

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (01/13):**

BUTTER: Grade AA closed at \$1.6125. The weekly average for Grade AA is \$1.6265 (+.0240).

CHEESE: Barrels closed at \$1.5500 and 40# blocks at \$1.5950. The weekly average for barrels is \$1.5755 (-.0076) and blocks, \$1.5960 (+.0054).

BUTTER HIGHLIGHTS: The CME cash butter price firmed early in the week to \$1.6400, but eased later in the week to settle at \$1.6125 by week's end. Churning schedules across the country are active, but lighter than during the recent yearend holiday period. Cream supplies are often more available to the churn than anticipated. Class II operations are once again absorbing cream supplies that were surplus to the churn during the holidays. Churning schedules are generating bulk for future use and prints for current needs. Overall butter buying interest is fair at best. Orders being placed are for near term needs with upcoming Easter/Passover needs entering discussions. Most retailers are indicating that feature activity will be limited until possibly the Easter/Passover holiday in early April.

CHEESE HIGHLIGHTS: Prices for cheese at the CME Group this week traded in a narrow range. Both barrels and blocks are trending steady to weak with moderate to good activity on blocks and light sales for barrels. Barrels closed the week at \$1.5500, down \$.0400 from last Friday's close, while blocks were \$.0150 lower at \$1.5950. Cheese production has slowed as less milk is available with Class I needs returning to normal after the holidays. Demand for cheese is being fed by increased retail orders for NFL playoff parties. Processors are increasing purchases as normal operations resume after the holidays. Export sales are being aided by CWT assistance for 6.4 million pounds of Cheddar and Monterey Jack announced this week.

FLUID MILK: Farm milk production is increasing along the Southern tier of states. Florida is increasing shipments of milk out of state with 70 loads reported this week compared to 45 last week. Increased milk bottler demand has returned with most K-12 schools now fully in session again. Spot milk loads were available in the Midwest this week with demand somewhat mixed. Western milk supplies are slightly higher in the Southwest states and California. While production in the Pacific Northwest is near seasonal lows, the overall supply is slightly above year ago levels due to increased herd size in the region. Component levels in milk are reported to be good. Cream markets are returning to normal with some increased demand from ice cream and Class II manufacturers. Butter churns are processing any excess volumes.

DRY PRODUCTS: Dry dairy product prices continue to react to new Q1 contract pricing. Nonfat dry milk prices are uneven. East and Central prices were weak, while Western prices firmed slightly. The market tone is generally weak as buyers feel increased production will begin to show up in the marketplace. Buyers are purchasing for immediate needs and shopping for lower prices to build inventories. Dry buttermilk prices are weak as increased

cream arrived at the butter churns. Some increased sales of condensed buttermilk to ice cream accounts have been reported. Dry whole milk prices are unchanged to weak with uneven production schedules. Dry whey prices continued their rise with tight supplies reported. Current prices are the highest since the summer of 2007. Production levels are reduced from year ago levels and spot buyers are looking to the resale market for supplies. Whey protein 34% prices are steady to firm. Tight supplies are holding prices well above nonfat dry milk prices and causing some concern to buyers. Lactose prices are firm with buyers looking for additional supplies.

ORGANIC DAIRY MARKET OVERVIEW (DMN): The national weighted average advertised price for organic milk half gallons decreased 28 cents to \$3.34. This occurred due to the disappearance of advertising for record high prices in the price range during recent periods. While lower than the weighted average advertised price two weeks ago, the current weighted average is within the three most recent price ranges. The national advertised price for organic milk in gallons was \$5.96, with all of the ads in the Midwest Region. The weighted average price decreased 3 cents compared to last period. Significantly, this is the first continuous string of four consecutive reporting periods with ads for organic gallons since mid May, 2011. Advertising volume for 8 ounce organic milk during this reporting period exceeds more than one-half of the periods of 2011. As has become normal, all ads are priced \$1.00. Ad concentration was in the Midwest and South Central regions, with a sprinkling of ads in the Northeast, Southeast, and Southwest. Perhaps noteworthy during this period of shortages of half gallon and gallon containers of organic milk in parts of the Southeast, virtually all organic milk ads in the Southeast are for 8 ounce containers of organic milk, which is aseptically packaged and has a shelf life of many months. Thus, these advertised 8 ounce containers may pre-date the current tight supply situation. The national weighted average advertised price of 6 ounce organic yogurt increased 8 cents to \$0.75. There was no price range two weeks ago in comparison with a price range from \$1.00 to 67 cents this period. While not a record price range magnitude, this is among the larger ranges recorded by this survey. Organic milk ads this period increased by 99%, to 774 ads. Organic butter ads this period, 158, are 38% of two weeks ago. Nevertheless, the current organic butter ad level is higher than all but five of the twenty-six periods of 2011 and exactly twice the 79 organic butter ads for the first period last year. Organic yogurt ads this period, 488, are slightly below the 548 ads last period.

