

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/09):**

BUTTER: Grade AA closed at \$1.6400. The weekly average for Grade AA is \$1.6385 (-.0125).

CHEESE: Barrels closed at \$1.5725 and 40# blocks at \$1.6550. The weekly average for barrels is \$1.6135 (-.1425) and blocks, \$1.6865 (-.0940).

BUTTER HIGHLIGHTS: The cash butter price at the CME rebounded early in the week and closed the week at \$1.6400. This cash price compares to \$1.7900 a month ago, \$1.6100 a year ago, and \$1.4300 in 2009. Although lighter than during the Thanksgiving holiday weekend, churning across the country this week is active. Cream volumes are once again being absorbed into Class II operations, but surplus volumes remain available to the churn. Butter producers and handlers speculate that it will not be too much longer before Class II operations lower their cream needs, thus churning will once again increase and will potentially remain strong into 2012. Butter demand is fairly active as buyers basically place fill-in orders. Often, butter needs for this time period, prior to the yearend holidays, have been previously placed and on the books prior to Thanksgiving. Many retail buyers indicate that feature activities will remain strong for the next two weeks.

CHEESE HIGHLIGHTS: The CME Group cash cheese market declined sharply again this week with barrels breaking under \$1.6000. Current demand is impacted by lower prices, Thanksgiving movement, upcoming holidays, and yearend inventory positioning. Lower prices are allowing some operations to add cheese features in December and January for holiday and Super Bowl events. Lead time on orders to be prepared and shipped before the holidays is disappearing fast. Some tightness is noted for some specialty varieties that need extra age like pepper jack and Colby/jack. Aged cheddar inventories continue to be whittled down. Current production is steady to slightly heavier, including cream cheese, though some operations try to minimize production in a declining market. Many operators are negotiating/buying surplus milk volumes available during the holidays.

FLUID MILK: Class I demand is settling into non-holiday week norms. Cream demand is on the rise as production of various butterfat-based products such as dips, whipping cream, and sour cream pushes

higher to reach store shelves before holiday grocery shopping begins. Demand for condensed skim also is increasing prior to the holiday. As winter weather envelopes much of the northern tier of states, dairy farmers in those areas are turning their attention to feed crop yields and feed input costs. Recent opportunities to buy feed grains at lower prices have helped, but forage prices and availability remain challenging. In the Utah/Idaho milk shed, announcement of a new yogurt manufacturing facility scheduled to open in mid 2012 has milk processors recalculating milk supply and demand.

DRY PRODUCTS: Nonfat dry milk markets moved lower this week, reacting to decreases in various indices and general sluggishness in the marketplace. Many buyers, whether resellers or end users, report they are content to work through stocks on hand and start over in 2012 in tackling NDM purchases. F.O.B. contract offerings for 2012 vary widely, ranging from short to mid-term fixed prices to market prices plus premiums, with other options falling between those two approaches. Dry whey prices rose in all three regions this week. Availability of spot loads to the domestic market is very light and pricing trends reflect that. The national dry buttermilk market is mixed, with prices in the West firming slightly and Central/East prices decreasing. Buyer interest varies from coast to coast. Whey protein concentrate 34% prices are unchanged on the mostly, while the range price series found lower high prices and higher low prices. Market participants note demand is strong but they are unsure if WPC 34% can pull away from its big brother, the NDM market. Lactose prices are unchanged on the mostly price series. The market is firm and demand for 2012 continues to exert pressure on manufacturers, both for any spot loads currently available, which are few, and for Q1 pricing.

INTERNATIONAL DAIRY MARKET NEWS (DMN): The milk production season in the Oceania region has passed the peak in both New Zealand and Australia and the decline is gradual. Manufacturers and handlers are indicating that milk volumes are generally sufficient to maintain near capacity production schedules at

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INTERNATIONAL DAIRY MARKET NEWS (PAGE 8 - 8B)
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COMMODITY	MONDAY DEC 05	TUESDAY DEC 06	WEDNESDAY DEC 07	THURSDAY DEC 08	FRIDAY DEC 09	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6850 (-.0275)	\$1.6400 (-.0450)	\$1.6000 (-.0400)	\$1.5700 (-.0300)	\$1.5725 (+.0025)	:: (-.1400)	:: \$1.6135 (-.1425)
40# BLOCKS	\$1.7325 (-.0075)	\$1.6850 (-.0475)	\$1.6850 (N.C.)	\$1.6750 (-.0100)	\$1.6550 (-.0200)	:: (-.0850)	:: \$1.6865 (-.0940)
NONFAT DRY MILK							
EXTRA GRADE	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	:: (N.C.)	:: \$1.4800 (N.C.)
GRADE A	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	\$1.4500 (N.C.)	:: (N.C.)	:: \$1.4500 (N.C.)
BUTTER							
GRADE AA	\$1.6325 (+.0025)	\$1.6400 (+.0075)	\$1.6400 (N.C.)	\$1.6400 (N.C.)	\$1.6400 (N.C.)	:: (+.0100)	:: \$1.6385 (-.0125)

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

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most milk processing facilities, although casein output is starting to be cut back at some locations. Milk producers and handlers are indicating that the positive close of last season which carried over to the spring of the current season is a contributing factor for good milk volumes at this time. Spring and early summer weather patterns have generally been good in both countries, outside of a blip in output during the snowstorm earlier this spring in New Zealand. The impact of that snowstorm and the more recent gas line breach in New Zealand many not be fully realized until later in the season. In **New Zealand**, milk volumes are declining, but milk processors and handlers continue to indicate that overall volumes continue to run heavier than last year at this time. In **Australia**, milk output on the downside of the season remains positive. Producers and handlers continue to indicate that milk volumes are also running heavier than last year at this time and continue to project a strong 2% growth for the season. Although a positive trend prevails for much of the Victoria region of Australia, Gippsland, within the Victoria region, continues to struggle with very wet conditions and production is suffering. Milk handlers in both countries do indicate that summer weather patterns have not yet developed which can have a significant impact on either a positive or negative finish to the season. At this point of the season, most milk producers continue to cautiously manage their cash flow and generally pay down debt versus expand. Traders and handlers state that sales activities continue to center around regular/core and ongoing customer needs. Oceania stocks are generally fully committed to this need with minimal uncommitted volumes being reported. The December 6 g/DT session #57 results showed overall strength in all areas. Some slightly lower adjustments did occur with near term contracts with outlying contracts all averaging firmer. Milk production in **Western Europe** is starting to show more signs of seasonal increases. Although overall volumes remain low, milk intakes at some plants are starting to increase. Weather conditions are often drier than usual for this time of the season with temperatures trending lower. Traders and handlers report that buyer interest has slowed as buyers appear to be stepping back from the marketplace. Traders feel that there are a couple of reasons for the inactivity: a weaker price trend is developing, thus buyers are hesitant to purchase on a declining market and are waiting for the market to stabilize and secondly, the calendar yearend and holidays are approaching, thus some buyers have sufficient stocks to carry them into the new year. Stocks of all dairy products are generally available for both domestic and international buyer interest. Some international sales are being reported, although most activity is centered around an internal or domestic market. Firm butter prices in Europe are causing some international buyers to look to other sources, including the U.S., for their needs during early 2012. Current U.S. bulk butter prices, in 25kg packages, are around \$3,600 per MT fob. Many European traders are awaiting the results of a recently announced dairy product tender. The tender is seeking an undisclosed volume of anhydrous milk fat, skim and whole milk powder. Traders have submitted offers to the tender, but as of midweek, have not heard any results. **Eastern European** milk production is basically holding at seasonally low levels. Winter weather conditions are starting to develop with lower temperatures occurring throughout the region. Some snowfall has been reported, but for the most part, moisture remains limited. Traders and handlers indicate uncommitted inventoried stocks are available for both domestic and international buyer interest. Sales have been occurring, but for the most part, buyer inquiries and sales have slowed.

OCTOBER FLUID MILK SALES (AMS & CDFA): During October, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6% lower than October 2010. After adjusting for calendar composition, sales in October 2011 were 1.3% lower than October 2010. Estimated sales of total conventional fluid milk products decreased 2.1% from October 2010 and estimated sales of total organic fluid milk products increased 12.6% from a year earlier.

CME GROUP

MONDAY, DECEMBER 5, 2011

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.7000, 1 @ \$1.6900, 3 @ \$1.6850; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6750; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6900; 1 CAR 40# BLOCKS @ \$1.7325
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 12 CARS GRADE AA: 10 @ \$1.6300, 2 @ \$1.6325; LAST BID UNFILLED: 4 CARS GRADE AA @ \$1.6300; LAST OFFER UNCOVERED: NONE

TUESDAY, DECEMBER 6, 2011

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.6500, 9 @ \$1.6400; 2 CARS 40# BLOCKS @ \$1.6850; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6400; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.7000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.6325, 1 @ \$1.6375, 2 @ \$1.6400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6400; LAST OFFER UNCOVERED: NONE

WEDNESDAY, DECEMBER 7, 2011

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.6025, 2 @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5925; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6850
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.6400; LAST BID UNFILLED: 4 CARS GRADE AA @ \$1.6400; LAST OFFER UNCOVERED: NONE

THURSDAY, DECEMBER 8, 2011

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.5950, 1 @ \$1.5800, 1 @ \$1.5700; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.5600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700; 1 CAR 40# BLOCKS @ \$1.6750
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.6400, 2 @ \$1.6375, 1 @ \$1.6400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6400; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 9, 2011

CHEESE -- SALES: 16 CARS BARRELS: 3 @ \$1.5700, 6 @ \$1.5675, 7 @ \$1.5700; 2 CARS 40# BLOCKS: 1 @ \$1.6700, 1 @ \$1.6550; LAST BID UNFILLED: 6 CARS BARRELS @ \$1.5725; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.6400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6400; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group moved \$0.0075 higher on Tuesday and closed at \$1.6400. Butter prices have been mixed since the Thanksgiving Day holiday with the net result being a 3 cent increase. Trading has been very active in the same period with 70 loads sold. Print butter production remains very active as butter makers are continuing to fill holiday orders. Holiday orders are expected to be filled by the end of next week and will result in reduced print butter production or conversion to bulk butter. A few spot load purchases of bulk butter have been made in order to fill some holiday print orders. Butter promotions and features continue in the Northeast with price ranges for national brands ranging from \$3.00 - \$3.99. Private label butter prices range from \$2.50 - \$3.00. Export interest has recently increased. According to NASS, cumulative 2011 butter production through October was 16.8% above cumulative year production for the same period for 2010. October 2011 monthly U.S. butter production totaled 146.1 million pounds, up 6.4% from September and 19.6% more when compared to October 2010. Atlantic region butter production in October totaled 10.8 million pounds, down 17.4% from September, but 3.1% more than October 2010. Current bulk butter prices range from 4-8 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The CME Group cash butter price continued to decline late last week to \$1.6300, but rebounded to \$1.6400 by midweek. Sales activity at the exchange eased significantly this week when compared to last week. Churning activity across the Central part of the country is seasonally strong as cream volumes remain available to local operations. Butter producers and handlers are reporting increasing international buyer interest for butter in the new year. Earlier this year, butter stocks were

exported and many handlers feel that exports might be as active, if not heavier, during 2012. Current domestic butter sales continue to be reported, although for many buyers, orders have been on the books for quite some time and now shipments are occurring. Reports indicate that good volumes of print butter cleared through retail outlets leading up to the Thanksgiving holiday period. Retail sales were enhanced by widespread feature activity. Upcoming yearend butter demand also includes scheduled features during the next 2 - 3 weeks. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Western butter production schedules continued heavy this week. Print lines are running hard to ship in time for the upcoming holidays. Demand for print butter is very good especially into club stores. Retail and food service sales are also at or above last year's amounts. Fresh bulk butter sales showed added interest as buyers take advantage of prices below month ago levels. Butter trading on the CME Group for Wednesday was unchanged at \$1.6400. Sales activity has been moderate to good with eighteen loads trading so far this week. Last week saw the year's heaviest volumes trading at the CME Group with 56 loads sold. 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, October butter production for the U.S. totals 146.1 million pounds, up 19.6% or 23.9 million pounds from October of last year. Production was up 6.4% or 8.8 million pounds from September 2011. Cumulative output through October for the U.S. is 1,487.2 million pounds, up 16.8% or 214.5 million pounds from the same period in 2010. October output in the Western region totals 77.1 million pounds, up 15.0% or 10.1 million pounds more than October 2010. The West produced 52.8% of the butter in the U.S. in October. CME Group average price for November 2011 for butter is \$1.7356 compared to \$1.9295 for November 2010.

