading days and is the lowest it has been in about a month. Churning schedules remain seasonally active, although churning cream supplies are tightening as Class II holiday cream based product production increases. Current production, supplemented with inventoried and

micro-fixed stocks, is sufficient to fulfill customer needs. Fill-in orders continue to be placed, but in many instances, a significant portion of yearend needs are in order books. Orders have been shipped and are basically in place for the upcoming Thanksgiving holiday. Retail feature activity is becoming more prevalent with both store and national brands being featured. In the Central part of the country, prices are ranging from \$1.9900 for store brands to as low as \$2.4900 for national brands. 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 \$.0175 lower at \$1.7900. Butter prices have declined for the last five trading sessions. The market has gone down \$.0875 cents since last Wednesday. Trading for the week has been quiet until Wednesday with seven loads trading hands. Western butter prices are lower and sales have been active. This is a combination of finishing holiday orders and taking advantage of lower prices. Bulk butter sales are slow as most sales for the holiday have taken place, while print sales are brisk. Sales of premium print butter are being aided by featuring in retail stores. Club store sales are reported to be very good. Churns have been active filling orders and supplies are ample to fulfill needs. Prices for bulk butter range from even to \$.0650 cents under the market, based on the CME with various time frames and averages used. CME Group average price for October 2011 for butter is \$1.8295 compared to \$2.1895 for October 2010.

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
November 5	1.7255 10,314,259	1.7588 9,919,498	1.4723 19,993,608	1.8393 4,743,452	0.6322 6,213,740

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were mixed Tuesday with barrels unchanged and closing at \$1.9300, while blocks increased \$0.0225 to close at \$1.9000. Cheese prices have increased significantly in the last 5 trading sessions with barrels increasing 15 cents, while blocks have advanced 12 cents. Weekly average prices have also increased, resulting in higher Wholesale prices with Process 5# sliced cheese increasing \$0.0900, while Cheddar 40# blocks and Muenster increased \$0.0850. Retail cheese promotions and features throughout the Northeast are stimulating sales and orders. Mozzarella, Provolone, aged cheddar and cream cheese varieties are showing good sales ahead of the upcoming holiday. Cheese production continues to be at expected seasonal levels. Prices a year ago this week shows wholesale prices for Process 5# sliced cheese \$.2725 lower, Cheddar 40# blocks and Muenster were \$.2800 lower with Swiss cuts \$.3100 lower.

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

Cheddar 40# Block	:	2.1275-2.4025
Process 5# Sliced	:	1.9400-2.2500
Muenster	:	2.1475-2.3525
Grade A Swiss Cuts 10 - 14#	:	3.6375-3.9600

MIDWEST

The cheese market remains firm with prices continuing to climb on the CME Group cash cheese market. Demand has picked up, particularly for natural for holiday needs. Buyers are out "scouring the woodwork" looking for "cut able" aged (around 20 days) pepper jack and, to a lesser degree, colby/jack. Cutters are busy filling and shipping orders, generally requiring steady to larger amounts of overtime. Process interest is steady to slightly improved. Barrels remain snug. November cheese production schedules generally get adjusted by bottler milk needs in a usually stronger fluid demand month just when milk intakes are usually at the lowest level. Cheese yields are around peak annual levels.

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

Process American 5# Loaf	:	2.1900-2.3800
Brick And/Or Muenster 5#	:	2.3200-2.4800
Cheddar 40# Block	:	2.2700-2.8650
Monterey Jack 10#	:	2.2825-2.8650
Blue 5#	:	2.5750-3.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1550-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.0450-3.3300

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

	BUTTER	:	CHEESE
11/07/11	5,645	:	128,068
11/01/11	6,091	:	128,362
CHANGE	-446	:	-294
% CHANGE	-7	:	N.C.

WEST

Wednesday's close at the CME Group had barrel cheese unchanged at \$1.9300. Block cheese was down \$.0025 to \$1.8975. Barrels have advanced \$.0100 thus far this week with blocks advancing \$.0175. Barrels have been higher than blocks for the last six trading sessions. Barrel sales have been nonexistent with only moderate trading of five loads of blocks. Western cheese prices are gaining value. Barrel supplies for processing are described as tight. Contract sales of cheese are steady with some excess spot loads finding lighter interest. Supplies of some moderately aged cheese, like pepper jack are tight. Export interest is slowing with the higher prices and is often aided by CWT assistance where applicable. CME Group monthly average price for October 2011 for barrels is \$1.7192 compared to October 2010 at \$1.7120. Blocks averaged \$1.7231 for October 2011 compared to \$1.7246 for last year.

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

Process 5# Loaf	:	1.9550-2.2125
Cheddar 40# Block	:	1.9400-2.2925
Cheddar 10# Cuts	:	2.1200-2.3400
Monterey Jack 10#	:	2.1300-2.2900
Grade A Swiss Cuts 6 - 9#	:	3.2150-3.6450

FOREIGN

The CME Group weekly average price for block cheese increased and advanced domestic wholesale prices by \$0.0850. Prices for Swiss cuts declined following the release of the Class III milk price Friday. Swiss cheese makers in the East are hoping the Swiss cheese price reductions will prompt increased sales as current sales are viewed as lackluster. Swiss cheese production has slowed in the face of building inventories and sluggish sales. Compared to a year ago this week, domestic wholesale prices for all varieties, except Parmesan and Swiss cheese, were 28 cents lower. The Parmesan price range was \$.0625 lower on the low end of the range and \$.4250 lower on the high end of the range. Domestic Swiss cut prices were \$.3100 lower.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2675-3.7550*
Gorgonzola	: 3.6900-6.3900	: 2.7700-3.0300*
Parmesan (Italy)	: -0-	: 3.3900-3.9450*
Provolone (Italy)	: 3.4400-6.3900	: 2.3100-2.4675*
Romano (Cows Milk)	: -0-	: 3.4575-5.6000*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.7300-4.0525*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	81	0	144	0	0	99
SOUTHEAST STATES	0	0	0	0	10	0

Manufacturing milk supplies in the Northeast declined this week, caused by Class I demand increases as schools and retail outlets refilled pipelines and inventories following last week's early season snow storm. Retail promotions in the Northeast are featuring sour cream, butter, cream cheese, egg nog, cottage cheese, ice cream and numerous varieties of 8 ounce block cheese. Good weather in the Northeast region allowed an increase in corn and soybean harvest activities, but Pennsylvania remains 19% behind last year's corn harvest and 33% behind last year's soybean harvest. The national corn harvest was pegged at 78% as of October 30, 12% below or roughly 8 days behind last year's harvest. Manufacturing milk supplies increased in the Mid-Atlantic region, caused by pushbacks of Class I supplies from the Southeast. Milk production increased marginally in the region this past week. Some cooperatives are actively seeking new producers as some established producers are opting to close down in the face of declining margins. Balancing plants are rolling over any excess milk supplies, because of next week's expected Class I demand increases ahead of the holiday. Unexpected production interruptions are continuing at a major bottling plant in the Southeast causing milk transports to be reallocated to other manufacturing facilities. Milk production has increased slightly in the region as cows and heifers are freshening and being added to the herd. Florida's milk production is increasing rapidly as cows are freshening and weather conditions are ideal. Class I demand remains strong and is expected to peak next week ahead of the holiday. The number of spot loads imported declined to 81 loads this week. This week last year saw 99 export loads compared to this year's 81 import loads. Cream supplies and cream based manufacturing returned to seasonal levels following the snow storm in the Northeast last week. Cream cheese is at full production as manufacturers fill orders for the holiday season. Churns are also running at near capacity levels at most plants. Cream multiples were in a narrower range this week. Multiples ranged from 125-138 with a majority of the transactions in the 130-135 range. Cream based product manufacturers are currently negotiating their 2012 cream contracts. Demand for condensed skim milk has increased as retail promotions and features of various Class II and Class III products has increased sales and manufacturing demand. Class III condensed skim prices declined following Friday's class and component price release.

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 -	2.3325-2.5751
F.O.B. producing plants: Upper Midwest -	2.3138-2.3885

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 -	1.44 - 1.49

MIDWEST

Class I interest is steady at best. Retail fluid promotions seemed lighter this week. Bottlers hope that retailers will include milk as part of their package of Thanksgiving promotional items next week. Some contracted Upper Midwestern milk continues to head to the Carolinas to

supplement local supplies. Eggnog production is seasonally active. Generally stronger orders were noted for high fat Class II products including dips, sour, and whipping cream. Ice cream production remains at lighter seasonal levels. Churning remains active and despite increases in Class II product output, supplies were available for purchase with little difficulty. Manufacturing milk supplies continue the recent pattern with supplies and demand fairly steady with recent weeks. Handlers expect that the closing of schools for a couple days for Thanksgiving will cause just a minimal backup of milk into manufacturing channels. What handlers and plant operators are working on are plans for the much larger volume of surplus milk at yearend with schools closed for the holidays. Handlers are trying to book as much early to avoid the usually larger discounts on last minute holiday surplus milk volumes. Current intakes are perhaps just past the lowest level of the year with the usual scattering of ups and down from the previous week. Milk components are at annual peak levels. An early rain followed by snow storm hit parts of the upper Midwest at midweek slowed travel. Most of the fall crop harvest has been completed but soil conditions, from too wet in some locations to too dry in others, have stymied fall tillage operations.