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CME GROUP CASH TRADING

COMMODITY	MONDAY JAN 09	TUESDAY JAN 10	WEDNESDAY JAN 11	THURSDAY JAN 12	FRIDAY JAN 13	WEEKLY CHANGE *	WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.5875 (-.0025)	\$1.5800 (-.0075)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5500 (-.0300)	:: (-.0400)	:: \$1.5755 (-.0076)
40# BLOCKS	\$1.6000 (-.0100)	\$1.5950 (-.0050)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	:: (-.0150)	:: \$1.5960 (+.0054)
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	\$1.6400 (+.0350)	\$1.6400 (N.C.)	\$1.6275 (-.0125)	\$1.6125 (-.0150)	\$1.6125 (N.C.)	:: (+.0075)	:: \$1.6265 (+.0240)

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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MAILBOX MILK PRICES (AMS & CDFA): In October 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.10, down \$1.29 from the previous month's average, but up \$1.43 from October 2010. The component tests of producer milk in October 2011 were: butterfat, 3.76%; protein, 3.15%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas. Mailbox prices in October 2011 ranged from \$24.39 in Florida to \$17.18 in New Mexico.

JANUARY MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production forecast for 2011 is lowered slightly on lower expected cow numbers for the fourth quarter, but the forecast for 2012 is unchanged from last month. Larger-than-expected cheese imports for 2011 and into 2012 boost fat-basis import forecasts, but the strength of cheese imports in 2012 is offset by lower expected imports of skim products resulting in a lower 2012 skim-solids import forecast. The skim-solids exports estimate for 2011 is raised on higher-than-expected October exports. The forecast 2012 cheese price is lowered, but forecasts for nonfat dry milk (NDM) and whey prices are raised. The higher whey price is expected to more than offset the lowered cheese price forecast, resulting in a higher forecast Class III price. The higher forecast NDM price results in a higher Class IV price. The all milk price for 2012 is raised to \$18.30 to \$19.10.

OVER ORDER CHARGES ON PRODUCER MILK IN FMOS (DAIRY PROGRAMS): For October 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.18, up \$0.05 from the September 2011 average. Ninety percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.77 in the Pacific Northwest to \$3.05 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.18, down \$0.01 from the September 2011 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

NOVEMBER FLUID MILK SALES (AMS): During November, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.7% lower than November 2010. After adjusting for calendar composition, sales in November 2011 were 1.6% lower than November 2010. Estimated sales of total conventional fluid milk products decreased 3.1% from November 2010 and estimated sales of total organic fluid milk products increased 8.7% from a year earlier.

ANNUAL 2011 ANNOUNCED COOP CLASS I PRICES (AMS): For 2011, the all-city average announced cooperative Class I price was \$24.26, \$2.51 higher than the Federal milk order Class I price average for these cities. The 2011 announced cooperative Class I price was \$3.75 higher than the 2010 price while the Federal Milk Order Class I price was \$3.76 higher. The 2011 difference was down \$0.01 from the 2010 difference. On an individual city basis, the annual average difference between the Federal order and announced cooperative Class I price ranged from \$0.51 in Phoenix, AZ, to \$4.17 in Miami, FL.

CME GROUP

MONDAY, JANUARY 9, 2012

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.6050, 2 @ \$1.6025; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5700; 2 CARS 40# BLOCKS @ \$1.5700; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5875; 1 CAR 40# BLOCKS @ \$1.6000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.6100, 1 @ \$1.6175, 1 @ \$1.6200, 1 @ \$1.6300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6400; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 10, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5800; 4 CARS 40# BLOCKS: 3 @ \$1.6000, 1 @ \$1.5950; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5650; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5800; 2 CARS 40# BLOCKS @ \$1.6000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 11, 2012

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.5950; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5600; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.5900; 2 CARS 40# BLOCKS @ \$1.5950
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6250; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6275

THURSDAY, JANUARY 12, 2012

CHEESE -- SALES: 12 CARS 40# BLOCKS: 2 @ \$1.5900, 10 @ \$1.5950; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5650; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$1.5950
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.6175, 1 @ \$1.6125; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6075; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6125

FRIDAY, JANUARY 13, 2012

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.5600, 1 @ \$1.5575, 1 @ \$1.5500; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5525; 3 CARS 40# BLOCKS @ \$1.5950
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4275; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.6125