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
December 3, 2011	1,8807	1,9127	1,4422	1,6284	0,6470
	11,821,287	9,600,640	18,274,338	5,967,419	7,557,311

CHEESE MARKETS

NORTHEAST

CME Group cheese prices moved lower Tuesday with barrels declining \$0.0450 to close at \$1.6400, while blocks declined \$0.0475 and closed at \$1.6850. Trading over the last 6 sessions has been on a downward trend with barrels declining \$0.1800 and blocks \$0.1275. The weekly average cheese prices on the CME Group also declined, resulting in lower wholesale prices. Process 5# sliced cheese declined \$0.0850 with Cheddar 40# blocks and Muenster declining \$0.0350. Cheese production is unchanged and remains at expected seasonal levels. Promotions and features are continuing in the Northeast for the upcoming holiday period and prompting good sales activity. Demand for mozzarella and provolone remains good. According to the latest NASS report, October 2011 total cheese production in New York was 65.1 million pounds, 1.2% more than September, but 0.4% less than October, 2010. Pennsylvania produced 32.6 million pounds in October, 0.2% more than one month earlier, but 9.1% less than one year ago. Vermont produced 10.8 million pounds, 2.0% more than last month and 8.9% more than October 2010. The total of all cheese production for October in the Atlantic region was 117.6 million pounds, up 0.9% from September, but 1.6% less compared to the same period last year. Atlantic region cheese production accounted for 13.1% of total U.S. production. Total U.S. cheese production in October 2011 totaled 896.1 million pounds, 3.3% more than September and 1.7% more than October 2010. Cumulative 2011 U.S. Cheese production through October was 1.6% greater than comparable 2010 production. Focusing on Italian cheese, in October, New York produced 29.9 million pounds, 0.4% more than September, but 5.9% less than October 2010. Pennsylvania produced 19.4 million pounds in October, 4.9% more than September, but 16.0% less than October 2010. The Atlantic region in September, produced 56.6 million pounds of Italian cheese, 2.2% more than September, but 7.8% less than the same period last year.

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

Cheddar 40# Block	:	2.0950-2.3700
Process 5# Sliced	:	1.8650-1.9850
Muenster	:	2.1150-2.4425
Grade A Swiss Cuts 10 - 14#	:	3.5200-3.8425

MIDWEST

The cheese market remains weak with prices continuing to decline on the CME Group cash cheese market. Current prices are back to levels last seen in early/mid-October. Current orders are mixed. Some buyers are adding supplies and/or promotions to take advantage of lower prices before the holidays. Others are working down inventory before reordering or, in the case of monthly average buyers, limiting volumes to needs before January. December is also an inventory volume month for buyers and sellers in firms with calendar fiscal yearend. There is some extra interest in pepper jack and Colby/jack with adequate age for cutting. Provolone is also tight for some packagers. Process interest is mixed, from improved to slower. Aged cheddar volumes are being lowered. Cheese production is fairly steady. Many operators are being contacted to handle surplus milk volumes during yearend holiday period. Milk volumes are generally inching higher with good seasonal yields.

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

Process American 5# Loaf	:	2.1150-2.3600
Brick And/Or Muenster 5#	:	2.2875-2.4800
Cheddar 40# Block	:	2.2700-2.8650
Monterey Jack 10#	:	2.2575-2.8650
Blue 5#	:	2.5525-3.1500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1325-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.9300-3.3300

WEST

Cheese prices continued to trend lower at the CME Group. Western wholesale prices followed the trend as weekly average prices declined. Cheese production in the West is mostly steady with the bulk of the production geared to contract fulfillment. Retail sales are reported good and some extra interest is being expressed by export buyers as the price has declined. Barrels closed down \$0.0400 at the CME Group on Wednesday to settle at \$1.6000. Blocks were unchanged at \$1.6850. The bulk of sales this week have centered on barrels with nineteen loads selling compared to only two loads of blocks. According to the NASS *Dairy Products* report, total cheese production in the U.S. in October reached 896.1 million pounds, up 1.7% or 14.7 million pounds from last year. Cumulative total cheese output for the U.S. through October is 8.8 billion pounds, up 1.6% or 142.2 million pounds from the same period in 2010. October total cheese production in the Western region was 381.9 million pounds, up 0.8% or 3.2 million pounds from October 2010. The West produced 42.6% of all the cheese in the U.S. in October. Swiss output for the U.S. in October is 27.4 million pounds, down 8.0% or 2.4 million pounds from last year. CME Group monthly average price for November 2011 for barrels is \$1.8963 compared to November 2010 at \$1.4520. Blocks averaged \$1.8716 for November 2011 compared to \$1.4619 for last year.

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

Process 5# Loaf	:	1.8825-2.1400
Cheddar 40# Block	:	1.9075-2.2600
Cheddar 10# Cuts	:	2.0875-2.3075
Monterey Jack 10#	:	2.0975-2.2575
Grade A Swiss Cuts 6 - 9#	:	3.0975-3.5275

FOREIGN

The CME Group weekly average block price declined for the second consecutive week and lowered domestic wholesale prices by \$0.0350. Prices for Swiss cuts declined \$0.1175 following the Class III price release Friday. The price decline narrows the pricing gap between Domestic Swiss and imports, but producers remain concerned that lower priced imports will impact domestic Swiss sales. According to the latest NASS report, domestic Parmesan production during October 2011 totaled 22.0 million pounds, 4.6% more than September and 15.0% more than October 2010. Provolone production during October totaled 30.7 million pounds, 2.9% more than September and 6.7% more than October 2010. Romano production during October 2011 totaled 3.6 million pounds, 7.9% more than September, but 1.7% less than October 2010. Swiss production during October 2011 totaled 27.4 million pounds, 1.1% more than September, but 8.0% less than October 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	: 2.2350-3.7225*
Gorgonzola	: 3.6900-6.3900	: 2.7375-2.9975*
Parmesan (Italy)	: -0-	: 3.3575-3.9125*
Provolone (Italy)	: 3.4400-6.3900	: 2.2775-2.4350*
Romano (Cows Milk)	: -0-	: 3.4250-5.5675*
Sardo Romano (Argentina)	: 2.8500-3.9800	: -0-
Reggianito (Argentina)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6125-3.9350*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

*= Price change.

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CHEESE MARKETS

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
12/05/11	3,626	:	130,270
12/01/11	3,778	:	130,196
CHANGE	-152	:	74
% CHANGE	-4	:	N.C.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	14	0	55	0	0	160
SOUTHEAST STATES	0	0	0	0	6	0

Class I demand has returned to preholiday levels in the Mid-Atlantic and Northeast regions. Manufacturing supplies are nearly in balance with need with limited surplus supplies. Balancing plants are anticipating increased manufacturing milk supplies next week as holiday product manufacturers begin to slow production schedules prior to holiday shut downs. Producers continue to express concerns that lower feed quality and yields of this year's harvest will likely result in lower per cow milk production. Milk production in Florida is increasing at a rate that suggests cattle herds are increasing in numbers. Milk production increases have limited the need for imported loads with only 14 spot loads imported this week. Class I demand remains strong and looks to continue through most of next week before bottlers slow production for the holiday period. Milk production in the Southeast region is on the seasonal trend with most increases noted in the most Southern states. Class I demand is good with some bottlers adding loads this week. Recent snows and cold weather across the South have caused some transportation issues, but no major delays. Cream demand has increased as cream based product manufacturers have resumed holiday production schedules with some increases in ice cream production. Cream supplies are adequate for need with increases in standardized cream as Class I bottling has returned to pre-Thanksgiving levels. Cream multiples range from 127 to 134. Cream contracts for 2012 are being finalized with the jury still out on pricing. Comments from those in the industry indicate an initial tendency for manufacturers to contract cream at greater volumes than in 2011. Demand for condensed skim has increased as Class II production has increased ahead of the holiday period. Manufacturing supplies are expected to increase mid to late next week as manufacturers begin to limit production schedules ahead of holiday shut downs. Ice Cream production in the Atlantic region in October totaled 13.0 million gallons, 6.7% less than September and 3.5% less than October 2010. U.S. Yogurt production (plain and flavored) for October totaled 346.1 million pounds, down 11.5% from September, but 7.6% more than for the same period last year. Cumulative 2011 production through October totaled 3,634 million pounds, 3.1% higher than through October 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 -	2.0968-2.2123
F.O.B. producing plants: Upper Midwest -	2.0142-2.1463

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.52 - 1.57
Northeast - Class III - spot prices -	1.55 - 1.60

MIDWEST

Class I interest was around regular levels, depending on feature activity. Cream supplies were often tighter early as extra volumes headed to cream cheese accounts as well as for holiday high fat products such as dips, sour, and whipping cream. Eggnog production was mostly solid. Ice cream production was seasonal with manufacturers trying to minimize inventory but still cover orders.

Churning was often lighter early in the workweek due to increased competition for cream and as churn operators balance short term print butter needs with current cream and bulk supplies. Condensed skim interest seemed lighter and reported prices not straying far from flat class. Manufacturing milk interest is weaker following recent cheese price declines as well as the prospect for cheaper prices during the yearend holiday period. Current prices range from discounts below class on the eastern side of the region to less than \$2.00 premiums in part of Wisconsin. Recent declines in cheese prices will likely not be fully reflected in the December Class II price making discounts common at yearend. Handlers and plant operators continue to negotiate and gear up for the yearend holiday surplus milk supplies. Most comment that with the holidays on the weekend, the surplus period will likely be shorter and hopefully easier to manage. Colder weather and precipitation, including snow has cows spending more time under cover.

WEST

CALIFORNIA milk production trends are steady to slightly higher. Volumes remain higher than a year ago. High winds were common over widespread areas, but those had limited to no impact on milk production or processing. Processing plants are running on active schedules to handle the milk supply. There are more inquiries about helping to handle milk over the yearend, holiday period. Class I demand has returned to expected levels. The November 4a price (butter/powder) in CALIFORNIA is \$17.70, down \$0.59 from October but \$1.36 higher than last year. This compares to the Federal Order Class IV price for November 2011 at \$17.87. The November 4b price (cheese) is \$17.19, \$1.41 higher than October and \$4.05 more than last year. This compares to the Federal Order Class III price for November 2011 at \$19.07. ARIZONA milk output continues to build slightly on a week-to-week growth basis. Weather conditions are colder, but not affecting the milk cows to any extent. Processing plants are running well. Class I needs are steady. NEW MEXICO weather garnered a lot of press and created adverse conditions across the dairy sector. Snow and cold conditions made transportation a problem and several interstate routes were closed for truck and tanker traffic for some time. Some plants had issues with cold weather freezing up air, water, and milk lines, to further complicate handling the milk supplies. All seems to be back to near normal at the end of the week. The impact will likely be minimal on a big picture perspective. Western CREAM demand is moderate. Pricing trends are flat with butter pricing and multiples/overages holding mostly steady. Production of holiday type items is seasonally active. Butter production is running heavy to handle good butter orders for the print needs. At the CME, the Grade AA butter closed at \$1.6400 on Wednesday, December 7, down 1.75 cents from a week ago. Western cream multiples range from 110-125 and vary based on class usage and basing points. Milk production levels in the PACIFIC NORTHWEST are following seasonal norms. Class I usage returned to normal after the holiday and manufacturing milk levels are being easily handled locally. Yields of milk solids are reported good and helping to increase production of manufactured products. Dairy farmers are facing higher hay prices and are assessing feed costs for the upcoming winter. Some relief in current grain prices due to harvest, are providing opportunities to lower overall feed costs. UTAH and IDAHO milk production is mostly steady. Milk for manufacturing continues to be handled locally in most cases as capacity is adequate for current supplies. Weather conditions are positive for cow comfort. Dairy farmers are formulating strategies for 2012 and looking at various scenarios for next year. The announcement of a new manufacturing facility to be built in Idaho is affecting milk demand calculations.