WEST

CALIFORNIA milk production is holding mostly steady this week. Plant intakes are along planned levels and in good shape heading into the upcoming holiday period. Weather conditions are often wetter and cooler than in recent weeks, but there are only limited effects on output in some areas. Class I interest in the state remains flat. ARIZONA milk output is trending slightly higher. Temperatures are cooling and overall conditions are favorable for milk cows. Any increased milk intakes are easily handled into normal processing channels. Class I demand is steady. NEW MEXICO milk output is flat on a week-to-week basis. Processing plants are receiving projected levels of milk and all are online. Class I interest is down slightly with variable interest from retail feature activity. The narrowing gap between Class III and IV prices have not impacted milk placement. The Western CREAM market continues to trend along firm lines based on a very good demand from butter producers and manufacturers of holiday related, cream-based items. Butter churning is very heavy and filling a good print demand. Creams offerings are limited and very little cream is available on the spot market. Cream is being characterized as an "easy sell" now. Cream prices are often trending lower despite the demand situation, reflecting the lower pricing trends of butter prices, averages, and basing points. Pricing at the CME for Grade AA butter closed at \$1.7900 on Wednesday, November 9, down 8.75 cents from a week earlier. Western cream multiples are trading in the steady range of 112-126 and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST is following expected volumes as production nears the annual low point. This is offset by higher milk components in many cases. Cream demand is better as production of holiday items is increasing. Class I demand is mostly steady. The end of the harvest season is allowing dairies some time to make plans for 2012. Harvest pressure has reduced some costs for corn and feed protein needs, although prices are significantly higher than just a few years ago. Input costs are being looked at closely as dairy farmers work out management strategies. UTAH and IDAHO weather has been good for cow comfort and milk production. The announcement of a new manufacturing facility to open next year in Idaho has raised some expectations for milk demand for 2012. Dairy farmers are taking time to attend producer conferences and discuss plans for the new year with other dairies and milk processors.

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are one cent lower on the tops of the range and mostly price series. Various manufacturers indicate low heat and high heat NDM availability is variable—some plants are not offering loads to the spot market due to light holdings. Other manufacturers are clearing a few spot loads to moderate interest. Those plants are focusing on meeting contract needs as well as managing NDM inventories in this unsettled market. Some brokers/traders indicate that most NDM spot offers are coming from other resellers. Interest is steady. Farm milk intakes are nearing seasonal low points for many plants. A few plants are channeling milk intakes into other concentrated milk products instead of into NDM. Discussions about 2012 contracts for NDM are underway. Some market participants indicate the current NDM price range is placing buyers and sellers close enough together on price projections to hammer out price/quantity agreements for early 2012. Variations on price formulations run from fixed prices to having a formula basis plus a price enhancer.

MONTHLY AVERAGE PRICES: The October 2011 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.4893 compared to \$1.5386 one month ago and \$1.2445 in October 2010. The October 2011 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.5960 compared to \$1.6450 one month ago and \$1.3903 in October 2010.

EAST: Nonfat dry milk prices were mixed this week with low heat prices moving lower, while high heat prices moved higher. Production of nonfat dry milk was also mixed. Production declined in the Northeast region as dairy manufacturers resumed regular production schedules after last week's early season snow storm, but production marginally increased in the Mid-Atlantic region as an unexpected bottling plant shut down in the Southeast increased manufacturing milk supplies. Demand for low heat NDM remains sluggish with purchasers buying for immediate needs only. Demand for high heat NDM saw some increase as baking supply manufacturers continue to operate at increased production schedules ahead of the holiday season. Some buyers continue to find low and high heat available in the Central region at prices below Eastern contract prices. Inventory levels are fairly tight in the East.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.5600 MOSTLY: 1.4200 - 1.5200
 HIGH HEAT: 1.4800 - 1.6500

NONFAT DRY MILK - WEST

Pricing trends for Western low/medium heat nonfat dry milk are moving higher as fewer producer offerings are available at discounted prices. The market trend is more towards a steady tone as the recent, low prices vacate the bottom end of the market. In addition, the lower trends of resale prices are showing improved signals. The volumes offered in resale markets are lower, whereas the pricing levels are higher than in recent weeks. Pricing indices continue to show up/down movements, but are

becoming more established in a tighter band. Production and sales of skim milk powder continue to be used to balance the supply and demand equations of producers in the region who can make either NDM or SMP. There are concerns about market stability and direction towards the yearend and into the first quarter of 2012. Drying schedules are mixed. There is adequate plant capacity for milk needs in the region. Producers stocks are mainly moderate and mostly adequate for trade needs. Western high heat nonfat dry milk prices are slightly lower. Trading interest is mixed with some seasonal demand in the marketplace. Production is light to moderate with some increased output ahead of demand. Stocks remain light to moderate.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3900 - 1.5275 MOSTLY: 1.4000 - 1.4900
 HIGH HEAT: 1.4500 - 1.5775

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region moved lower. Spot market activity accounted for some of the price changes, reflecting market conditions. Spot market demand is steady to somewhat slower. Dry buttermilk production is ongoing, coinciding with ample cream supplies and steady churning schedules. A few plants are clearing condensed buttermilk into the bakery industry and other end uses.

MONTHLY AVERAGE PRICES: The October 2011 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.3848 compared to \$1.3905 one month ago and \$1.3483 in October 2010.

EAST: Dry buttermilk prices declined for the third consecutive week, dropping the average of the range to \$1.3450. The average of the range price has not been at this level since reporting week 5 in early February. Butter and dry buttermilk production continues to increase as churns in the East are operating at near capacity, producing butter for the holiday season. Dry buttermilk demand is steady, but below previous year levels, as some buyers maintain a buy for need only purchasing position. Transactions of dry buttermilk are mostly limited to contracts with limited spot market activity.

F.O.B. CENTRAL/EAST: 1.2600 - 1.4300

DRY BUTTERMILK - WEST

Western dry buttermilk prices continue to trend higher, following the pattern of the past few weeks. The market tone remains steady to firm. Many producers/sellers are moving out of the bottom of a price cycle that saw discounts used to clear excess inventories. The shifting of this powder into the hands of end users and resellers has also curtailed current demand from those same outlets. Drying schedules are active as butter output is seasonally very active. Stocks are light to moderate.

F.O.B. WEST: 1.3000 - 1.3450 MOSTLY: 1.3100 - 1.3300

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

Prices for dry whole milk adjusted lower as both spot and formula based prices factor in recent market value changes for butterfat and dairy proteins. Production of dry whole milk at one or two plants is delayed for periodic equipment maintenance. Production at other plants is unchanged, with much of the output destined for contract fulfillment or internal consumption. Some end users report availability of imported dry whole milk is increasing seasonally and prices on the imported stocks are generally competitive with current domestic dry whole milk prices.

MONTHLY AVERAGE PRICES: The October 2011 Dairy Market News average of the range price series for dry whole milk was \$1.9384 compared to \$1.9814 one month ago and \$1.6855 in October 2010.