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$1.6400. The butter price increased \$0.0350 on Monday to its present price level. To compare and contrast, the second week of trading last year saw butter unchanged in daily trading for the week at \$2.1000. Butter production has declined from the holiday period, but is still fairly active as cream remains readily available. Bulk and print inventories are expanding with current sales and orders described as slow. The expanding inventories and slow sales are viewed as temporary by most butter makers, because Passover and Easter occur earlier this year and orders for those holidays will arrive in the not too distant future. According to ERS, commercial disappearance of butter for the Jan. – Oct. 2011 period totals 1,450.0 million pounds, up 10.9% compared to the same period a year ago. 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

Churning schedules remain seasonally active, although some butter producers would like to be churning heavier. Often, cream availability is the limiting factor. Class II cream based operations have resumed production schedules following the yearend holidays and are again absorbing cream volumes that were surplus and available during the holiday period. Some butter producers are trying to enhance butter inventories, along with filling current orders. Buying interest has resumed following the holidays and is often stronger than many producers and handlers anticipated. Much

of this buyer need is to once again re-establish workable supply. Most retail buyers are indicating that they are not planning on any feature activity in the near future, but may consider some Easter/Passover features, thus current orders are for regular/post-holiday consumer needs. The CME cash butter price firmed during the past week, but trended lower at midweek to \$1.6275. Many producers and handlers were surprised at the firmness the cash price experienced in early January, but continue to speculate that the cash price would ease into the mid to lower \$1.50's early in 2012. Bulk butter prices range from flat to 2 cents over various pricing bases and averages per pound.

WEST

Butter production has slowed compared to the accelerated pace over the holidays. Cream supplies are readily available, but the return of Class II demand has eased cream offerings. Butter manufacturers are content to run bulk butter lines and put much of the product into inventory for later in the year. Print lines are running at reduced levels as most of the reorders after the holiday have been filled. Buyers are showing moderate interest in bulk orders at the current price levels. Butter trading on the CME Group is uneven at midweek. Monday's trading saw the market go \$0.0350 higher to \$1.6400, while Wednesday's trade was \$0.0125 lower at \$1.6275. Trading activity was moderate on Monday with four loads sold, with no further sales by midweek. Prices for bulk butter range from even to \$.0500 cents under the market, based on the CME with various time frames and averages used. According to the Economic Research Service, the *Commercial Disappearance* of butter for January-October 2011 totals 1.45 billion pounds, up 10.9% or 142.2 million pounds from the same period in 2010 on a daily average basis.

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

<u>WEEK ENDING</u>	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
January 7, 2012	1.5810 11,255,418	1.6036 10,215,214	1.4133 15,190,419	1.6015 3,670,407	0.6791 6,707,828

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group moved lower Tuesday with barrels declining \$0.0075 to close at \$1.5800 and blocks declining \$0.0050 to close at \$1.5950. Cheese Prices have moved up and down since the beginning of the year with the net effect being an increase in blocks of \$0.0325 and no change in barrels. Cheese production has slowed marginally as Class I demand increases have reduced milk volumes going to cheese plants. Cheese sales have declined following the holiday period with inventories building. Cheese makers see the down turn in sales as temporary and expect sales to pick up with the NFL playoffs. Demand for mozzarella from pizza makers will increase as many colleges will soon begin their spring semesters. According to ERS, Commercial Disappearance of American cheese for the Jan. - Oct. 2011 period totals 3,563.2 million pounds, up 0.9% compared to the same period a year ago. Disappearance of cheese in the Other category totals 5,487.9 million pounds, up 4.3% for the same period a year ago.

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

Cheddar 40# Block	:	1.9050-2.1800
Process 5# Sliced	:	1.6925-1.8125
Muenster	:	1.9250-2.2525
Grade A Swiss Cuts 10 - 14#	:	3.6375-3.9600

MIDWEST

Overall the Midwest cheese industry reports a good balance of manufacturing and sales this week. Natural cheese shows better interest than process, due to some signs of less interest in process cheese from food service and restaurants. There is continuing good cheese demand from pizza manufacturers. Cheese manufacturers report that Cheddar demand is strong, keeping some manufacturers "very busy". 40 pound block manufacturing is selling well, with some sales going for inventory building. Manufacturing of 640 pound blocks is not as robust. Demand for Pepper Jack and party cheese is "very good" while Colby and Monterey Jack demand is considered a bit off. Processors and packagers report their business is steady, with "holiday recovery" keeping schedules full. The milk supply available to manufacturers is varied. In the eastern portion of the region, there has been "lots of milk" since late December. Since early 2012 through Tuesday this week, milk was sold to some manufacturers at up to a \$1.50 discount. In Wisconsin and Minnesota, most manufacturers report having an adequate supply of milk but some would prefer that more be available. There were some reports of premiums for milk being higher than projected. Although there have been some reports that unassisted commercial cheese exports in recent weeks have been light, cheese export assistance was announced Monday this week by Cooperatives Working Together (CWT). Sales of 6.380 million pounds of Cheddar and Monterey Jack cheese to customers in Asia, the Middle East and North Africa for delivery January through June are involved in this series of 18 assistance requests. Blocks have shown more transactional activity than barrels on CME Group cash trading through Wednesday this week, with each moving down in price. Through Wednesday, blocks are down 1 1/2 cents from last Friday's close, to \$1.5950 and barrels down 1 cent to \$1.5800.