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 adjusted lower on the tops of the range and mostly price series, reflecting decreases in the bases for various price formulas. The market tone is mixed. Several plants in the region indicate NDM production is lower compared to last week. Sales of condensed skim are higher than during the holiday week, thus taking solids away from the dryer. NDM inventories are mostly described as adequate for near term needs. Several price formulations are emerging for 2012 contracts, ranging from fixed prices for portions of the year to formulas using weekly or monthly bases. For buyers, the many options make it difficult to decide on a course of action. Pricing is part of the consideration, but supply consistency, quality and availability also play a part in selecting a trading partner. According to NASS, NDM production in the Central region totaled 10.1 million pounds during October 2011, 19.9% more than one month ago and 52.6% more than one year ago. Cumulative nonfat dry milk production for 2011 in the Central region totals 128.3 million pounds, 10.6% higher than 2010 production during the same time span. The November 2011 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.4714 compared to \$1.4893 one month ago and \$1.2338 in November 2010. The November 2011 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.5676 compared to \$1.5960 one month ago and \$1.3703 in November 2010.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of human food NONFAT DRY MILK during October 2011 totaled 100.7 million pounds, down 3.0% from September 2011 production and 12.1% lower than September 2010. Cumulative nonfat dry milk production for 2011 totals 1,247.2 million pounds, 4.6% lower than 2010 production during the same time span. Month ending stocks, at 143.6 million pounds, are 4.8% lower than a month ago but 16.5% higher than one year ago. October 2011 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 42.0 million pounds, 18.0% higher than one month ago and more than double production one year ago. Cumulative 2011 skim milk powder production totals 369.9 million pounds, compared to 207.4 million pounds during the same time span in 2010, a 78.3% increase in production.

EAST: Prices for low heat nonfat dry milk significantly declined on the upper end of the full and mostly range, while high heat prices held steady. Production of nonfat dry milk in the East has declined with a number of plants producing at near 50% capacity, while other plants are drying just a few days a week. Production schedules have been conducive for both low and high heat production. Demand is decreasing as many end users have adequate supplies to finish their holiday production runs. Inventories at most plants are building, but are not burdensome. The number of loads being purchased from outside the region has lessened, because users are not inclined to expand inventories this time of year.

DAIRY PRODUCTS: The latest NASS Dairy Products report indicates nonfat dry milk production for October in the Atlantic region totaled 6.2 million pounds, 6.1% of the nation's total. The Atlantic region production was 26.8% less than one year ago, but 1.0% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.4900 MOSTLY: 1.4200 - 1.4700
 HIGH HEAT: 1.5300 - 1.6500

NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk are trending lower, reflecting both changes in demand and the lowering of several indices. Overall, demand is light to moderate for this season of the year. Buying interest became subdued with the drops in indices last week and became perplexed as the California index moved higher this week. Historically it has been common that larger volume sales at a discounted price move these state and national indices lower one week, and then the price rebounds the next when those sale prices and volumes are not involved. Concurrently, buyers outside of those sales are left to wonder if the index price changes will affect one week or several. NDM drying is active across the region and will ramp up towards the yearend when milk output increases and utilization in other class products slows. Indications are that capacity is ample to handle any surge, but will tighten. Western high heat NDM prices are trending slightly lower, reflecting recent declines in low heat prices and other NDM indices. Demand is fair to good seasonally with product moving from producers to end users on a timely basis. Stocks are mainly light. U.S. NDM production in October 2011 totaled 100.7 million pounds, 12.1% less than last year. Cumulative YTD output through October totals 1.25 billion pounds, down 4.6% from the same period in 2010. NDM production in the West region in October totaled 84.4 million pounds, down 15.2% from last year. The West produced 84% of the U.S. total in October. U.S. manufacturers' stocks of NDM at the end of October were 143.6 million pounds, 16.5% higher than a year earlier but 4.8% lower than September 2011. U.S. skim milk powder (SMP) production in October totaled 42.0 million pounds, 139.6% more than last year and 18.0% above September. Cumulative YTD output for SMP through October totals 370.0 million pounds, up 78.3% from the same period in 2010.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3500 - 1.4700 MOSTLY: 1.3700 - 1.4300
 HIGH HEAT: 1.4300 - 1.5475

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are mostly steady. Interest from baking blend and snack food manufacturers is restarting. According to some dry buttermilk manufacturers, both spot and contract sales activity notched higher this week. Dry buttermilk production is steady to lower. Butter production is lower at several locations as cream interest moved higher from a few Class II end users. Also, some butter makers plan to churn less through the end of the year and restart with 'new crop' butter in January. The November 2011 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.3638 compared to \$1.3848 one month ago and \$1.2953 in October 2010.

DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during October 2011 totaled 7.6 million pounds, 4.4% more than one month ago and 25.9% more than production one year ago. Cumulative 2011 dry buttermilk production totals 80.9 million pounds, 23.4% more than during the same time span of 2010. Month ending stocks of dry buttermilk, at 12.1 million pounds, are 6.0% lower than one month ago but 21.6% 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 BUTTERMILK - CENTRAL AND EAST (continued)

EAST: Dry buttermilk prices declined 1 cent on the upper end of the range this week. Dry buttermilk production remains steady at increased levels as churns remain busy filling holiday orders. Recent export activity has put some inventories in the East in a much better position for the expected yearend production increases. Domestic demand is beginning to wane as holiday product and ice cream manufacturers have in place the required supplies to finish out the year. Export interest has also declined after recent transactions. The market undertone is weak, because of the softening yearend demand and also due to the lower nonfat dry milk market.

F.O.B. CENTRAL/EAST: 1.3200 - 1.4200

DRY BUTTERMILK - WEST

The Western buttermilk powder market is trending firmer as pricing series move slightly higher. Dry buttermilk production is active as buttermilk solids are available from the heavy churning activity. Producer offerings are limited onto the spot market. Spot demand is limited and unaggressive. There are loads available in the resale market, but those are being priced above the current market and not getting much attention. Demand for condensed buttermilk is light. Buttermilk powder production in October 2011 for the U.S. totals 7.6 million pounds, up 25.9% from last year. Buttermilk stocks at the end of October were 12.1 million pounds, 21.6% higher than a year ago but 6.0% lower than last month.

F.O.B. WEST: 1.3400 - 1.3975 MOSTLY: 1.3600 - 1.3750

DRY WHOLE MILK - NATIONAL

The dry whole milk price range widened, dropping 3 cents on the bottom, but gaining 3 cents on the top of the range. Spot market sales increased this week, filling end of the year as well as some early 2012 production end user needs. A few plants throttled back on dry whole milk production this week after maximizing output during the holiday weekend and through last week. Dry whole milk inventories are reportedly sufficient to meet contract needs through the balance of the year and into January 2012. The November 2011 Dairy Market News average of the range price series for dry whole milk was \$1.8785 compared to \$1.9384 one month ago and \$1.6900 in November 2010.

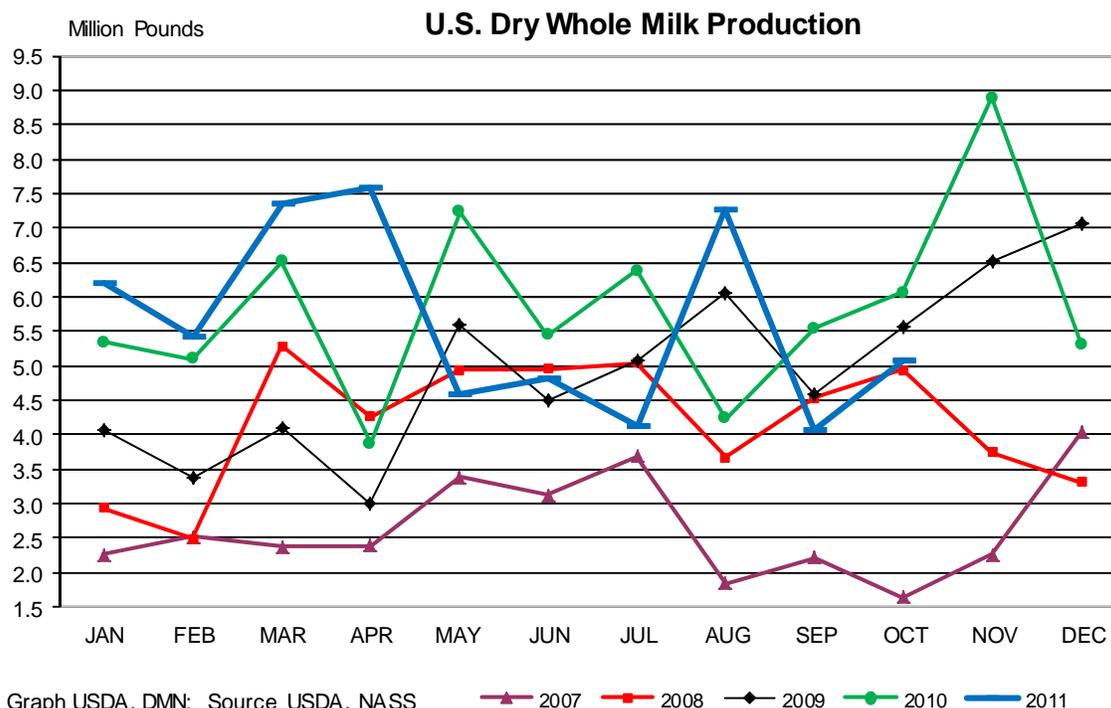
DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during October 2011 totaled 5.1 million pounds, up 25.0% from September 2011 but 16.3% lower than October 2010. Cumulative 2011 production totals 56.5 million pounds, a 1.4% increase from 2010 production during the same time period.

F.O.B. PRODUCING PLANT: 1.7600 - 1.9500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 2	\$1.4497	11,725,227	0
November 25	\$1.3894	16,437,488	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.



WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices moved higher on the tops of both the range and mostly price series, representing both spot and contract price increases. Spot sales are infrequent and some end users have closed the books on 2011 dry whey purchases due to price and availability challenges. Dry whey production is steady to slightly more active as cheese orders for some plants bumped a little higher. One or two other plants lost production time to maintenance and/or equipment upgrades. Dry whey contract negotiations continue for 2012. With some producers cutting contract sale quantities to end users, this is throwing those end users back into the market to find 2012 contract whey loads. With competition for dry whey heating up, some manufacturers are increasing premiums in their bids. Manufacturers whose dry whey regularly enters countries in the EU noted that most of the milk used in their products meets the somatic cell and standard plate count requirements of the European Union Health Certificate Program, which requires farm level milk sampling beginning in January 2012. The November 2011 Dairy Market News average of the mostly price series for Central dry whey was \$0.6225 compared to \$0.6054 one month ago and \$0.3558 in November 2010. The November 2011 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.5470 compared to \$0.5224 month ago and \$0.3063 in November 2010.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during October 2011 totaled 70.3 million pounds, 2.2% more than September but 7.0% less than production 1 year ago. October ending stocks of HUMAN FOOD dry whey totaled 37.7 million pounds, 2.5% lower than 1 month ago and 5.9% lower than October 2010. Production of ANIMAL FEED dry whey during October 2011 totaled 6.2 million pounds, 17.5% lower than one month ago but more than two times the production of October 2010. ANIMAL FEED dry whey month ending stocks totaled 4.4 million pounds, 3.4% lower than one month ago but 27.0% higher than the stocks of one year ago. Cumulative 2011 dry whey production, HUMAN AND ANIMAL FEED, is 0.6% higher than 2010 production through October, totaling 849.0 million pounds.