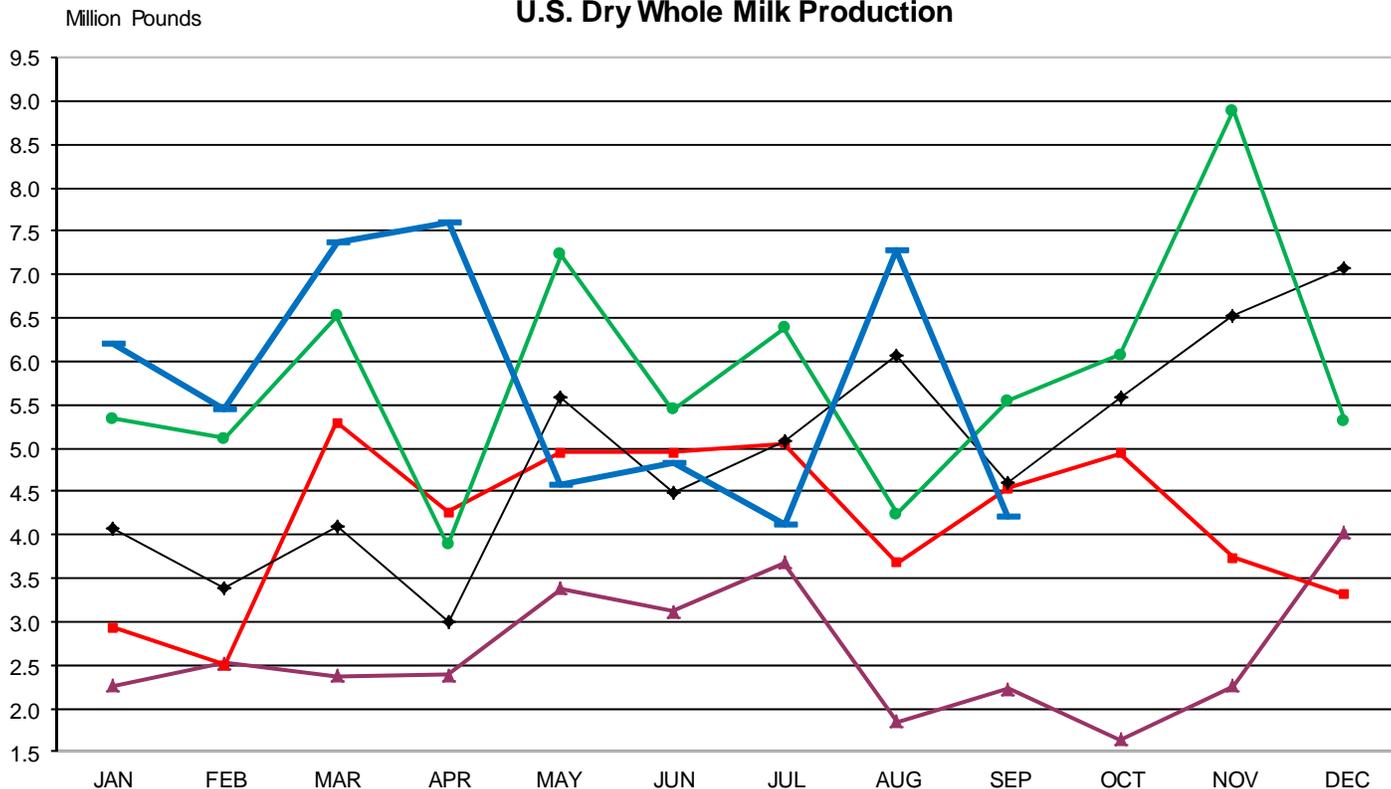
F.O.B. PRODUCING PLANT: 1.7400 - 1.9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 4	\$1.4908	12,792,420	0
October 28	\$1.4937	11,923,717	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 Whole Milk Production



Graph USDA, DMN; Source USDA, NASS

2007 2008 2009 2010 2011

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

With various indices moving higher, Central dry whey prices rose this week. Manufacturers are actively discussing 2012 contract management as demand from domestic and international trading partners builds. Contract requests from a few international customers include options to purchase all manufactured dry whey from some manufacturers. Most manufacturers confirm, though, they expect to continue selling dry whey to many existing domestic business partners, although weekly/monthly load quantities may vary from 2011 norms. In addition, some plants are shifting dry whey sales management to full-service industry partners able to accommodate dry whey requests of all quantities. Dry whey production is below regional capacity as farm milk intakes have yet to shift into the seasonal upswing. The ANIMAL FEED DRY WHEY price series narrowed slightly this week. Availability is limited within the Central region and some Western animal feed dry whey is clearing to the Central at prices above the range. Western animal feed dry whey prices are not included in the Central Animal Feed Milk Replacer price series. Feed blenders are on the lookout for dry whey offers to counterbalance inventories many blenders now have of higher protein dairy products.

OCTOBER DMN AVERAGE PRICES: The October 2011 Dairy Market News average of the mostly price series for Central dry whey was \$0.6054 compared to \$0.5794 one month ago and \$0.3514 in October 2010. The October 2011 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.5224 compared to \$0.5006 month ago and \$0.2994 in October 2010.

F.O.B. CENTRAL: .5900 - .6525 MOSTLY: .6000 - .6400
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4650 - .6275

DRY WHEY - NORTHEAST

Dry whey prices moved higher as the low end of the range moved higher under contract formulation. Demand remains very good with very tight supplies as contracted purchasers are trying to pull increased volumes prior to the end of the contract year. Spot sales activity remains virtually nonexistent, but there is some resale activity at prices above the range. Negotiations are ongoing for the 2012 contract year with contracted buyers commenting that they anticipate steady to higher formulations.

MONTHLY AVERAGE PRICES: The October 2011 Dairy Market News average of the price series for Northeast dry whey was \$0.6295 compared to \$0.6005 one month ago and \$0.3702 in October 2010.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6275 - .6600

DRY WHEY - WEST

Western edible dry whey prices continued to edge higher fractionally. The market exhibited a firm tone as spot availability of dry whey is tight. Cheese production in the West is mostly steady to weak and is further tightening the whey supply. Whey manufacturers are basing production schedules to fill contract needs. Increased interest in higher whey protein concentrates is diverting the whey stream away from traditional dry whey production. Demand for whey is good and spot sales are occurring mostly from brokers at above market prices. Export interest is good with some producers offering product below domestic prices to maintain market share. Overall export quantities for January to September are 406.8 million pounds, -1% (5.7 million pounds less). The October 2011 Dairy Market News monthly average price for Western dry whey range was \$0.6019 compared to \$0.3807 for October 2010; the Western dry whey mostly series averaged \$0.6327 compared to \$0.3846 a year ago.

NONHYGROSCOPIC: .5100 - .6600 MOSTLY: .6225 - .6550

U.S. Dry Whey Exports, H.S. Code 040104000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	42.4	+ 2
TOTAL, JAN - SEP	406.8	- 1
1 China	82.6	+ 4
2 Mexico	54.0	+ 31
3 Canada	39.1	+ 8
4 Malaysia	33.4	+ 31
5 Indonesia	32.1	+ 34

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices firmed slightly this week. Discounts to the market on edible WPC 34% spot loads were less evident from both producers and resellers. Some market participants anticipate a steadier market will prevail in the near term as many manufacturers' and resellers' inventories are now at comfortable levels. As an addendum to seasonally low milk supplies and sluggish cheese orders, current production of WPC 34% at several plants continues to lag projections. Contracting efforts for 2012 continue. At this time, market participants' generally expect 2012 domestic output of edible WPC 34% to decrease compared to 2011, following the trend of the last few years. This is mostly the result of various plants implementing changes to their whey stream end products. Some buyers have already received notifications from their usual suppliers, indicating one of two circumstances: buyers should expect to receive fewer WPC 34% loads under contract or buyers will need to look elsewhere for all their 2012 WPC 34% needs.

OCTOBER DMN AVERAGE PRICES: The October 2011 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.4363 compared to \$1.4900 one month ago and \$0.9845 in October 2010.

F.O.B. EXTRA GRADE 34% PROTEIN:1.4000 - 1.5650 MOSTLY: 1.4200 - 1.4550

U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	17.9	- 26
TOTAL, JAN - SEP	169.0	- 19
1 China	68.0	- 17
2 Canada	26.4	- 11
3 Mexico	23.0	- 53
4 Japan	13.3	- 13
5 Thailand	4.5	+ 69

LACTOSE - CENTRAL AND WEST

Prices for lactose moved higher on the top of the range price series and the bottom of the mostly price series as variable contract indices increased and spot load sales occurred. Producers continue to report interest is very good for lactose of all mesh sizes. Interest from off-shore buyers, especially from Asia, is strong for 2012. Proposals from some off-shore buyers include securing all the lactose various plants/producers are capable of generating, to help supply overseas blending operations. For several domestic manufacturers, though, these proposals appear to be fraught with concerns as little room is left for negotiations if/when market conditions change.

OCTOBER DMN AVERAGE PRICES: The October 2011 Dairy Market News average of the mostly price series for Central and West lactose was \$0.7503 compared to \$0.6086 one month ago and \$0.3343 in October 2011.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .6600 - .8550 MOSTLY: .7300 - .7900

U.S. Lactose Exports, H.S. Code 1702110000(FAS)

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	32.4	- 3
TOTAL, JAN - SEP	328.7	+ 31
1 New Zealand	64.4	+ 290
2 China	54.4	+ 108
3 Mexico	38.9	+ 16
4 Japan	26.2	- 16
5 Australia	15.8	N.C.