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

Process American 5# Loaf	:	1.9425-2.3600
Brick And/Or Muenster 5#	:	2.0975-2.4400
Cheddar 40# Block	:	2.0975-2.8650
Monterey Jack 10#	:	2.0675-2.8650
Blue 5#	:	2.3625-3.1300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9425-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.0475-3.3300

WEST

Western cheese production schedules are decreased after the holiday push of extra milk. Class I needs have returned and less fluid milk is available for cheese manufacturers. Current price levels have increased demand from processors. Retail sales are moderate as Super Bowl orders are beginning to be placed. Mozzarella sales are good as pizza sales are typically favorable over the game weekend. Stocks of cheese are adequate with some export assistance from CWT helping to move surplus cheese. As of midweek, cheese sales at the CME Group are lower than last Friday's close. Barrels were unchanged on Wednesday at \$1.5800 with blocks also unchanged at \$1.5950. Barrels are one cent lower for the week and blocks are one and one half cents lower as of Wednesday. Sales of barrels are very light with only one sale by midweek. Blocks showed more activity as nine loads sold by Wednesday. USDA's Economic Research Service reports that *Commercial Disappearance* of American Cheese for January-October 2011 stood at 3.6 billion pounds, 0.9% more than the same period last year on a daily average basis. Disappearance of Other Cheese for January-October 2011 was 5.5 billion pounds, 4.3% higher or 228.6 million pounds more than the same period last year on a daily average basis.

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

Process 5# Loaf	:	1.7100-1.9675
Cheddar 40# Block	:	1.7175-2.0700
Cheddar 10# Cuts	:	1.8975-2.1175
Monterey Jack 10#	:	1.9075-2.0675
Grade A Swiss Cuts 6 - 9#	:	3.2150-3.6450

FOREIGN

The weekly average block price on the CME Group increased and as a result domestic wholesale prices raised \$0.0275. Prices for Swiss cuts were unchanged. The domestic Swiss cheese sales remain sluggish. Production of Swiss cheese in the East remains fairly active with inventories continuing to build.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.0450-3.5325*
Gorgonzola	: 3.6900-6.3900	: 2.5475-2.8075*
Parmesan (Italy)	: -0-	: 3.1675-3.7225*
Provolone (Italy)	: 3.4400-6.3900	: 2.0875-2.2450*
Romano (Cows Milk)	: -0-	: 3.2350-5.3775*
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.

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

	BUTTER	CHEESE
01/09/12	2,944	138,099
01/01/12	1,511	134,979
CHANGE	1,433	3,120
% CHANGE	95	2

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	0	70	0	45	0	186
SOUTHEAST STATES	0	0	0	0	0	0

Class I and II demand is returning to normal levels following the holiday period, resulting in reduced manufacturing milk supplies in the Northeast and Mid-Atlantic regions. Plant managers are noting increased load weights, an indication that milk production off the farm is increasing. Though production increases are typical for this time of year, some of the increase can be attributed to the mild winter weather experienced thus far in the two regions. Class I demand increased significantly this week in Florida. Milk production continues to increase, but at a slower rate than previous weeks. A hard freeze occurred last week and wiped out numerous hay fields. Rains are falling this week, the first rain since the second week in December, and are needed to improve pastures and winter grasses. Supplemental feeding continues with Florida's pastures rated as 45% fair, 40% poor and 5% very poor. This week, Florida exported 70 spot loads. Class I plants in the Southeast region are adding on loads with schools back in session, eliminating the need to utilize auxiliary manufacturing facilities. The mild winter weather has provided a boost to milk production and eliminated some transportation issues. Cream supplies remain readily available as standardized cream volumes are increasing as a result of improved Class I demand. Demand for cream has increased as numerous ice cream plants have resumed full production schedules following the holidays. Production of cream based dips has also increased ahead of the NFL playoffs and the Super Bowl. Some excess cream supplies continue to be channeled to churns. Cream multiples this week range from 118 to 126. Condensed skim demand is returning to normal for this time of year with supplies moving through contracts and limited spot market activity. A few loads are being sold to the Midwest with the balance channeled to dryers.