F.O.B. CENTRAL: .6000 - .7025 MOSTLY: .6150 - .6550
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4725 - .6275

DRY WHEY - NORTHEAST

Contract formulations continue to push dry whey prices higher. Dry whey production remains steady as seasonal cheese production levels are unchanged. Domestic and export demand for dry whey continues to be very good. Some manufacturers continue to struggle in keeping current with their contract commitments. Sourcing product beyond contracts remains difficult with spot market activity nearly nonexistent in the region. Resale activity reflects the very tight supply situation with prices above \$0.6900. Users of dry whey are continuing to consider possible product/protein substitutes that are lower priced and more readily available. The market undertone is very firm with nearly all supplies committed. The November 2011 Dairy Market News average of the price series for Northeast dry whey was \$0.6469 compared to \$0.6295 one month ago and \$0.3812 in November 2010.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for October 2011, in the Atlantic area totaled 18.8 million pounds, or 26.8% of the nation's total for October of 70.3 million pounds. The Atlantic area's production is 17.1% more than September and 1.7% more than production one year ago. The national production total was 2.2% more than the previous month, but 7.0% lower than for the same period last year. Further analysis of the Dairy Products data reveals that the Atlantic region's dry whey for human consumption production increases were the only production increases for any region in the nation, whether comparing to the previous month or to the previous year. Thus, dry whey for human consumption production increases in the Atlantic region was solely responsible for the national production increases in dry whey for human consumption, when compared to the previous month.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6525 - .6700

DRY WHEY - WEST

Western dry whey prices are higher again in a firm market. Whey supplies are tight with little relief being offered for spot market purchases. Production of dry whey has lagged behind last year for the fifth straight month. Manufacturers are increasing production of higher protein concentrates from whey stream sources. This has decreased available supplies for spot whey purchases. Resale loads are available in limited supply at prices above current ranges. According to the NASS *Dairy Products* report, total dry whey production in October totaled 76.5 million pounds, down 1.8% or 1.4 million pounds compared to October 2010. The Western region produced 16.6 million pounds of human dry whey in October, down 15.9% or 3.1 million pounds from last year. The West produced 23.6% of the human dry whey in the U.S. in October. Cumulative total dry whey production for the year in the U.S. is 849.0 million pounds, up 0.6% or 4.8 million pounds from 2010. Manufacturers' stocks at the end of October for total dry whey are 42.0 million pounds, down 3.3% or 1.4 million pounds from last year. The November 2011 Dairy Market News monthly average price for Western dry whey range was \$0.6096 compared to \$0.3868 for November 2010; the Western dry whey mostly series averaged \$0.6436 compared to \$0.3902 a year ago.

NONHYGROSCOPIC: .6000 - .6925 MOSTLY: .6425 - .6725

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during October 2011 totaled 40.2 million pounds, an increase of 23.2% from September 2011 but 9.2% lower than October 2010. Manufacturers' end-of-month stocks totaled 59.3 million pounds, 23.1% lower than one month ago and 25.4% lower than one year ago. On December 7, 2011, the Kansas City Commodity Office announced the awarding of two contracts for a total of 260,253 pounds of evaporated milk. The evaporated milk, packed in 24/12 oz. cans, is scheduled for January - March 2012 deliveries at various locations throughout the country. Accepted prices ranged from \$0.6360 - \$0.6713/lb. No further bids will be considered under this solicitation number.

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

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

A firm tone to the market maintained the mostly price series this week for whey protein concentrate 34%. The top of the range chipped off 4 cents while the bottom of the range added 4 cents. Spot load availability remains tight from both F.O.B. and resale sources. Producers and buyers are fully engaged in 2012 contracting activities. The demand for WPC 34% is strong, and, as some traditional manufacturers bow out of WPC 34%, their customers are hunting for new suppliers, either directly or through resellers. Some producers indicate they are not taking on new customers as current contracts will claim most of the projected 2012 WPC 34% production. The November 2011 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.4458 compared to \$1.4363 one month ago and \$0.9950 in November 2010.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during October 2011 totaled 20.8 million pounds, 4.2% more than one month ago and 5.1% higher than production of one year ago. Cumulative WPC 34% production for 2011 totals 198.4 million pounds, 2.7% 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 20.3 million pounds, 6.1% more than September 2011 and 27.4% more than October 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4100 - 1.5450 MOSTLY: 1.4400 - 1.4800

LACTOSE - CENTRAL AND WEST

Lactose prices are steady on the mostly price series. Manufacturers and end users report all 2012 lactose demand has not been satisfied. Manufacturers still receive contract inquiries and end users are still searching out quantities of lactose to fill 2012 production needs. The firm price trend seems set to continue into 2012 Q1. A few manufacturers noted the announcement that Oceania lactose will begin trading at the global DairyTrade auction in April 2012, but interest in active participation in that auction has not been planned. The November 2011 Dairy Market News average of the mostly price series for Central and West lactose was \$0.7598 compared to \$0.7503 one month ago and \$0.3350 in November 2010.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during October 2011 decreased 1.2% compared to September 2011 to 82.1 million pounds but was 8.6% higher than October 2010 production. Cumulative 2011 lactose production totals 829.7 million pounds, 10.8% more than during the same time span in 2010. Month ending stocks, at 69.9 million pounds, are 1.7% more than one month ago but 14.7% lower than one year ago.

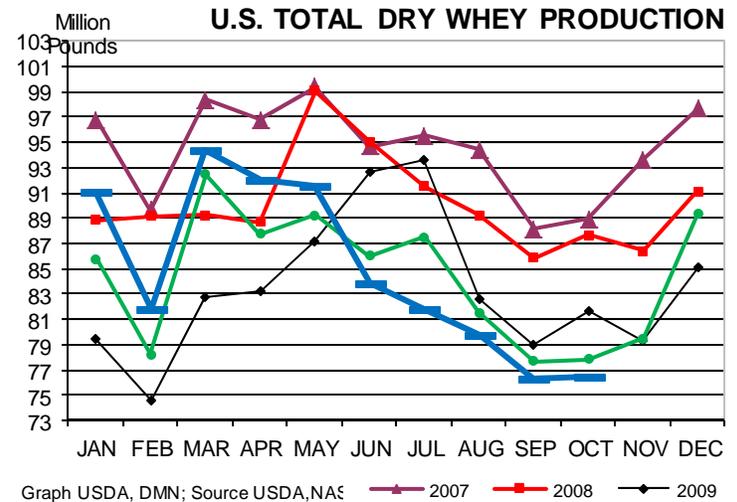
Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .6200 -.8650 MOSTLY: .7300 - .8000

CASEIN - NATIONAL

Casein markets remain unchanged, although a weaker undertone appears to be developing for the new year. Domestic buyers continue to indicate that they are getting their contractual volumes, but spot availability is challenging to acquire. The Oceania milk production season is on the downside of the season and some casein operations have already shuttered their plants for the year. Although this trend is occurring, Oceania suppliers remain optimistic about the season and commitments to buyers. European milk production is basically at seasonally low levels, but some regions are starting to report slight milk volume increases. With milk volumes starting to rebound, production of other dairy products is absorbing the milk volume versus casein at this time. European casein commitments are being filled from inventoried stocks.

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 DECEMBER 5 - 9, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/11	SAME PERIOD LAST YEAR	WEEK ENDING 12/02/11	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfat	-0-	-0-	-0-	-0-	-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 11/19/11 & 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			
2011-Dairy	N.A.	0.6	10.2	3.4	22.1	3.8	N.A.	N.A.	16.7	2.8	61.4	2,625.3	40.9	43.7
2010-Dairy	N.A.	0.5	9.2	3.3	22.0	3.4	0.2	N.A.	15.1	2.7	57.9	2,516.9	40.2	43.6
2011-All cows	0.0	0.7	13.0	15.3	41.2	30.0	N.A.	N.A.	24.3	4.4	150.1	6,005.9		
2010-All cows	N.A.	0.7	11.7	15.8	39.4	26.1	15.9	N.A.	22.0	7.5	143.9	5,777.5		

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)

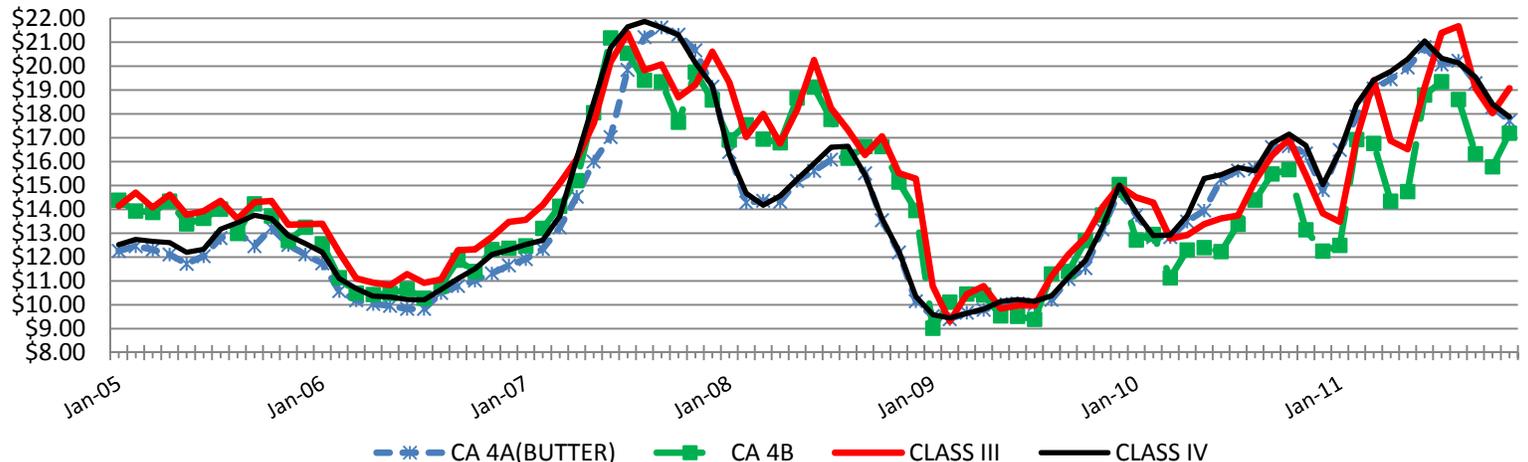
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23	19.43	19.75	20.32	21.03	21.43	21.78	19.56	18.45	18.47
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55	19.41	19.26	
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	

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

FEDERAL ORDER CLASS III AND IV PRICES COMPARED TO CALIFORNIA 4A AND 4B



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered November 28 - December 9, 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 OVERVIEW: Milk production in Europe is starting to show more signs of seasonal increases. Although overall volumes remain low, milk intakes at some plants are starting to increase. Farmers have stabled the milking herd for the winter and are using winter feed stocks. Farmers indicate that feed stocks are available and generally of good quality. Weather conditions are often drier than usual for this time of the season with temperatures trending lower. Traders and handlers report that buyer interest has slowed as buyers appear to be stepping back from the marketplace. Traders feel that there are a couple of reasons for the inactivity: a weaker price trend is developing, thus buyers are hesitant to purchase on a declining market and are awaiting for the market to stabilize and secondly, the calendar yearend and holidays are approaching, thus some buyers have sufficient stocks to carry them into the new year. Stocks of all dairy products are generally available for both domestic and international buyer interest. Some international sales are being reported, although most activity is centered around an internal or domestic market. Firm butter prices in Europe are causing some international buyers to look to other sources, including the U.S., for their needs during early 2012. Current U.S. bulk butter prices, in 25kg packages, are around \$3,600 per MT fob. Many European traders are awaiting the results of a recently announced dairy product tender. The tender is seeking an undisclosed volume of anhydrous milk fat, skim and whole milk powder. Traders have submitted offers to the tender, but as of midweek, have not heard any results. The December monthly European Dairy Commission meeting will be held Thursday, December 15.

BUTTER/BUTTEROIL: European butter markets and prices are generally weaker. Milk production patterns throughout Europe are basically at seasonally low levels, thus butter production is minimal. Sales are being filled from inventoried stock. In most instances, sales activity is centered around an internal market with international sales limited. Traders indicate that international buyers are often looking elsewhere for needs as European prices are higher than buyers are willing to pay. Some of this international buyer potential is looking to the U.S. where current salted bulk butter prices are in the \$3,600 per MT fob range. European butter handlers are aware of a recently announced dairy product tender seeking anhydrous milk fat. Most are unsure about European participation, especially when European prices are significantly higher than other possible international offerings.

82% BUTTERFAT: 4,550 - 4,875
 99% BUTTERFAT: 5,125 - 5,475

SKIM MILK POWDER (SMP): The European skim milk powder market is generally holding steady, with prices adjusting slightly. Traders and handlers are awaiting the results of a recently announced dairy product tender seeking an undisclosed volume of skim milk powder. Various traders and handlers submitted offers to the tender a few weeks ago, but have not heard any results as of midweek. The delivery period will be Q1 2012 (January - March). Stocks are available and many feel that European sources may have a good chance to fill or at least cover a good portion of the desired volume.

1.25% BUTTERFAT: 3,000 - 3,175

WHOLE MILK POWDER (WMP): European whole milk powder markets are weak with prices unchanged to generally lower. Prices are trending lower, but often remain higher than other offerings in the international marketplace. Manufacturers and handlers indicate that stocks are available for both domestic and international buyer interest. European traders and handlers await the results of the recently announcement dairy product tender. The tender is seeking various dairy products including whole milk powder. Nearly two weeks have passed since traders submitted offers to the tender, but as of midweek, have not heard any results.