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 generally unchanged, although the market undertone is weak. Domestic buyers continue to question suppliers about availability for the future. In most instances, suppliers remain confident that they will have sufficient volumes to fulfill commitments. The European milk production season is basically at the lowest point of the year, thus casein output has also ceased. Most casein producers and handlers are indicating that they had a fairly good casein production season and stocks should be adequate to carry them through the upcoming winter months. Oceania casein output is seasonally strong as milk production is at or slightly past peak levels. Casein producers are hopeful that peak milk production levels will be able to be maintained for an extended period of time, or at least as milk volumes decline, the decrease is gradual. At the November 1 g/DT event in New Zealand, the prices for all contracting periods for rennet casein averaged \$9,182 per MT (\$4.16 per pound), which was 35.3% higher than the previous all contract average. The nearest term contract #2 (January) averaged \$9,343 per MT (\$4.24 per pound), 36.5% higher than previous near term contract average.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B.,
U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY
ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	4.6000 - 5.0500
ACID:	4.9500 - 5.2000

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF NOVEMBER 7 - 11, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 11/04/11	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 10/22/11 & Comparable Week 2010

Regions* (000 HEAD)											U.S. TOTAL		% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.7	8.3	3.4	19.9	3.8	N.A.	N.A.	15.2	3.3	56.7	2,382.7	40.4	44.0
2010-Dairy	N.A.	0.6	8.4	3.3	20.0	3.4	0.2	N.A.	14.8	2.7	55.0	2,285.3	40.9	43.8
2011-All cows	0.1	0.8	10.4	15.0	38.8	29.0	N.A.	N.A.	20.6	4.4	140.4	5,414.0		
2010-All cows	N.A.	0.7	10.6	14.6	37.2	25.2	14.8	N.A.	20.1	6.7	134.4	5,211.9		

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)

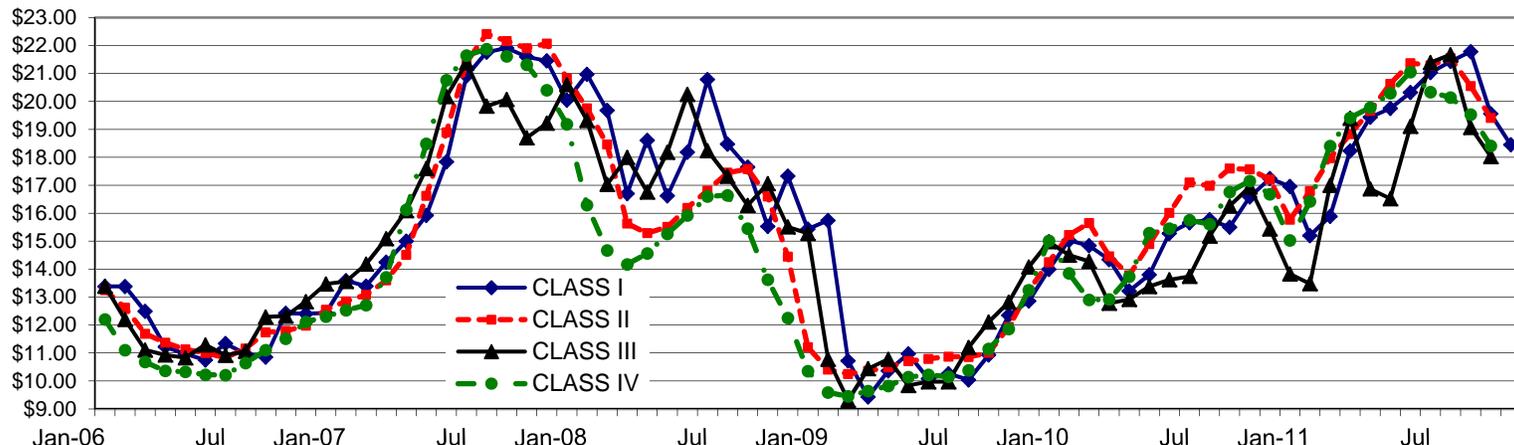
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78	19.56	18.45	
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55	19.41		
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03		
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	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 Milk Prices by Month January 2006 to Date



Class I base price does not include applicable Class I differential

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 31 - November 11, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in Western Europe is basically at seasonal low levels, with some countries such as France reporting slight increases. September EU production is 1.2% ahead of last season which is lower than recent month to month trends, although September 2010 saw a significant increase which limited the percentage growth this year. Weather conditions throughout Europe have been positive for much of the fall and overall milk volumes have maintained a higher level than usual. Rainfall in southern regions has slowed late season milk output. Milk handlers are now directing limited milk volumes to product production of most need or best return. When possible, it appears that cheese production gets the tilt at this time. Traders and handlers indicate that they are anticipating an international milk powder and anhydrous milk fat tender to be announced in the near future. Speculation is that the delivery period will be first quarter 2012. European participation within the tender is being questioned by some traders and handlers as supplies are often limited to in close balance with prices often higher than other possible international sources. Butter stocks continue to clear back to the industry from PSA. As of October 20, 65,117 MT of butter remain in the PSA program. During the open season, approximately 89,000 MT of butter cleared to the program, thus about a quarter of the total volume has re-entered the marketplace. The European Dairy Commission meets once a month, thus no new information has come out of the Commission since their October meeting. The November meeting will be next week.

BUTTER/BUTTEROIL: European butter markets are weaker with prices generally lower. They do remain higher than other international price quotes. The milk production season is at seasonally low levels, thus butter production is also at low levels. Traders and handlers are indicating that relatively high European prices are limiting international sales interest, thus sales activity is centered around an internal/domestic need. Even internal demand is somewhat lighter as some buyers are looking for discounts in the new year. As of October 20, remaining PSA butter holdings total 65,117 MT of a total of around 89,000 MT that cleared to the program during the open season, March - August.

82% BUTTERFAT: 4,800 - 5,450
99% BUTTERFAT: 5,650 - 6,000

SKIM MILK POWDER (SMP): European skim milk powder markets are generally steady, with prices unchanged to lower. The milk production season is at seasonally low levels, thus powder production is also limited. European traders and handlers are anticipating an international milk powder tender to be issued in the near future. Many are hopeful that they will be part of this tender. Although stocks are in close balance, traders and handlers feel that some participation in this tender will come from Europe with other international supply sources possibly filling the balance.

1.25% BUTTERFAT: 3,150 - 3,400

WHOLE MILK POWDER (WMP): European whole milk powder markets are mixed with prices higher and lower within the reported range. The whole milk powder production season is at seasonally low levels as is milk output. Manufacturers and handlers are questioning where prices will go during the next few months, but feel that weakness will prevail over strength. An international milk powder tender is anticipated to be announced in the near future for first quarter delivery. Some traders and handlers are questioning sourcing of European stocks for this tender as supply availability may be limited and current price quotes are higher than other possible international sources.

26% BUTTERFAT: 3,925 - 4,200

SWEET WHEY POWDER: European whey powder markets and prices remain firm. Milk production is at seasonally low levels, thus cheese production is also low, but when possible, milk is being directed towards cheese output. Whey stocks are tightening as new volumes are limited and demand remains good.

NONHYGROSCOPIC: 1,250 - 1,400

EASTERN OVERVIEW: Milk production trends in Eastern Europe are also at or very near seasonal low levels. Although milk volumes are near seasonal lows, overall milk volumes are running heavier than last year at this time in many regions. Producers and handlers are attributing the strength in milk output to favorable fall weather patterns. Stocks of manufactured dairy products are generally available but surpluses are declining as sales activity, both internally and limited internationally, continues to clear stocks. Eastern European traders and handlers are speculating that an international milk powder tender will be announced in the near future and are hopeful that they will be participants.

Exchange rates for selected foreign currencies: November 7, 2011

.9876 Canadian Dollar	.0204 Indian Rupee
.2354 Argentina Peso	.7969 New Zealand Dollar
.0745 Mexican Peso	1.0377 Australian Dollar
.3154 Polish Zloty	.0128 Japanese Yen
	1.3777 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0745) = 13.4228 Mexican Pesos. Source: "Wall Street Journal"

Information gathered October 31 - November 11, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OVERVIEW: The milk production season in the Oceania region is at or on the down side of seasonal peak levels. In New Zealand, milk output peaked about the second week of October and now receipts at manufacturing facilities are indicating declines. At the present time, temperatures are quite cool for this time of the season with snowfall being reported on the South Island. Milk producers and handlers are indicating that if the temperatures remain on the cold side, milk volumes will probably decline at a faster pace than desired. Currently, receipts are lower from peak levels, but the decline is not significant. The gas line breach, that disrupted manufacturing schedules two weeks ago on the North Island was quickly remedied and most manufacturing facilities that were impacted were back on line within a day, two at the most. Milk was lost during the down time, but milk volumes were not as significant as they could have been for handlers and producers. The total impact of the processing derailment is hard for processors and handlers to measure at this time, with speculations that later in the season the disruption might be realized. In Australia, milk production is at peak levels at this time. Milk handlers and processors are indicating that receipts appear to be holding with no significant increases being reported. Processors are hopeful that peak levels will be able to be maintained for a while and that declines will hold off for at least a few weeks. Although current weather patterns are wet and cool, receipts are not indicating declines at this time. Manufacturers and handlers are indicating that stocks are sufficient for contractual commitments with uncommitted stocks available, although these float volumes are rapidly decreasing. Oceania traders are indicating that a potential international tender, looking for skim and whole milk powders and anhydrous milk fat, might soon be issued. Some Oceania manufacturers and handlers may be interested in this sales opportunity, especially for whole milk powder and also for the delivery period which might be first quarter 2012. Overall, order books are in fairly good shape as the milk production season remains strong. The November 1 g/DT session #55 results showed mixed trends with average prices for most contracting periods and products generally weaker, although skim milk powder and casein price averages firmed. During this auction, Contract #1 (December) had activity only in U.S. produced skim milk powder which averaged \$3,180, +4.8% from the previous contract. Contract #2 (January) prices and changes from the previous session are: 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%.