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 -	1.8910-2.0192
F.O.B. producing plants: Upper Midwest -	1.8429-1.9712

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.48 - 1.53
Northeast - Class III - spot prices -	1.60 - 1.64

MIDWEST

Bottler demand reemerged this week in the Central region, closely following an early in the week forecast of a major snow storm that is expected to blanket the upper Midwest on Thursday and Friday. Consumer demand for bottled milk is expected to increase ahead of the snowstorm as customers stock up for the duration. In addition, K-12 school systems are now fully in session after the holiday, increasing the draw from school lunch programs. Cream demand from Class II manufacturers is steady and in line with customary usage numbers for mid-January. Cultured products production is at seasonally low levels and taking limited amounts of cream and/or condensed skim milk. Some ice cream plants are manufacturing

committed sales items, but manufacturers want to keep ice cream inventories on the light side for now. Cream availability in the Central region is ample, with some Western loads enhancing the volumes. Cream multiples varied slightly from last week's on both the low and high sides. Spot milk loads generated some interest from Class III plants, with sales reportedly spread fairly equally among the various types of cheese plants. Some plants, though, passed on offered milk loads, preferring to handle just regular intakes. Milk spot load prices ranged from flat Class to \$1 under. Farm milk intakes are reported to be on the rise, with a few handlers citing 2-4% increases from year ago levels.

WEST

Milk production in CALIFORNIA continues to follow a slightly higher trend on a week-to-week basis. Weather conditions have been very favorable for this time of the year with limited precipitation and mild temperatures. Processing plants are operating well, with some milk moving from cheese plants into butter/powder plants. Class 1 demand is increasing. The February 2012 Class 1 prices in CALIFORNIA range from \$18.52 in the north to \$18.79 in the south. The statewide average Class 1 price based on production is \$18.54. The average is \$1.36 lower than January 2012 but \$1.64 more than February 2011. ARIZONA milk production is trending slightly higher. Weather conditions remain good for cow comfort. Processing plants are operating under more normal schedules. There are additional offerings of condensed skim and cream. Demand for milk and components is light to fair. Fluid milk needs have increased and beginning to level off. NEW MEXICO milk output has been trending marginally higher. Milk component levels have increased. Milk is moving to local and regional accounts. CREAM markets remain unsettled. Cream supplies are available in the West and overages and multiples are lower. Buying interest is slow to reestablish after the holidays. Some ice cream producers are beginning to reestablish cream purchases. Cream-based items such as cream cheese, sour cream, and dips, are getting a boost from the football playoffs. The CME Grade AA butter closed at \$1.6275 on Wednesday, January 11, up 2.25 cents from a week ago. Western cream multiples are lower in the range of 103-123 and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST is nearing seasonal lows, albeit still above year ago levels due to increased cow numbers and production per cow. Weather patterns in the region are dryer than normal with near normal temperatures. Class I demand has returned after the holidays, further reducing milk into manufacturing plants. Processors are using this time to perform routine maintenance well ahead of the anticipated spring flush. USDA's January Crop Production report was bearish for feed grains and is expected to help lower costs at least in the short term. UTAH and IDAHO milk production levels are following seasonal norms. The mild winter weather so far this season has made for easier movement of milk and good cow comfort levels. Feed costs remain a large concern for dairy farmers. Hay stocks on farms are reported by USDA's Crop Production report to be 11% below last year and the lowest December 1 stocks for the U.S. since 1988. Price and availability are both concerns. Feed price concerns are influencing heifer prices at auctions in the region. At a recent auction in Utah, heifer prices were ranging from \$1000-\$1450 per head.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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 mostly lower on a weak market. Buyer resistance to making long term decisions for purchasing NDM persists. Buyers continue to consider international skim milk prices, U.S. dollar versus euro values, domestic manufacturer holdings and current NDM production trends as deterrents to settling on long term price agreements. Nonfat dry milk production is steady to higher at most facilities as farm milk intakes inch higher. Condensed skim clearing to the dryers is higher as condensed skim sales to some Class II manufacturers, such as yogurt, are steady, but sales to ice cream are sluggish. Manufacturers' inventories are building steadily.