26% BUTTERFAT: 3,675 - 3,950

SWEET WHEY POWDER: European whey powder markets are firm, with prices unchanged to slightly higher. Cheese production continues at low seasonal levels, thus new whey powder offerings are limited. Traders and handlers indicate that more international buyers are looking to European sources for whey needs as prices firm and offerings are not readily available elsewhere in the international marketplace.

NONHYGROSCOPIC: 1,300 - 1,350

EASTERN OVERVIEW: Eastern European milk production is basically holding at seasonally low level. Winter weather conditions are starting to develop with lower temperatures occurring throughout the region. Some snowfall has been reported, but for the most part, moisture remains limited. Traders and handlers indicate uncommitted inventoried stocks are available for both domestic and international buyer interest. Sales have been occurring, but for the most part, buyer inquiries and sales have slowed. Some Eastern European traders are awaiting the results of a recently announced dairy product tender seeking anhydrous milk fat, skim and whole milk powder. Offers were submitted a few weeks ago, but no results as of midweek.

Exchange rates for selected foreign currencies: December 5, 2011

.9837 Canadian Dollar	.0196 Indian Rupee
.2323 Argentina Peso	.7801 New Zealand Dollar
.0739 Mexican Peso	1.0269 Australian Dollar
.2998 Polish Zloty	.0128 Japanese Yen
	1.3401 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0739) = 13.5318 Mexican Pesos.

Source: "Wall Street Journal"

Information gathered November 28 - December 9, 2011

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OVERVIEW: The milk production season in the Oceania region has passed the peak in both New Zealand and Australia and the decline is gradual. Manufacturers and handlers are indicating that milk volumes are generally sufficient to maintain near capacity production schedules at most milk processing facilities, although casein output is starting to be cut back at some locations. Casein is a product that is the last manufactured dairy product to resume production on the upside of milk production and is the first to discontinue output on the downside. Milk producers and handlers are indicating that the positive close of last season which carried over to the spring of the current season is a contributing factor for good milk volumes at this time. Spring and early summer weather patterns have generally been good in both countries, outside of a blip in output during the snowstorm earlier this spring in New Zealand. The impact of that snowstorm and the more recent gas line breach in New Zealand many not be fully realized until later in the season. In New Zealand, milk volumes are declining, but milk processors and handlers continue to indicate that overall volumes continue to run heavier than last year at this time. In Australia, milk output on the downside of the season remains positive. Producers and handlers continue to indicate that milk volumes are also running heavier than last year at this time and continue to project a strong 2% growth for the season. Although a positive trend prevails for much of the Victoria region of Australia, Gippsland, within the Vitoria region, continues to struggle with very wet conditions and production is suffering. Milk handlers in both countries do indicate that summer weather patterns have not yet developed which can have a significant impact on either a positive or negative finish to the season. At this point of the season, most milk producers continue to cautiously manage their cash flow and generally pay down debt versus expand. Traders and handlers state that sales activities continue to center around regular/core and ongoing customer needs. Oceania stocks are generally fully committed to this need with minimal uncommitted volumes being reported. The December 6 g/DT session #57 results showed overall strength in all areas. Some slightly lower adjustments did occur with near term contracts with outlying contracts all averaging firmer. During this auction, Contract #1 (January) again had activity only in U.S. produced skim milk powder which averaged \$3,079, -2.7% from the previous contract. Contract #2 (February) prices and changes from the previous session are: anhydrous milk fat, \$4,004/MT, +12.6%; buttermilk powder, \$3,410, +14.4%;, skim milk powder, \$3,347, +3.1%; whole milk powder, \$3,648, +2.7%; milk protein concentrate \$6,275/MT -0.2%; rennet casein \$8,759/MT +1.9%; and cheddar \$3,511/MT, -0.5%.

BUTTER: Oceania butter markets and prices are generally steady. The milk production season is on the downside of the cycle, although milk and cream volumes remain fully sufficient to maintain strong churning schedules. Traders and handlers are indicating that butter stocks are fully sufficient to maintain timely shipments of contracted volumes with minimal uncommitted stocks being reported. Manufacturers and handlers are stating that much of future production is also sold.

82% BUTTERFAT:

3,500 - 4,100

SKIM MILK POWDER (SMP): Skim milk powder markets in the Oceania region are generally steady, although prices dipped slightly on the lower end of the reported range. Milk production is declining from seasonal peak levels, although milk volumes remain strong for butter/powder production. Traders and handlers are indicating that stocks are in close balance for known and future needs with minimal volumes available for spot buyer interest. At the December 6th g/DT event #57, skim milk powder averaged (for all contracting periods) \$3,424 per MT, 2.6% higher than the previous event average. Skim milk powder for January contracts (U.S. sourced) averaged \$3,079 per MT, 2.7% lower than the previous event. February contracts averaged \$3,347 per MT, March - May contracts averaged \$3,562, and June - August contracts averaged \$3,828, all 1.9 - 4.2% higher than the previous event.

1.25% BUTTERFAT:

3,100 - 3,700

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are steady to firm. Whole milk powder production is in full swing as milk volumes are just under peak levels on the downside of the season. When possible, whole milk powder production is getting the tilt for milk volumes which is keeping driers at or very near peak capacity. Some Oceania traders, that potentially submitted offers to a recently announced dairy product tender, including whole milk powder, are awaiting a reply. Although total volume of whole milk powder desired is unknown, many feel that they have a good chance in filling a portion of the unknown volume. Outside of the potential tender opportunity, whole milk powder stocks continue to clear to ongoing customer needs. Stocks are basically fully committed to ongoing customer needs with minimal uncommitted volumes being reported. At the most recent g/DT event on December 6, whole milk powder averaged (for all contracting periods) \$3,637 per MT, 2.0% higher than the previous all contract average.

26% BUTTERFAT:

3,450 - 3,800

CHEDDAR CHEESE: Cheese markets in the Oceania region are generally steady with prices easing slightly on the top end of the reported range. Cheese production is seasonally strong, although milk volumes are starting to decline from seasonal peak levels. Cheese stocks are reported to be fully sufficient for known needs and are being generated along projections. Cheese sales continue to center around regular/core buyers. At the December 6 g/DT event, cheddar cheese prices for all contracting periods averaged \$3,572 per MT, 2.1% higher than the previous all contract average. The cheddar price dipped slightly for the February contract to \$3,511 per MT, down 0.5% from the previous near term contract, but was 4.2% higher at \$3,626 for the March - May contract.

39% MAXIMUM MOISTURE:

3,525 - 4,350

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 28 - December 9, 2011

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DECEMBER 6, 2011 Global/Dairy Trading (g/DT) event 57 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	
	January 2012		February 2012		March - May 2012		June - August 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$4,004	+12.6%	\$4,014	+12.7%	\$4,069	-3.1%	\$4,013	+12.0%
Buttermilk Powder	N.A.	N.A.	\$3,410	+14.4%	N.A.	N.A.	N.A.	N.A.	\$3,410	+14.4%
Skim Milk Powder	\$3,079	-2.7%	\$3,347	+3.1%	\$3,562	+1.9%	\$3,828	+4.2%	\$3,424	+2.6%
Whole Milk Powder	N.A.	N.A.	\$3,648	+2.7%	\$3,609	+1.5%	\$3,679	+0.9%	\$3,637	+2.0%
Milk Protein Concentrate	N.A.	N.A.	\$6,275	-0.2%	\$6,285	+1.3%	N.A.	N.A.	\$6,280	+0.5%
Rennet Casein	N.A.	N.A.	\$8,759	+1.9%	\$8,684	+5.3%	N.A.	N.A.	\$8,721	+3.6%
Cheddar	N.A.	N.A.	\$3,511	-0.5%	\$3,626	+4.2%	N.A.	N.A.	\$3,572	+2.1%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	11/23	11/24	11/25	11/28	11/29	11/30	12/01	12/02	12/05	12/06	12/07
CME - CLASS III MILK FUTURES (Pit-Traded)											
NOV 11	19.11 (5752) 0	NO TRADING	19.11 (5752) 0	19.11 (6005) 0	19.11 (5980) 0	19.10 (5970) 0	19.10 (5970) 0	19.07 (5717) 0			
DEC 11	18.13 (5951) 0		18.13 (5948) 0	18.77 (5935) 0	18.80 (5902) 0	18.43 (5845) 0	18.61 (5872) 0	18.66 (5866) 0	18.69 (5804) 0	18.52 (5766) 7	18.49 (5747) 0
JAN 12	16.98 (4598) 0		16.98 (4598) 0	17.50 (4596) 0	17.52 (4646) 0	17.19 (4750) 2	17.34 (4784) 5	17.31 (4813) 6	17.48 (4878) 40	17.37 (4985) 28	17.22 (5046) 0
FEB 12	16.71 (3171) 0		16.71 (3171) 0	16.90 (3192) 0	17.02 (3241) 0	16.90 (3328) 7	17.14 (3453) 6	17.21 (3521) 4	17.28 (3595) 40	17.16 (3721) 39	17.13 (3792) 0
MAR 12	16.77 (2767) 0		16.77 (2767) 0	16.82 (2762) 0	16.87 (2769) 0	16.93 (2819) 7	17.03 (2884) 6	17.15 (2944) 4	17.21 (3004) 40	17.07 (3138) 39	17.02 (3185) 0
APR 12	16.73 (2080) 0		16.73 (2080) 0	16.77 (2107) 0	16.83 (2137) 0	16.85 (2176) 0	16.93 (2212) 6	17.04 (2253) 7	17.05 (2297) 40	16.87 (2383) 36	16.88 (2419) 3
MAY 12	16.70 (2042) 0		16.70 (2042) 0	16.73 (2056) 0	16.83 (2076) 0	16.85 (2092) 0	16.90 (2147) 5	17.09 (2224) 7	17.10 (2258) 40	17.00 (2307) 25	16.98 (2365) 3
JUN 12	16.72 (1830) 0		16.72 (1830) 0	16.72 (1848) 0	16.80 (1857) 0	16.84 (1888) 0	16.97 (1932) 4	17.14 (1991) 8	17.14 (2019) 40	17.01 (2064) 25	16.98 (2090) 3
JUL 12	17.00 (1282) 0		17.00 (1282) 0	16.98 (1289) 0	17.03 (1300) 0	17.07 (1320) 0	17.12 (1363) 5	17.20 (1410) 9	17.20 (1415) 0	17.11 (1443) 0	17.09 (1464) 0
AUG 12	17.00 (1246) 0		17.00 (1246) 0	17.07 (1264) 0	17.10 (1272) 0	17.10 (1281) 0	17.15 (1319) 5	17.19 (1355) 9	17.22 (1384) 0	17.20 (1410) 0	17.20 (1423) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)											
NOV 11	18.00 (496) 0	NO TRADING	18.00 (496) 0	18.00 (496) 0	18.00 (496) 0	18.00 (496) 0	18.00 (496) 0	17.87 (419) 0			
DEC 11	17.56 (397) 0		17.56 (397) 0	17.25 (398) 0	17.25 (399) 0	17.10 (399) 0	16.95 (399) 0	16.90 (396) 0	16.90 (396) 0	16.90 (396) 0	16.90 (396) 0
JAN 12	17.15 (350) 0		17.15 (350) 0	17.15 (350) 0	17.15 (350) 0	17.02 (350) 0	17.02 (350) 0	16.95 (345) 0	16.85 (325) 0	16.88 (325) 2	16.88 (325) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)											
NOV 11	178.00 (891) 2	NO TRADING	178.00 (891) 0	178.50 (891) 0	178.50 (891) 0	178.50 (891) 0	178.75 (890) 1	178.24 (888) 0			
DEC 11	165.00 (695) 0		165.00 (695) 0	165.25 (693) 6	165.00 (692) 12	165.00 (689) 5	164.50 (689) 0	164.50 (689) 10	164.50 (689) 0	164.50 (689) 0	164.48 (687) 2
JAN 12	163.75 (480) 11		163.75 (480) 0	165.00 (473) 11	164.00 (465) 26	164.48 (462) 44	163.00 (469) 10	162.53 (536) 81	163.25 (526) 14	163.50 (526) 1	163.50 (526) 0
CME - NONFAT DRY MILK FUTURES (Pit-Traded)											
NOV 11	146.50 (239) 0	NO TRADING	146.50 (239) 0	146.50 (239) 0	146.50 (239) 0	146.50 (239) 0	146.50 (239) 0	145.22 (239) 0			
DEC 11	144.00 (287) 0		144.00 (287) 0	144.00 (285) 0	143.25 (286) 0	142.45 (287) 0	142.45 (287) 0	141.00 (292) 0	141.00 (292) 0	141.50 (292) 0	142.50 (292) 0
JAN 12	144.00 (134) 0		144.00 (134) 0	144.00 (134) 0	143.03 (133) 0	142.50 (133) 0	142.50 (133) 0	140.75 (133) 0	140.75 (133) 0	140.75 (133) 0	140.75 (133) 0
CME - WHEY (Electronic-Traded)											
NOV 11	63.50 (408) 1	NO TRADING	63.50 (408) 0	63.75 (408) 1	63.75 (408) 0	63.75 (408) 0	63.75 (408) 0	63.80 (388) 0			
DEC 11	64.75 (442) 1		64.75 (442) 0	65.00 (439) 3	65.00 (439) 0	65.00 (439) 0	65.00 (434) 10	65.00 (434) 0	64.60 (434) 3	64.60 (434) 0	64.60 (434) 0
JAN 12	61.80 (348) 10		61.80 (348) 0	64.00 (348) 5	64.53 (348) 5	64.75 (361) 14	66.00 (362) 9	65.80 (363) 1	66.00 (372) 36	65.53 (373) 5	65.25 (384) 21
CME - CHEESE CSC (Electronic-Traded)											
NOV 11	1.85 (949) 0	NO TRADING	1.85 (949) 0	1.85 (949) 0	1.85 (949) 0	1.85 (949) 0	1.85 (949) 0	1.84 (949) 0			
DEC 11	1.77 (1164) 0		1.77 (1164) 0	1.81 (1160) 9	1.81 (1160) 0	1.79 (1154) 0	1.79 (1141) 18	1.80 (1141) 0	1.80 (1141) 0	1.79 (1141) 0	1.78 (1141) 0
JAN 12	1.64 (832) 36		1.64 (832) 0	1.69 (833) 19	1.69 (836) 3	1.64 (881) 46	1.65 (883) 6	1.65 (883) 0	1.67 (895) 13	1.66 (915) 25	1.65 (931) 19
FEB 12	1.62 (761) 68		1.62 (761) 0	1.62 (765) 8	1.64 (784) 24	1.62 (811) 43	1.63 (815) 18	1.63 (815) 0	1.64 (815) 6	1.64 (815) 0	1.63 (816) 5
MAR 12	1.63 (779) 31		1.63 (779) 0	1.63 (784) 6	1.63 (797) 16	1.63 (813) 21	1.63 (816) 4	1.64 (823) 7	1.64 (832) 11	1.63 (836) 4	1.63 (839) 5
APR 12	1.64 (583) 23		1.64 (583) 0	1.65 (603) 22	1.64 (625) 27	1.64 (626) 5	1.64 (628) 2	1.63 (635) 7	1.63 (635) 0	1.63 (638) 3	1.62 (652) 15