BUTTER: Oceania butter markets and prices are weak. Butter production is at maximum levels in both Australia and New Zealand as milk production is at seasonally high levels. Although milk volumes are declining slightly in New Zealand and churning schedules have resumed from the recent gas line breach on the North Island, butter stocks are fully sufficient to maintain shipment schedules. Australia's churning schedules are generally maxed out as milk volumes are holding steady at peak levels. Oceania butter producers are closely monitoring the g/DT trade event for anhydrous milk fat and stating that commercial pricing for butter is weakening, but not to the extent of recent g/DT anhydrous results. At the November 1 g/DT, the average price for all contracting periods for anhydrous milk fat was \$3,309 per MT, down 9.3% when compared to the previous all contract average.

82% BUTTERFAT:

3,600 - 4,100

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally holding steady in the Oceania region. Butter/powder production in the region is seasonally strong as milk volumes are at or very near peak levels in both New Zealand and Australia. Traders and handlers are indicating that sales activity continues to center around contractual commitments. Some uncommitted powder is available, although these volumes are quickly disappearing. Oceania traders feel that an international milk powder tender might soon be released of which some feel that they may participate, although skim powder supplies are in closer balance with needs versus whole milk powder. At the November 1 g/DT event, skim milk powder averaged \$3,292 per MT for all contracting periods, 0.2% higher than the previous all contract average. Skim milk powder prices at the g/DT have firmed for the past two trading sessions which is the first strength in skim milk powder in many weeks.

1.25% BUTTERFAT:

3,200 - 3,500

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are steady to firm. Whole milk powder production is seasonally strong as milk volumes in the region are at or very near peak levels. Stocks of powder are fully sufficient for commitments with some uncommitted volumes available for spot buyer interest, although availability of these additional stocks is rapidly declining. Oceania traders are anticipating an international milk powder tender in the near future. Traders speculate that skim and whole milk powder, along with anhydrous milk fat will be sought. Delivery dates are speculated to be first quarter 2012 and if so, a shipment time of approximately 6 weeks needs to be factored into their potential participation proposal to arrive at the destination by March. At the November 1 g/DT event, whole milk powder averaged \$3,487 per MT for all contracting periods, 0.8% lower than the previous all contract average.

26% BUTTERFAT:

3,400 - 3,800

CHEDDAR CHEESE: Oceania cheese markets are generally steady, although prices are mixed. The milk production season in the region is basically at peak levels in both Australia and New Zealand. Cheese output, along with all other manufactured dairy products, is in full swing. Traders and handlers are indicating that cheese shipments are on schedule and customer needs are being filled. The gas line breach on the North Island of New Zealand a few weeks ago did disrupt cheese production schedules for a limited time, but cheese producers feel that the negative impact will be minimal overall. At the November 1, #55 g/DT event, the average cheddar price for all contracting periods was \$3,406 per MT which was 3.2% lower than the previous all contract average.

39% MAXIMUM MOISTURE:

3,250 - 4,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 31 - November 11, 2011

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

NOVEMBER 1, 2011 Global/Dairy Trading (g/DT) event 55 recap US \$ per metric ton										
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		Contract #4		All Contracts	
	December 2011		January 2012		February - April 2012		May - July 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$3,200	-11.9%	\$3,353	-7.6%	\$4,200	-7.5%	\$3,309	-9.3%
Buttermilk Powder	N.A.	N.A.	\$2,855	-3.9%	\$3,265	+3.5%	N.A.	N.A.	\$2,934	-2.2%
Skim Milk Powder	\$3,180	+4.8%	\$3,238	-0.6%	\$3,388	+1.1%	\$3,456	+0.4%	\$3,292	+0.2%
Whole Milk Powder	N.A.	N.A.	\$3,511	+0.7%	\$3,444	-2.5%	\$3,590	-0.3%	\$3,487	-0.8%
Milk Protein Concentrate	N.A.	N.A.	\$5,555	-14.7%	\$5,660	-6.6%	N.A.	N.A.	\$5,608	-10.7%
Rennet Casein	N.A.	N.A.	\$9,343	+36.5%	\$9,032	+30.6%	N.A.	N.A.	\$9,182	+35.3 %
Cheddar	N.A.	N.A.	\$3,251	-8.5%	\$3,554	+1.0%	N.A.	N.A.	\$3,406	-3.2%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	10/27	10/28	10/31	11/01	11/02	11/03	11/04	11/07	11/08	11/09
CME - CLASS III MILK FUTURES (Pit-Traded)										
OCT 11	18.00 (5170) 0	18.04 (5150) 0	18.04 (5149) 0	18.04 (5144) 0	18.03 (5143) 0	18.04 (5138) 0	18.03 (4695) 0			
NOV 11	18.09 (5355) 0	18.35 (5412) 0	18.28 (5424) 0	18.34 (5440) 0	18.44 (5492) 0	18.75 (5573) 0	18.88 (5340) 0	18.93 (5335) 0	18.87 (5361) 0	18.83 (5362) 0
DEC 11	17.45 (5018) 0	17.62 (5059) 0	17.51 (5107) 0	17.63 (5226) 0	17.72 (5276) 0	18.35 (5851) 0	18.22 (5824) 0	18.23 (5950) 22	18.41 (6049) 0	18.25 (6130) 0
JAN 12	16.80 (2630) 1	16.93 (2675) 3	16.79 (2709) 15	16.85 (2732) 0	16.90 (2772) 0	17.23 (2995) 0	17.13 (2975) 0	17.23 (3166) 3	17.33 (3225) 0	17.28 (3353) 2
FEB 12	16.41 (2359) 4	16.55 (2407) 3	16.44 (2433) 15	16.50 (2449) 0	16.45 (2462) 0	16.61 (2558) 0	16.55 (2511) 0	16.65 (2523) 0	16.70 (2531) 0	16.69 (2572) 0
MAR 12	16.42 (2137) 5	16.58 (2187) 3	16.47 (2208) 15	16.50 (2222) 2	16.43 (2231) 0	16.47 (2241) 0	16.45 (2150) 0	16.48 (2203) 1	16.49 (2218) 0	16.50 (2234) 2
APR 12	16.50 (1622) 3	16.60 (1665) 3	16.48 (1688) 15	16.50 (1695) 2	16.50 (1696) 0	16.55 (1726) 0	16.55 (1623) 0	16.53 (1629) 0	16.54 (1653) 0	16.45 (1666) 2
MAY 12	16.43 (1571) 3	16.59 (1631) 3	16.50 (1708) 15	16.50 (1720) 2	16.50 (1733) 0	16.60 (1742) 0	16.54 (1650) 0	16.54 (1659) 1	16.53 (1667) 0	16.48 (1686) 2
JUN 12	16.39 (1499) 0	16.65 (1562) 3	16.53 (1607) 15	16.51 (1618) 2	16.54 (1620) 0	16.60 (1628) 0	16.56 (1535) 0	16.57 (1540) 1	16.59 (1545) 0	16.55 (1585) 2
JUL 12	16.78 (1051) 0	16.84 (1103) 3	16.78 (1140) 0	16.80 (1146) 2	16.87 (1147) 0	16.87 (1147) 0	16.87 (1072) 0	16.87 (1073) 0	16.86 (1078) 0	16.85 (1088) 2
CME - CLASS IV MILK FUTURES (Pit-Traded)										
OCT 11	18.35 (610) 0	18.35 (610) 0	18.35 (610) 0	18.35 (610) 0	18.35 (610) 0	18.35 (610) 0	18.41 (549) 0			
NOV 11	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0	18.20 (496) 0
DEC 11	17.38 (388) 0	17.38 (388) 0	17.38 (388) 0	17.38 (388) 0	17.38 (388) 0	17.38 (388) 0	17.30 (388) 0	17.30 (388) 0	17.30 (388) 0	17.30 (388) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
OCT 11	178.50 (781) 5	178.50 (781) 0	178.50 (781) 0	178.50 (781) 0	178.03 (781) 1	178.25 (781) 0	178.93 (786) 0			
NOV 11	182.50 (875) 6	184.00 (880) 5	183.50 (880) 4	184.73 (894) 14	181.75 (894) 7	181.75 (894) 0	181.75 (894) 0	181.75 (894) 0	181.75 (894) 0	181.75 (894) 0
DEC 11	173.00 (677) 0	173.00 (679) 7	173.00 (679) 0	171.00 (679) 1	169.00 (683) 18	169.00 (683) 3	169.00 (683) 0	169.00 (683) 0	168.50 (683) 0	168.50 (683) 0
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
OCT 11	150.25 (325) 0	150.30 (325) 0	150.30 (325) 0	150.30 (325) 0	150.60 (325) 0	150.60 (325) 0	151.09 (325) 0			
NOV 11	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0	146.50 (240) 0
DEC 11	140.50 (277) 0	140.50 (277) 0	140.50 (277) 0	140.50 (280) 0	141.00 (285) 0	141.00 (285) 0	141.00 (285) 0	141.00 (285) 0	141.00 (285) 0	141.00 (285) 0
CME - WHEY (Electronic-Traded)										
OCT 11	61.50 (321) 0	61.50 (319) 4	61.50 (319) 0	61.50 (319) 0	61.50 (319) 0	61.50 (319) 0	61.52 (317) 0			
NOV 11	61.50 (409) 0	61.50 (409) 0	61.50 (409) 0	61.40 (407) 4	61.40 (407) 2	62.00 (407) 38	62.00 (407) 3	62.00 (407) 0	62.25 (405) 6	62.25 (405) 0
DEC 11	61.28 (435) 19	61.50 (435) 1	61.50 (435) 0	61.50 (432) 7	61.50 (432) 2	62.98 (431) 13	62.95 (430) 0	62.95 (430) 0	62.95 (431) 2	62.95 (431) 0
CME - CHEESE CSC (Electronic-Traded)										
OCT 11	1.74 (543) 0	1.74 (543) 0	1.74 (543) 0	1.75 (541) 7	1.75 (541) 0	1.75 (541) 0	1.75 (551) 0			
NOV 11	1.74 (967) 0	1.77 (967) 0	1.77 (967) 0	1.77 (954) 0	1.78 (954) 0	1.81 (954) 0	1.83 (970) 0	1.83 (967) 3	1.83 (951) 0	1.83 (951) 0
DEC 11	1.68 (1161) 9	1.70 (1161) 0	1.70 (1161) 0	1.71 (1161) 2	1.72 (1157) 12	1.78 (1157) 0	1.78 (1157) 0	1.78 (1157) 0	1.79 (1160) 4	1.79 (1160) 0
JAN 12	1.64 (648) 67	1.65 (650) 12	1.65 (650) 0	1.65 (644) 20	1.66 (658) 16	1.70 (655) 34	1.68 (658) 3	1.70 (653) 7	1.70 (659) 8	1.70 (665) 8
FEB 12	1.62 (570) 68	1.63 (567) 3	1.62 (568) 8	1.62 (567) 6	1.61 (575) 9	1.63 (622) 52	1.64 (626) 5	1.64 (626) 0	1.65 (630) 4	1.65 (634) 6
MAR 12	1.65 (583) 66	1.65 (589) 10	1.65 (591) 2	1.65 (591) 1	1.63 (596) 7	1.63 (614) 33	1.64 (639) 35	1.64 (639) 0	1.65 (653) 14	1.64 (667) 18