EAST: Prices for nonfat dry milk moved lower this week. Production of low heat nonfat dry milk declined as manufacturing milk supplies declined, due to increased Class I demand. The reduced manufacturing milk supplies are allowing manufacturers to schedule increased production of high heat nonfat dry milk. Supplies are more than adequate in the East with some manufacturers offering spots under contract pricing in order to clear some supplies. Demand remains sluggish as numerous prospective buyers continue to limit purchases waiting for a clearer market picture. According to ERS, Commercial Disappearance of Nonfat Dry Milk for the Jan. – Oct. 2011 period totals 1,248.9 million pounds, down 4.7% compared to the same period a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4100 - 1.4850 MOSTLY: 1.4200 - 1.4500
 HIGH HEAT: 1.4900 - 1.5400

NONFAT DRY MILK - WEST

Pricing levels moved higher on the bottom of both the range and mostly series for Western low/medium heat nonfat dry milk. Manufacturers and sellers have reestablished pricing levels and sales activity has returned to regular account and spot business. Other pricing indices are moving higher, after being impacted by higher volume, lower priced shipments in recent periods. Domestic NDM demand is fair. Additional offerings of condensed skim are also being seen. Interest for NDM from cheese producers is limited. Current export interest is fair, but U.S. pricing levels are higher than reported EU pricing. NDM drying schedules remain active and are higher in areas where milk and condensed are moving into drying facilities. High heat NDM prices are lower on the top end of the range. The market tone is unsettled. Buyer interest is limited with current needs on the light side of normal. Production schedules are slowly being reestablished after being reduced over the yearend. Current stocks are light but ample to fill needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3250 - 1.4350 MOSTLY: 1.3800 - 1.4000
 HIGH HEAT: 1.4000 - 1.5200

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk, Central, prices are lower on a weaker market. Transactions are mostly contract based, but recent spot offers from some manufacturers also garnered interest from end

users. Cream availability to the churns is steady to somewhat higher compared to last week, bringing some butter churns to near capacity output on a daily/weekly basis. Condensed buttermilk interest is slow during the post-holiday season, so dryer runs are closely tied to the flow from the churns. International interest for dry buttermilk is reportedly steady to improving.

EAST: Dry buttermilk prices moved lower this week in light trading. Dry buttermilk production declined this week following the decline in churning schedules as cream based manufacturers resumed normal production schedules after the holidays. Sales of condensed buttermilk to ice cream manufacturers are increasing, further limiting the condensed buttermilk stream heading to dryers. Product is primarily moving through contracts with limited spot market activity. Domestic demand for dry buttermilk is improving as prospective buyers are more inclined to expand inventories after the holidays. Export interest is also improving.

F.O.B. CENTRAL/EAST: 1.2800 - 1.4000

DRY BUTTERMILK - WEST

Pricing levels for Western dry buttermilk continue to trend slightly lower. The market tone remains weak and untested in light trading. Buying interest is limited, yet there are some export overtures at current pricing levels. Domestic needs are on the seasonally light side and unaggressive. Production is still active with butter production moderate to heavy to process available cream supplies. Dry buttermilk stocks are light to moderate.

F.O.B. WEST: 1.2600 - 1.3800 MOSTLY: 1.3200 - 1.3600

DRY WHOLE MILK - NATIONAL

The dry whole milk price series is unchanged to lower on a mixed market. Production is intermittent at plants. Some plants have sufficient farm milk intakes that the drying schedule is strictly limited to nonfat dry milk, which takes less time to dry compared to dry whole milk. Other plants, which receive milk intermittently, are taking advantage of higher farm milk intakes and ramping up production of dry whole milk. Spot load availability improved somewhat through the week.

F.O.B. PRODUCING PLANT: 1.7000 - 1.8500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
January 6	\$1.4019	8,988,000	0
December 30	\$1.3850	15,211,692	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, following the lead of various bases used in pricing formulas. Demand is steady, with F.O.B. spot interest still evident. Most manufacturers indicate dry whey inventories are light, contract-related and curtailing spot marketing. Resales are reportedly clearing to active interest, with prices ranging from the \$.70's - \$.80's. Milk available to Class III manufacturing this week wobbled somewhat midweek with the forecast of a major snowstorm to hit the upper Midwest. Bottlers increased orders at that time, anticipating heavier sales to grocery stores before the storm. Cheese production is at seasonal levels at most Central cheddar plants, steady to lower at a few Italian-type cheese manufacturing facilities, due to sluggish post-holiday interest. Dry whey production is steady at most facilities. ANIMAL FEED DRY WHEY prices are unchanged to higher on a firm market. Many animal feed blenders have benefitted from the recent availability of off specification NDM and WPC, giving them a good start on protein inputs for the year, but many feed blenders are still somewhat short of whey or other blending agents. Interest in animal feed whey is active, with some Central animal feed blenders seeking out inputs from other regions to obtain all their needed ingredients.