^{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.

OCTOBER FLUID MILK SALES

During October, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.6 percent lower than October 2010. After adjusting for calendar composition, sales in October 2011 were 1.3 percent lower than October 2010. Estimated sales of total conventional fluid milk products decreased 2.1 percent from October 2010 and estimated sales of total organic fluid milk products increased 12.6 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,
OCTOBER 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	October	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,131	11,355	-2.8	-2.8
Flavored Whole Milk	45	433	-6.5	-5.2
Reduced Fat Milk (2%)	1,517	15,100	-1.7	-1.6
Low Fat Milk (1%)	629	5,885	2.3	0.5
Fat-Free Milk (Skim)	647	6,445	-3.8	-3.4
Flavored Fat-Reduced Milk	386	3,170	-4.6	-2.2
Buttermilk	41	392	-1.0	1.0
Total Conventional Milk Products 5/	4,414	42,823	-2.1	-2.1
Organic Whole Milk	44	412	11.1	17.1
Organic Reduced Fat Milk	52	490	3/	3/
Organic Low Fat Milk	38	348	3/	3/
Organic Fat-Free Milk (Skim)	37	383	3/	3/
Organic Flavored Milk	6	77	3/	3/
Organic Fat-Reduced Milk 4/	136	1,303	13.0	15.2
Total Organic Milk Products	179	1,716	12.6	15.6
Total Fluid Milk Products 5/	4,593	44,538	-1.6	-1.5
Total Fluid Milk Products Adjusted 5/ 6/	4,653	44,596	-1.3	-1.5

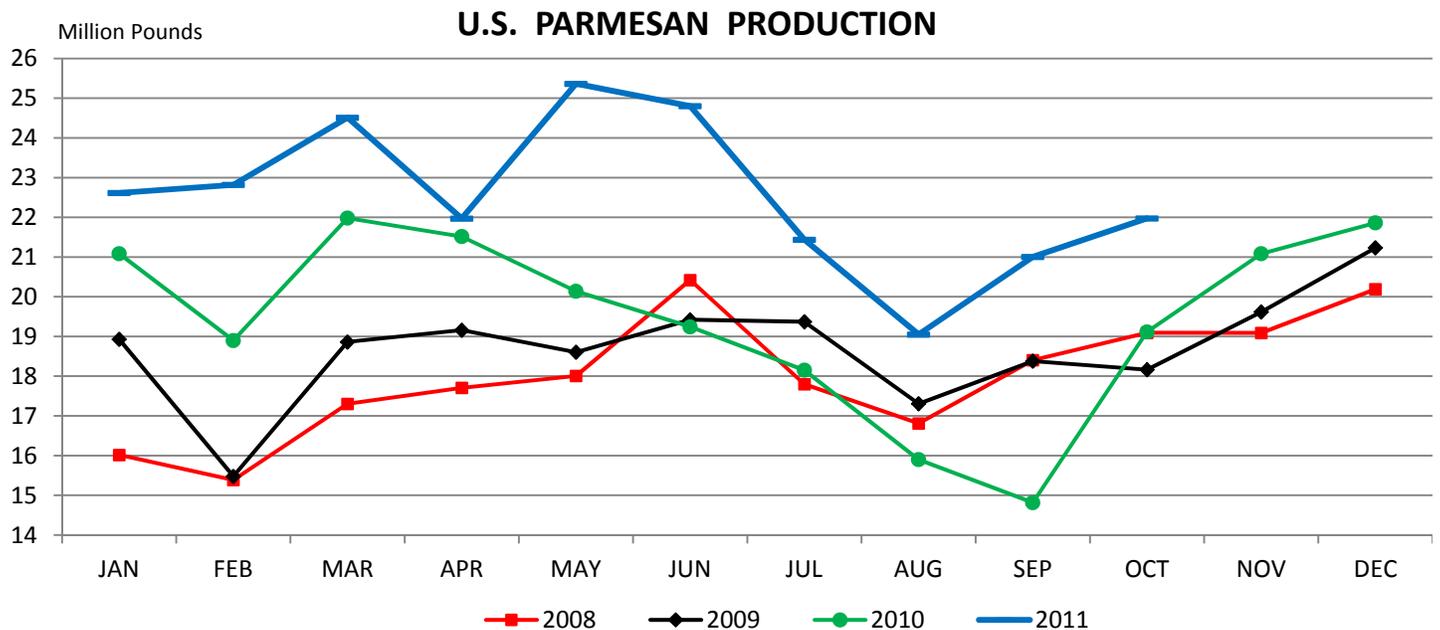
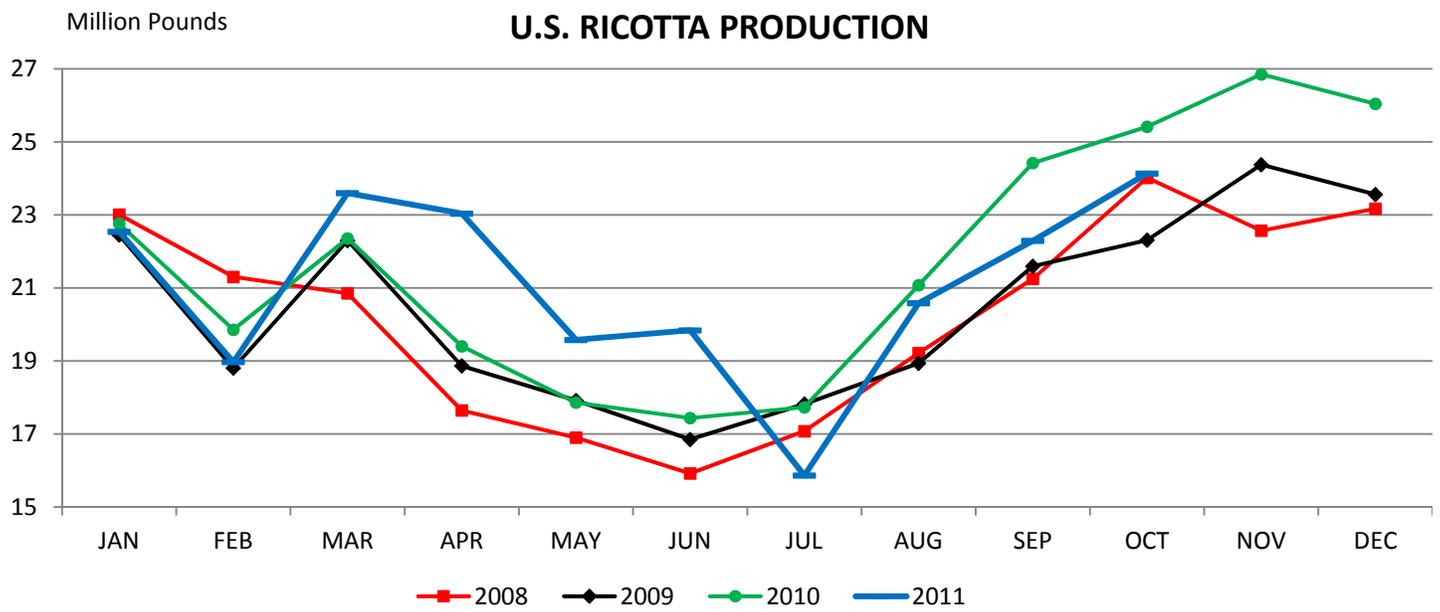
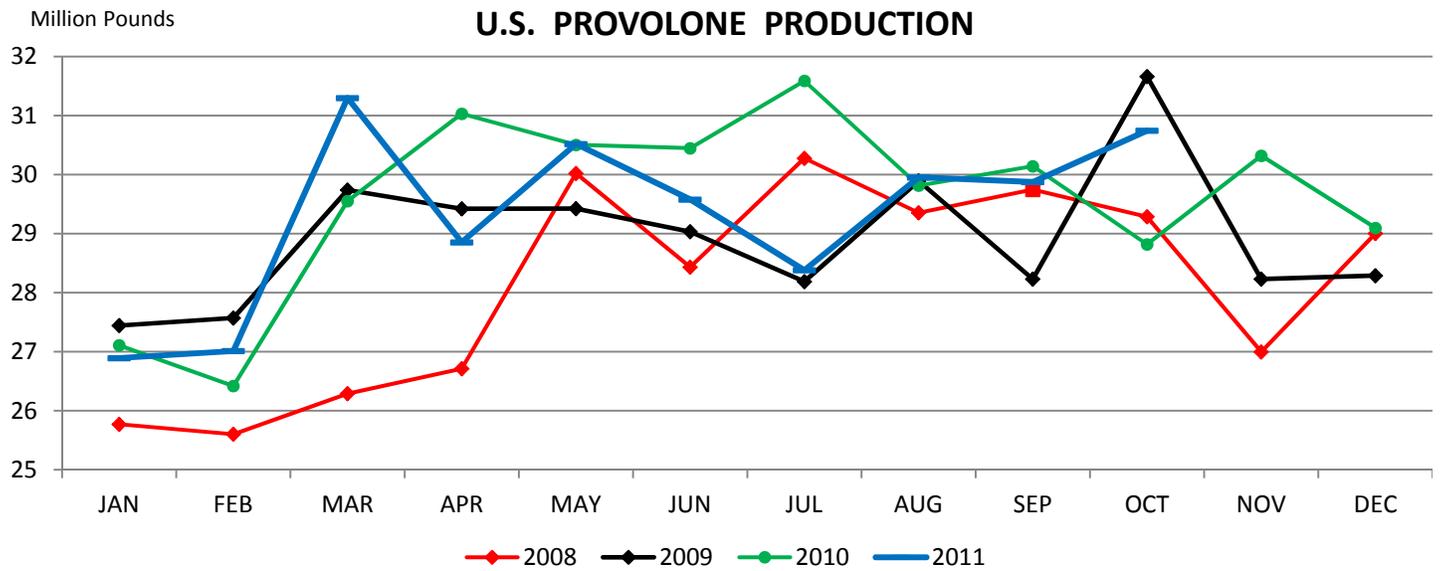
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 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, OCTOBER 2011, WITH COMPARISONS 1/