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

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES

Milk production forecasts for 2011 and 2012 are unchanged from last month. Commercial exports are forecast higher for 2011. Fat and skim-solids ending stocks for 2011 are lowered. Cheese, butter, and whey prices are forecast higher for both 2011 and 2012, but the nonfat dry milk (NDM) price forecast is reduced for 2011 and unchanged for 2012. Class III prices are raised for 2011 and 2012 on the increased price forecast for cheese and whey. The Class IV price is unchanged for 2011 as the higher butter price is mostly offset by a lower NDM price forecast. However, for 2012 with an unchanged NDM price forecast, the Class IV price forecast is raised due to higher butter prices. The all milk price is forecast at \$20.10 to \$20.20 per cwt. for 2011, and \$18.05 to \$18.95 per cwt. for 2012.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Projected		2012 Projected	
		October	November	October	November
BILLION POUNDS					
MILK					
PRODUCTION	192.8	195.9	195.9	198.4	198.4
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	11.4	11.2
MARKETINGS	191.8	195.0	195.0	197.5	197.5
IMPORTS	4.1	3.2	3.2	3.2	3.2
TOTAL COMMERCIAL SUPPLY	207.2	209.1	209.1	212.1	211.9
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	9.1	9.2	8.6	8.6
ENDING COMMERCIAL STOCKS	10.9	11.4	11.2	11.5	11.5
CCC NET REMOVALS <u>1/</u>	0.2	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.8	188.6	188.6	192.0	191.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	12.2	12.0
MARKETINGS	191.8	195.0	195.0	197.5	197.5
IMPORTS	4.8	5.3	5.3	5.1	5.1
TOTAL COMMERCIAL SUPPLY	208.0	212.5	212.6	214.8	214.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	32.6	33.1	31.9	31.9
ENDING COMMERCIAL STOCKS	12.3	12.2	12.0	12.1	12.1
CCC NET REMOVALS <u>1/</u>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	164.0	167.7	167.4	170.8	170.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	8	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

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

2/ Includes commercial exports.

Continued on page 11

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Projected		2012 Projected	
		October	November	October	November
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5226	1.810-1.820	1.820-1.830	1.665-1.755	1.685-1.775
BUTTER	1.7020	1.940-1.970	1.960-1.990	1.600-1.720	1.625-1.745
NONFAT DRY MILK	1.1687	1.505-1.525	1.500-1.520	1.355-1.425	1.355-1.425
DRY WHEY	0.3716	0.515-0.525	0.525-0.535	0.455-0.485	0.485-0.515
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	14.41	18.15-18.25	18.30-18.40	16.30-17.20	16.70-17.60
CLASS IV	15.09	19.05-19.25	19.05-19.25	16.30-17.30	16.40-17.40
ALL MILK <u>3/</u>	16.29	20.00-20.10	20.10-20.20	17.75-18.65	18.05-18.95
QUARTERLY					
	2011 III	2011 IV <u>4/</u>	2012 I <u>4/</u>	2012 II <u>4/</u>	2012 III <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	48.7	48.4	49.7	51.0	49.0
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	21.67	19.90-20.20	18.95-19.55	17.40-18.30	17.70-18.70
CLASS III PRICE <u>2/</u>	20.71	18.35-18.65	17.30-17.90	16.00-16.90	17.00-18.00
CLASS IV PRICE <u>2/</u>	20.00	18.00-18.40	16.85-17.55	16.35-17.35	16.35-17.45

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-500, November 9, 2011.* Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

SEPTEMBER FLUID MILK SALES

During September, over 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.9 percent lower than September 2010. After adjusting for calendar composition, sales in September 2011 were 2.3 percent lower than September 2010. Estimated sales of total conventional fluid milk products decreased 1.3 percent from September 2010 and estimated sales of total organic fluid milk products increased 8.9 percent from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	September	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,116	10,224	-2.4	-2.8
Flavored Whole Milk	42	388	-9.1	-5.0
Reduced Fat Milk (2%)	1,498	13,584	-0.6	-1.6
Low Fat Milk (1%)	623	5,257	3.5	0.3
Fat-Free Milk (Skim)	644	5,798	-2.8	-3.3
Flavored Fat-Reduced Milk	381	2,783	-4.7	-1.8
Buttermilk	40	352	4.5	1.3
Total Conventional Milk Products 5/	4,346	38,409	-1.3	-2.1
Organic Whole Milk	41	369	2.2	17.8
Organic Reduced Fat Milk	54	438	3/	3/
Organic Low Fat Milk	40	310	3/	3/
Organic Fat-Free Milk (Skim)	39	346	3/	3/
Organic Flavored Milk	8	71	3/	3/
Organic Fat-Reduced Milk 4/	141	1,168	11.0	15.5
Total Organic Milk Products	182	1,536	8.9	16.0
Total Fluid Milk Products 5/	4,528	39,945	-0.9	-1.5
Total Fluid Milk Products Adjusted 5/ 6/	4,474	39,943	-2.3	-1.5

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

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

Area (Order Number)	Sales		Change from: 2/	
	September	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	771	6,758	-0.8	-1.9
Appalachian (005)	301	2,668	-2.0	-1.4
Southeast (007)	417	3,654	0.1	-1.6
Florida (006)	235	2,163	-1.4	-2.3
Mideast (033)	509	4,441	-1.2	-2.2
Upper Midwest (030)	358	3,142	-0.9	-1.8
Central (032)	387	3,366	1.6	0.1
Southwest (126)	379	3,320	-1.8	-0.6
Arizona (131)	97	878	-1.5	-0.5
Pacific Northwest (124)	184	1,640	-1.5	-0.5
California (---)	528	4,719	-1.7	-1.8