F.O.B. CENTRAL: .6850 - .7450 MOSTLY: .6950 - .7200
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4850 - .6925

DRY WHEY - NORTHEAST

Dry whey prices moved higher under contract formulations this week. Production of dry whey has declined marginally, following the reduction in manufacturing milk supplies; due to Class I demand increases. Product is moving through contracts with limited spot sale activity. Those looking for additional loads are, in most cases, having to resort to resale opportunities at prices significantly above the range. Confirmed resale prices are just under \$.8000 with offers above \$.8000. The market undertone is very firm with good domestic and export demand.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .7150 - .7425

DRY WHEY - WEST

Western dry whey prices are higher this week as first quarter contracts reflect tighter supplies for the new year. Cheese production levels are following closely compared to year ago levels. The whey stream supply is increasingly diverted to higher protein concentrates and therefore less is available for dry whey production. Spot offerings of dry whey are light with most of the available supplies tied to contract fulfillment. Buyers are looking to the resale market in many cases to fill spot needs. Export demand is good and Western manufacturers are continuing to maintain shipments to these customers. High prices and tight supplies for dry whey are causing some end users to look to alternative formulations where possible. The last time whey prices were in this range was the summer of 2007.

NONHYGROSCOPIC: .6800 - .7250 MOSTLY: .6900 - .7225

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% range price series widened this week with the addition of variable contract prices. The market tone is firm, but there is some concern within the marketplace about downside risk. This concern is largely based on the difference in prices between the WPC 34% market and the NDM market. The current situation of having the WPC 34% above the NDM market is atypical of the usual price relationship between these two markets. Buyers/end users, therefore, are concerned about holding any sizeable inventories of WPC 34%. However, no pushbacks on contract loads have been reported. Production is steady at most locations, although a few plants sent additional condensed WPC 34% to their usual buyers to meet heightened demand from the snack/consumer products industry.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4800 - 1.6650 MOSTLY: 1.5100 - 1.5400

LACTOSE - CENTRAL AND WEST

As variable contract prices activate in this second week of Q1, the lactose range widened. The mostly price series is unchanged to higher on the top and the market is firm. Manufacturers report buyers are still searching for lactose supplies, but market participants expect there is a price point beyond which buyers will have to reconsider lactose purchases. A few manufacturers tested demand with offers over \$1.10; interest was reportedly tepid at that price level. Lactose production is steady at most locations as milk availability to Class III is ample in most regions.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .7900 - .9750 MOSTLY: .8200 - .9000

CASEIN - NATIONAL

Casein markets and prices are generally steady. The start of the New Year has prices holding at higher levels than many anticipated. Supply availability is sufficient for contracts with spot volumes limited. In most instances, domestic buyers are comfortable with their supply arrangements and suppliers feel that this situation will prevail. The European milk production season is just starting to show signs of seasonal increases, thus new casein output is still very limited. Oceania milk production is on the down side and casein output continues, but is trending lower. Many Oceania casein manufacturers were hoping that their production season would have maintained a higher level of output before easing.

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 - 4.9000
ACID: 4.9500 - 5.1000

The CCC Purchase table will no longer be shown unless purchases occur. last CCC purchase: October 2009.

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 Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2010

WEEK ENDING	WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS	2010 WEEKLY DAIRY COWS	2010 CUMULATIVE DAIRY COWS
12/24/2011	59.6	2,914.8	50.8	2,794.0

WEBSITE

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)