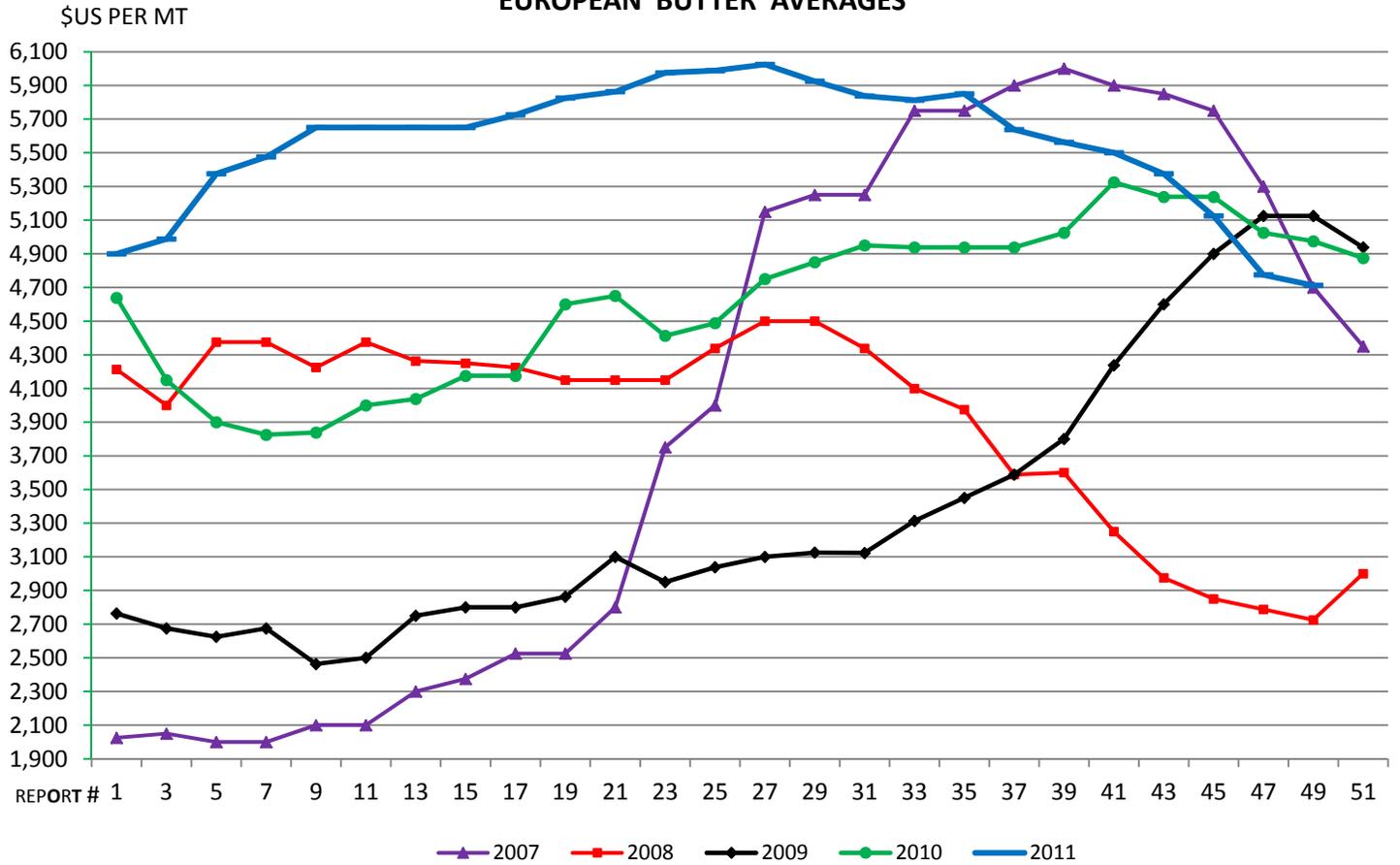
Area (Order Number)	Sales		Change from: 2/	
	October	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	779	7,537	-1.4	-1.8
Appalachian (005)	302	2,970	-2.0	-1.5
Southeast (007)	416	4,070	-2.0	-1.7
Florida (006)	244	2,407	-1.8	-2.3
Mideast (033)	513	4,954	-1.5	-2.1
Upper Midwest (030)	358	3,500	-3.3	-2.0
Central (032)	390	3,756	0.1	0.1
Southwest (126)	385	3,705	-0.9	-0.6
Arizona (131)	100	977	-2.0	-0.7
Pacific Northwest (124)	191	1,831	0.2	-0.4
California (---)	548	5,267	-2.2	-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.

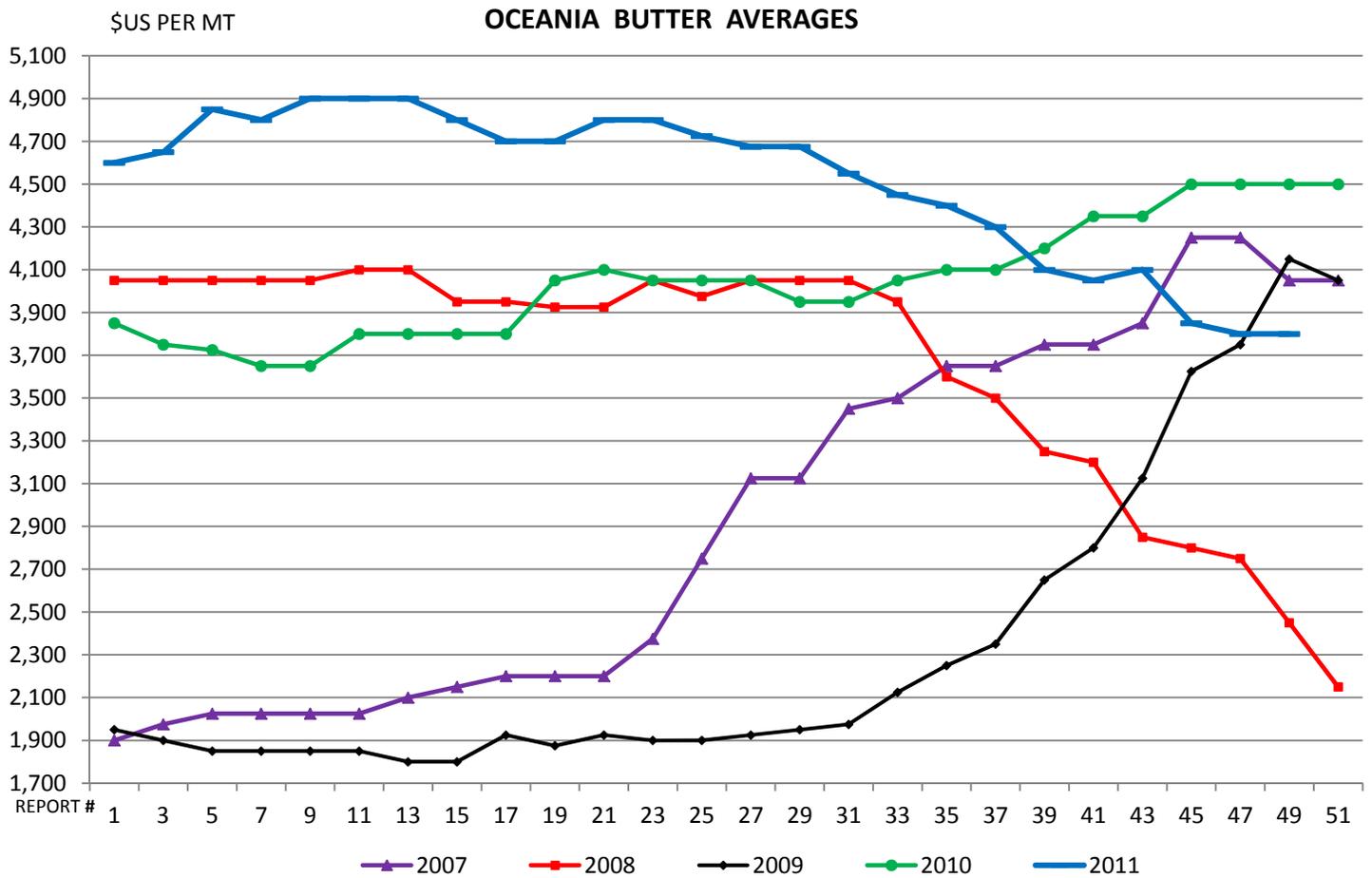
Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, October 2011.