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

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

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

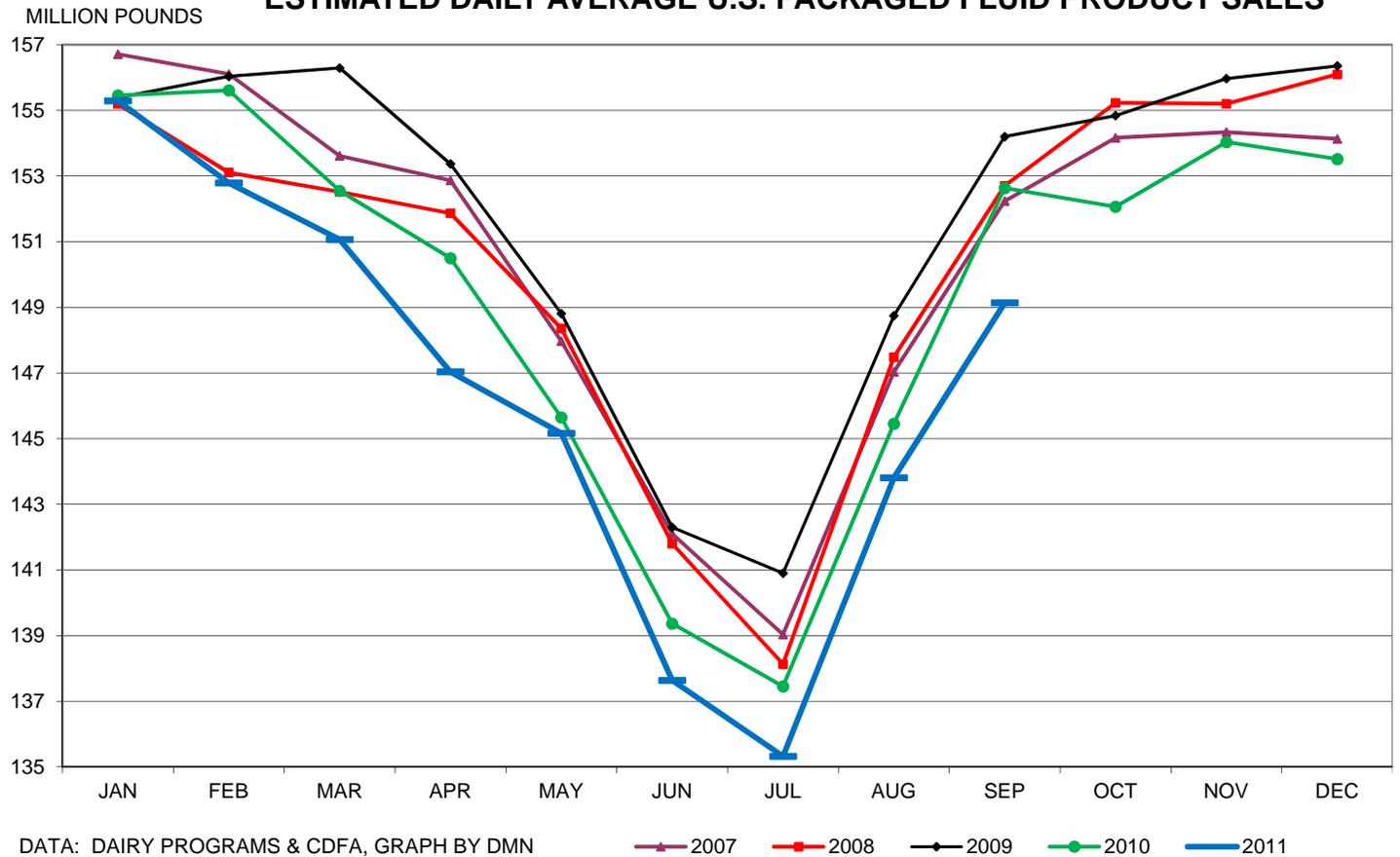
In August 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.25 per cwt., up \$0.50 from the previous month's revised average, and up \$5.65 from August 2010. The component tests of producer milk in August 2011 were: butterfat, 3.56%; protein, 2.98%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices increased from the previous month in all Federal milk order reporting areas. Mailbox prices in August 2011 ranged from \$26.72 in Florida to \$20.17 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	August 2010	July 2011	August 2011
	Dollars per hundredweight		
New England States <u>3/</u>	17.82	22.77	23.36
New York	16.60	21.41	21.92
Eastern Pennsylvania <u>4/</u>	17.24	22.16	22.73
Appalachian States <u>5/</u>	18.62	22.83 *	23.89
Southeast States <u>6/</u>	19.55	23.70 *	24.87
Southern Missouri <u>7/</u>	17.09	21.27 *	22.78
Florida	21.11	25.10 *	26.72
Western Pennsylvania <u>8/</u>	17.29	22.26	22.87
Ohio	17.34	22.13	22.64
Indiana	17.14	21.63 *	22.06
Michigan	16.65	21.30	21.92
Wisconsin	16.18	21.86	22.31
Minnesota	16.07	21.83	22.10
Iowa	16.65	21.70	22.14
Illinois	16.68	22.14	22.60
Corn Belt States <u>9/</u>	16.21	21.24 *	21.61
Western Texas <u>10/</u>	15.84	21.09	21.45
New Mexico	14.94	19.97	20.17
Northwest States <u>11/</u>	16.08	21.69	22.07
All Federal Order Areas <u>12/</u>	16.60	21.75 *	22.25
California <u>13/</u>	15.04	19.67	19.85

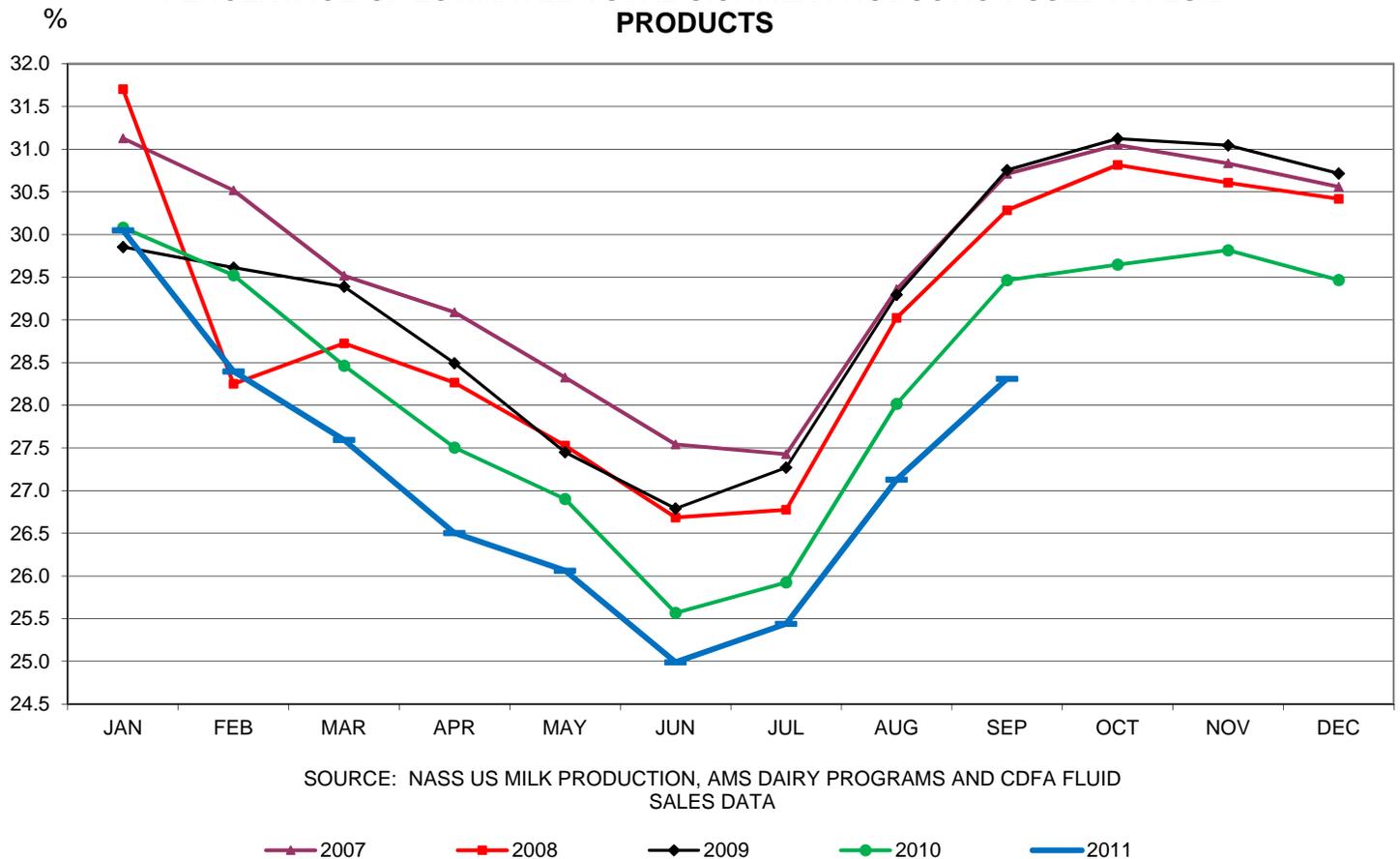
* Revised.