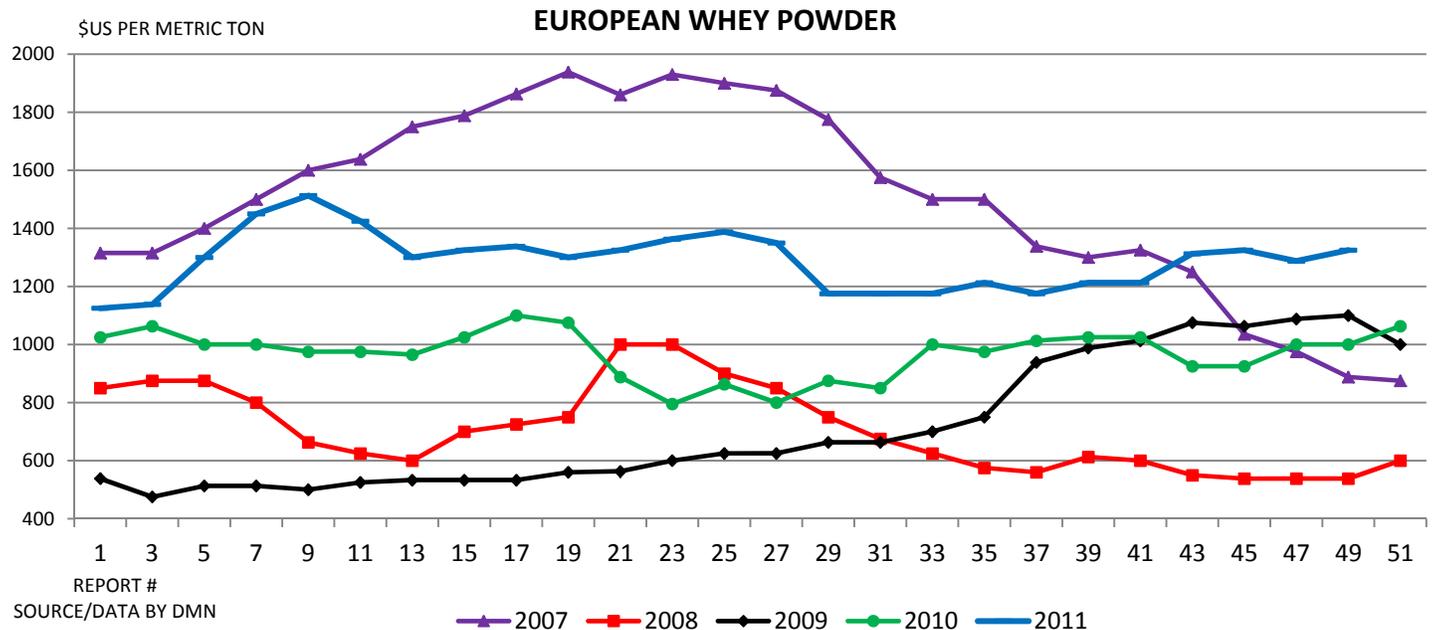
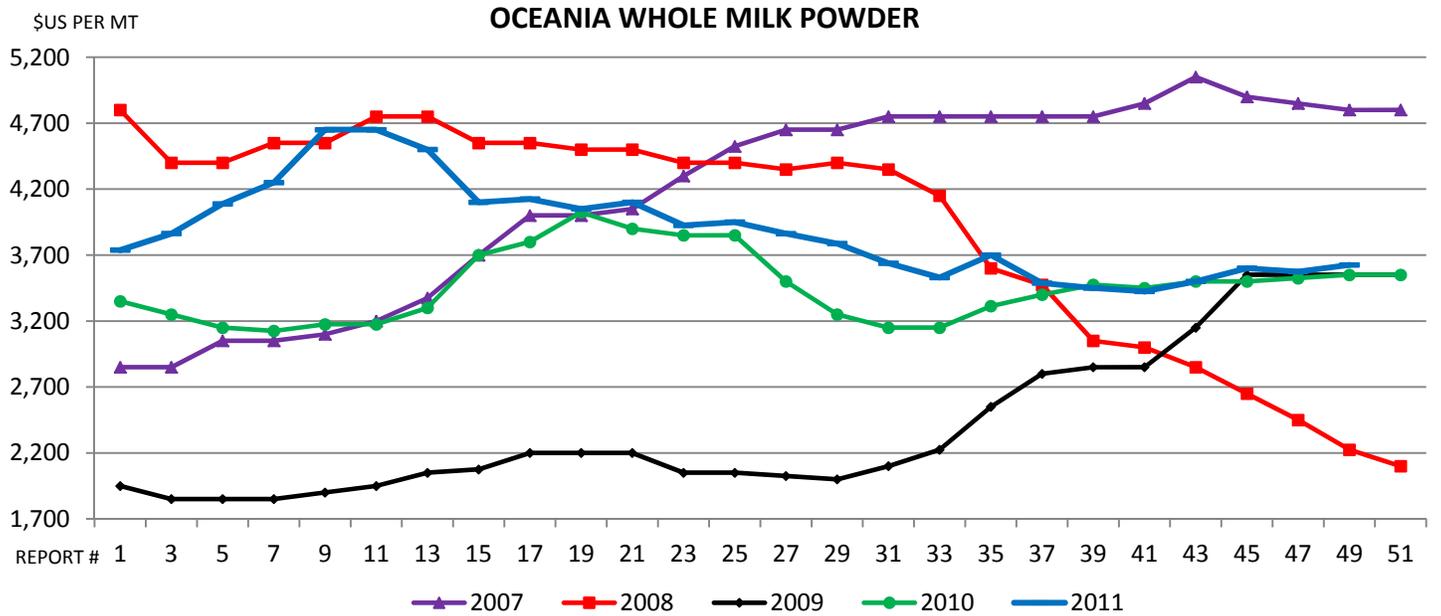
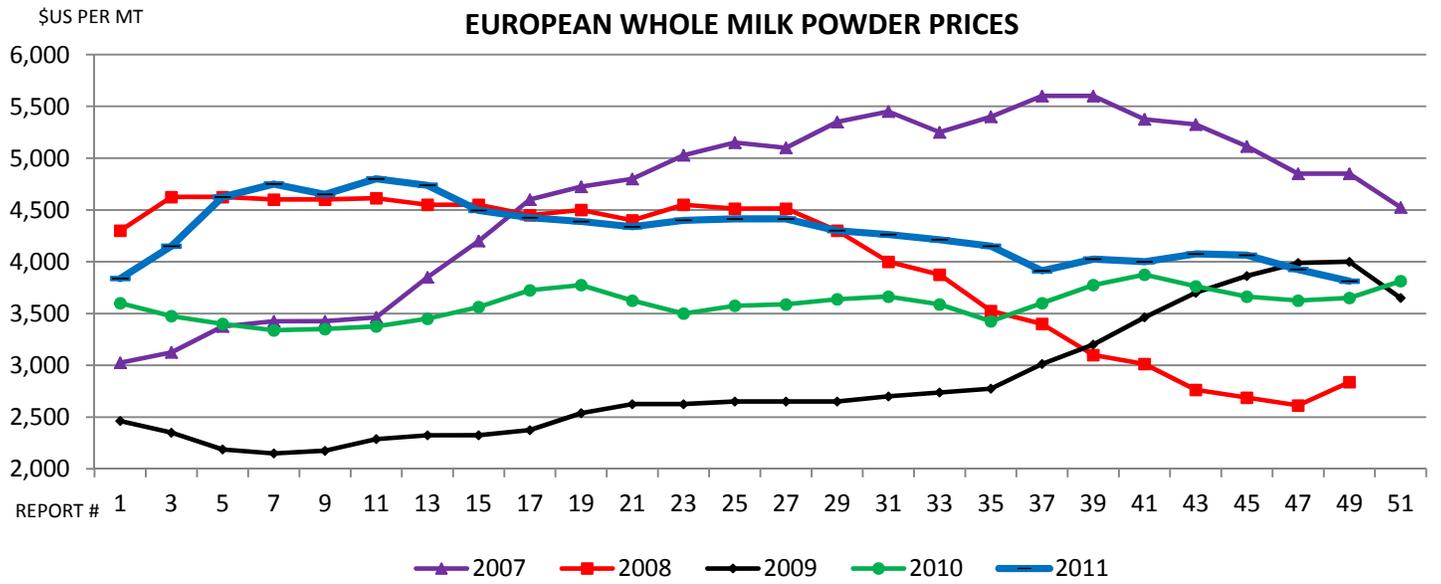


EUROPEAN BUTTER AVERAGES



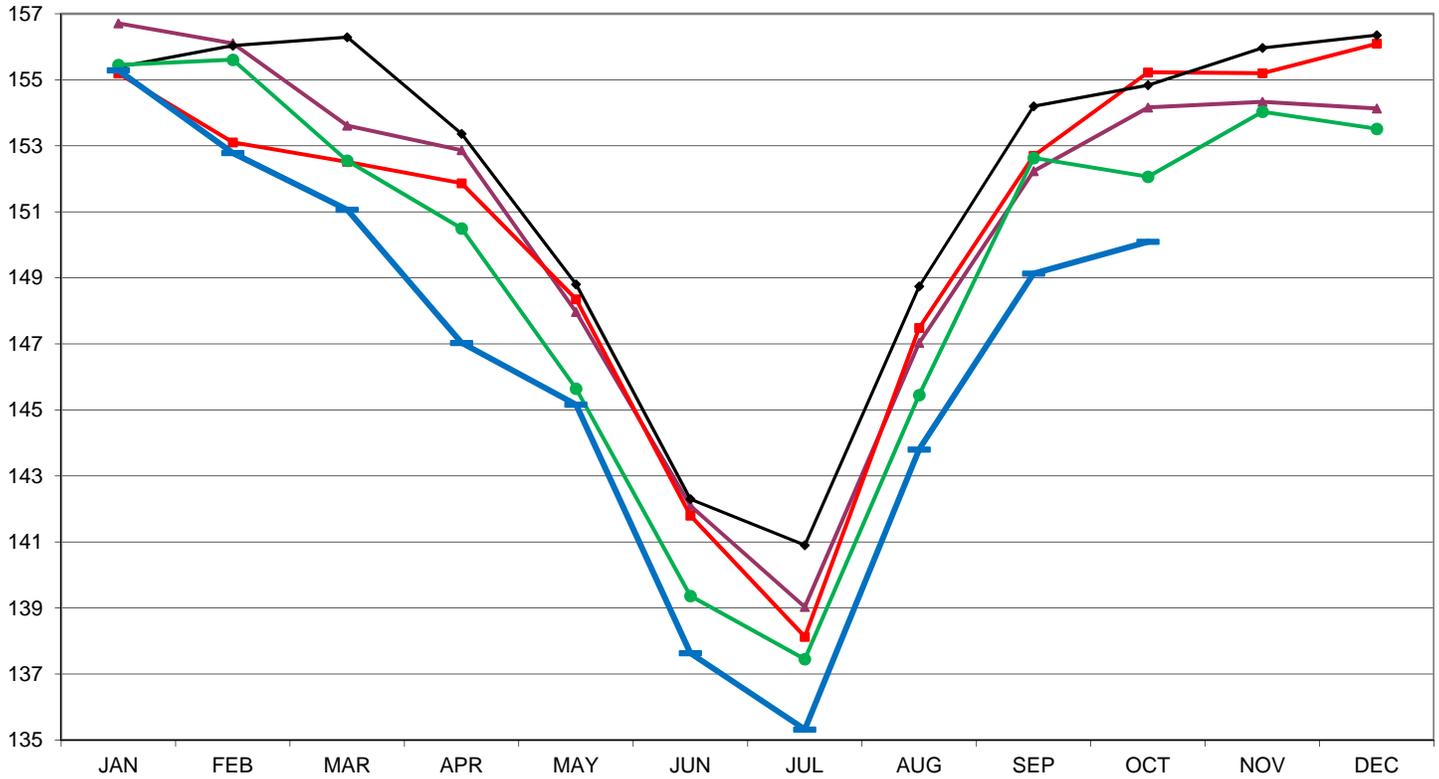
OCEANIA BUTTER AVERAGES





ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES

MILLION POUNDS

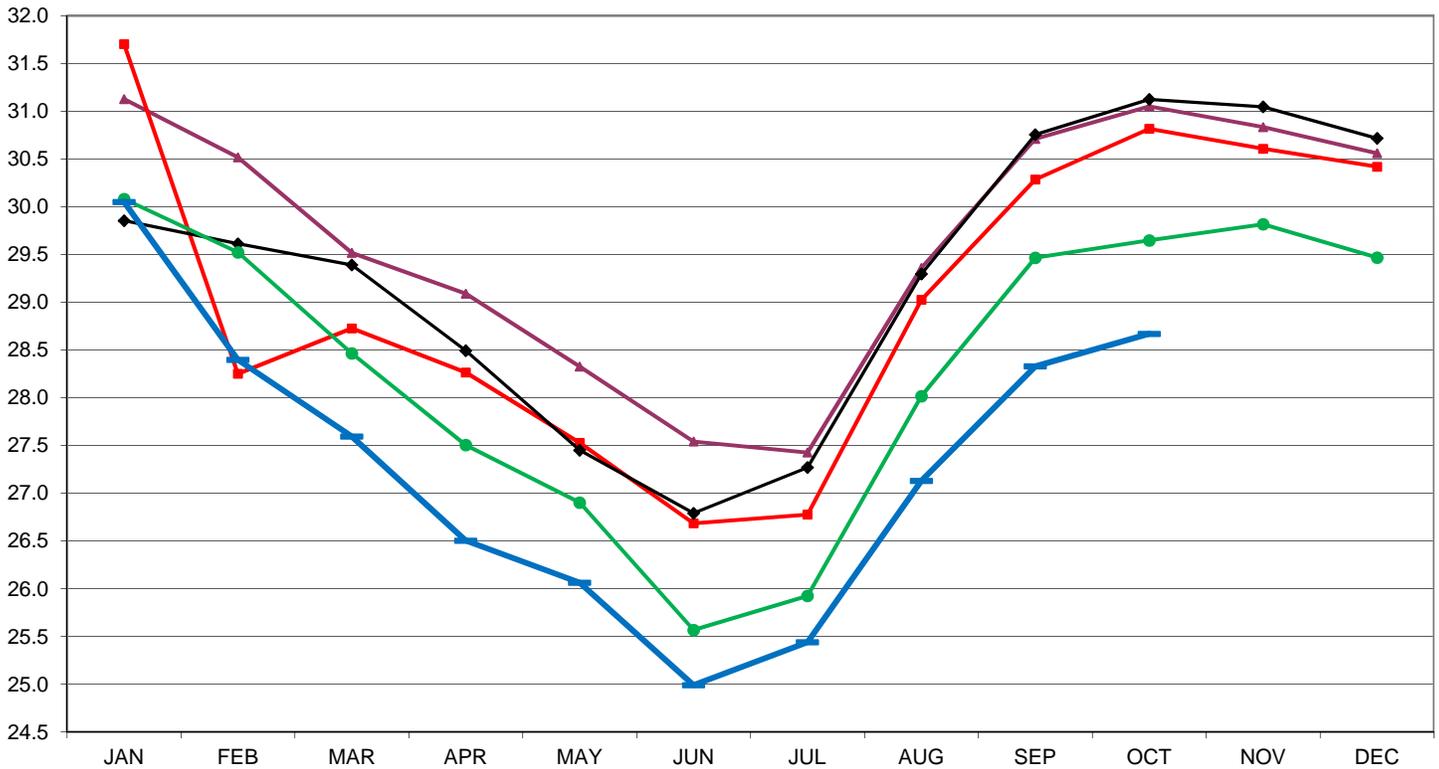


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2007 2008 2009 2010 2011

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

%



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

2007 2008 2009 2010 2011

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