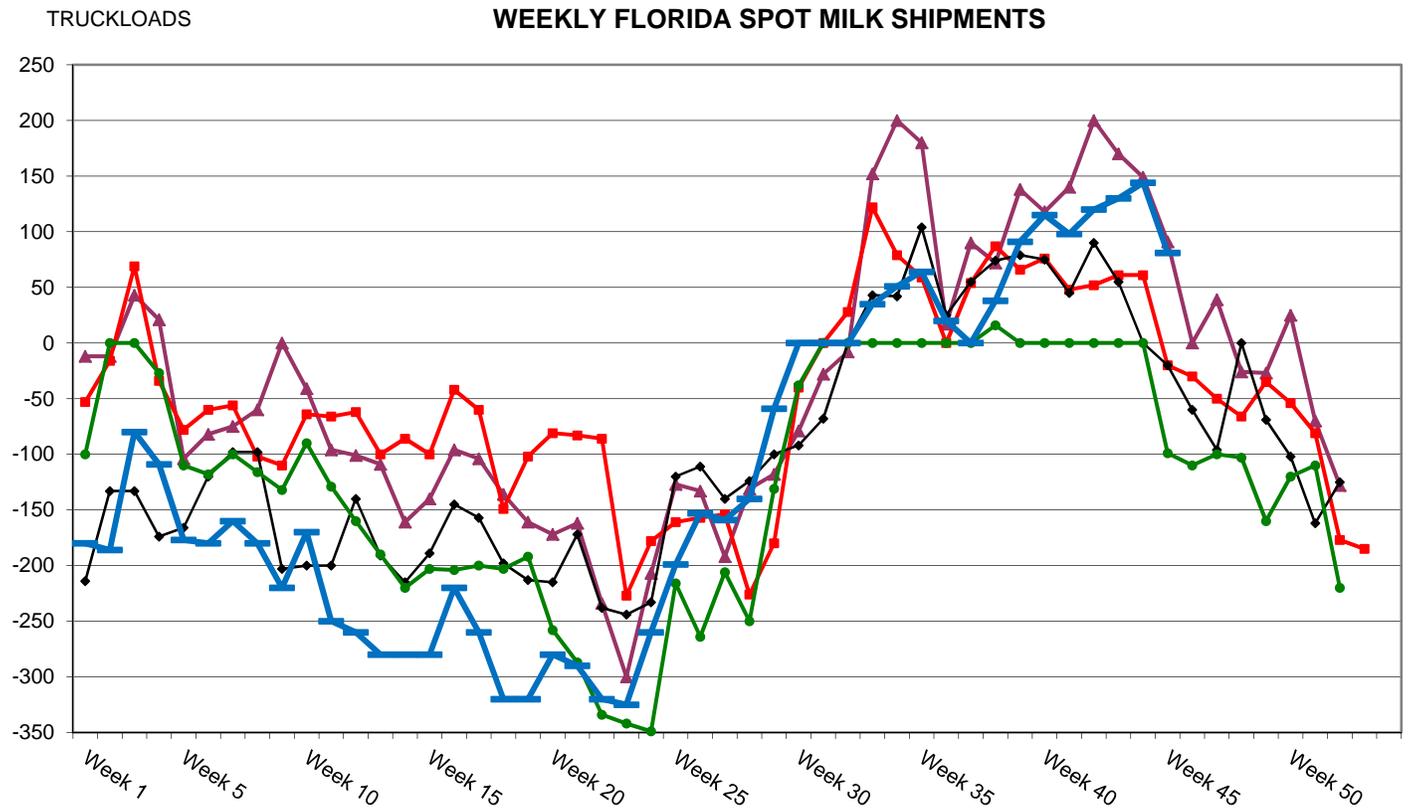
1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices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

ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES



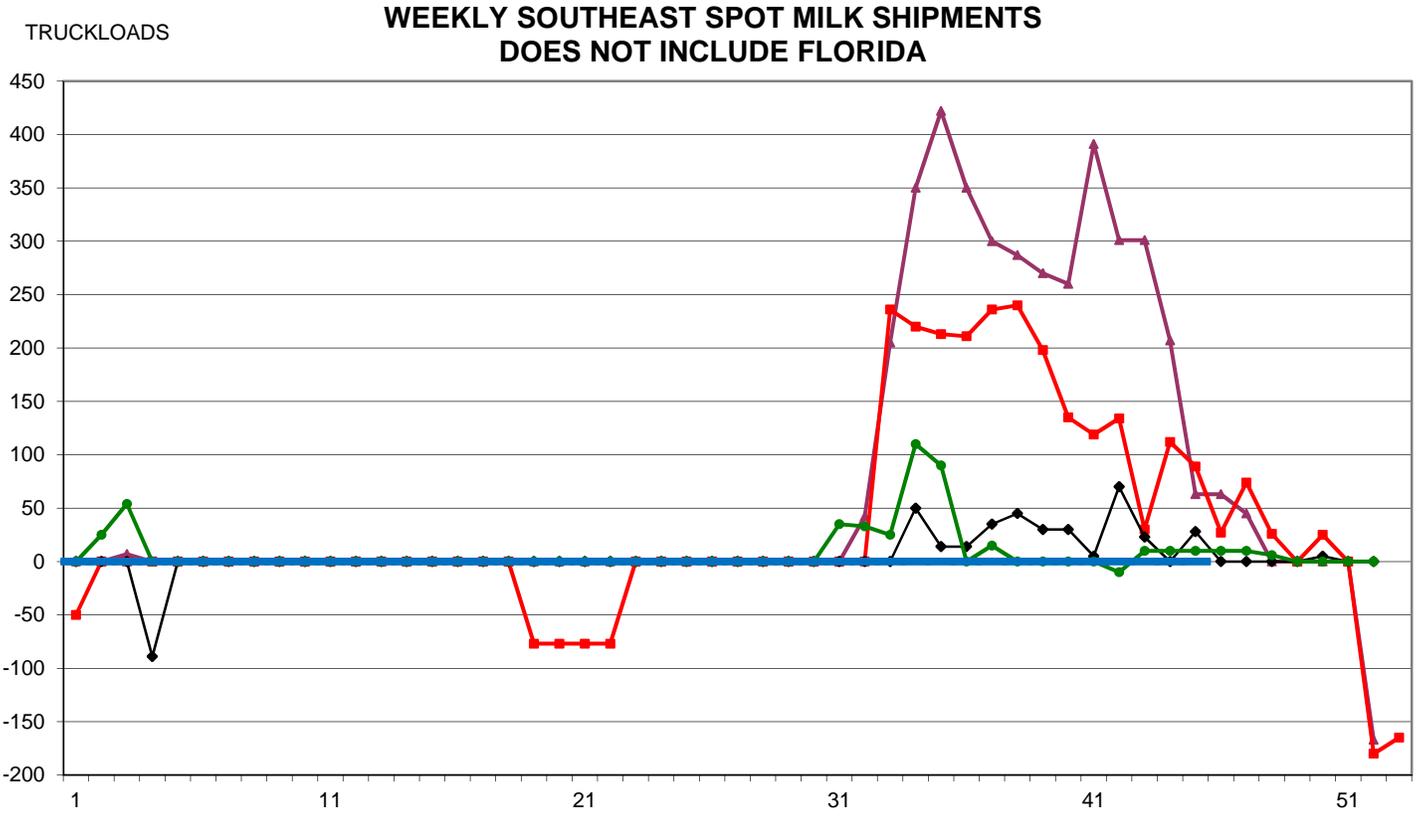
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS





(NEGATIVE NUMBERS ARE SURPLUS EXPORTED) - GRAPH AND DATA BY DMN

—▲— 2007 —■— 2008 —◆— 2009 —●— 2010 —■— 2011



(NEGATIVE NUMBERS ARE SURPLUS EXPORTED) - GRAPH AND DATA BY DMN

—▲— 2007 —■— 2008 —◆— 2009 —●— 2010 —■— 2011

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 78

Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

REPORT: 45

DATE: 11/11/2011

EAST

Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

INTERNATIONAL

Steven Schneeberger
(608) 278-4154
Steven.Schneeberger@AMS.USDA.GOV

CENTRAL

George Koerner
(608) 278-4155
George.Koerner@AMS.USDA.GOV

ORGANIC

Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

CENTRAL/WEST

Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

SOUTHWEST

Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NORTHWEST/MOUNTAIN

Bob Hunter
(608) 278-4158
Robert.Hunter@AMS.USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

NATIONAL SUPERVISOR

Donald Nelson
(608) 278-4156
DonaldO.Nelson@AMS.USDA.GOV

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337