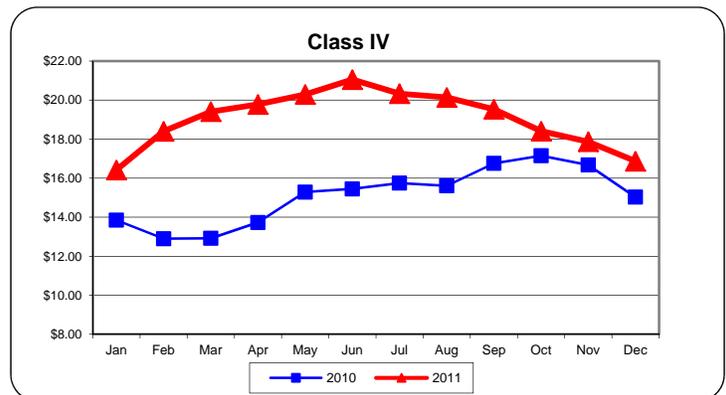
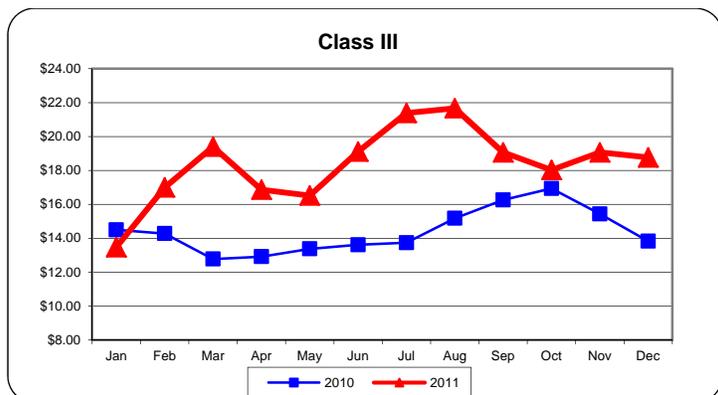
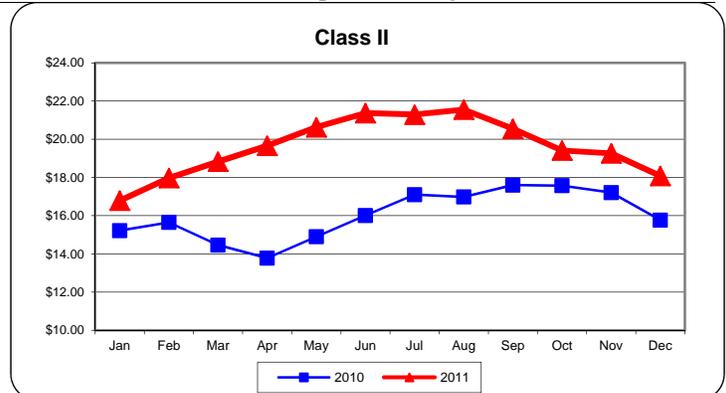
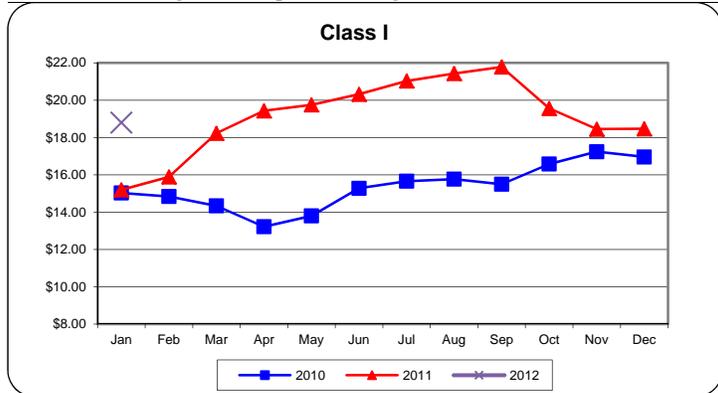
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	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	JAN 2012
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	18.80
II	16.79	17.97	18.83	19.66	20.63	21.37	21.29	21.55	20.55	19.41	19.26	18.08	
III	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77	
IV	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87	

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."



ORGANIC DAIRY MARKET NEWS

Information gathered January 2 - 13, 2012

ORGANIC DAIRY FLUID OVERVIEW

Milk Product Sales: AMS reports Total Organic Milk Product sales for November 2011, 176 million pounds, were up 8.7% from November 2010 sales and up 15.0% January through November 2011 compared with the same first eleven months of 2010.

Organic Whole Milk sales for November 2011, 42 million pounds, were up 6.3% compared with November 2010 and up 16.0% January through November this year compared with the same period of 2010.

Organic Fat-Reduced Milk sales for November 2011, 133 million pounds, were up 9.5% compared with November 2010 and up 14.7% January through November 2011 compared with the same months of 2010.

This contrasts with a 1.6% November 2011 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with one year ago. This total Fluid Milk products data is adjusted for calendar year composition.

Total Conventional Milk Products, which does not include organic milk, has a 3.1% decline in sales comparing November 2011 with November 2010 and a 2.2% decline January through November 2011, compared with the same period of 2010.

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

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

Product Name	Sales		Change from: 2/ Prev Yr. Y-T-D	
	November	Y-T-D	Percent	Percent
	Mil. Lbs.			
Whole Milk	1,141	12,496	-3.9	-2.9
Flavored Whole Milk	46	478	-10.9	-5.7
Reduced Fat Milk (2%)	1,511	16,611	-3.1	-1.8
Low Fat Milk (1%)	609	6,494	1.4	0.6
Fat-Free Milk (Skim)	631	7,076	-5.4	-3.6
Flavored Fat-Reduced Milk	351	3,521	-3.5	-2.3
Buttermilk	45	438	-3.4	0.5
Tot. Conv. Milk Products	4,384	47,206	-3.1	-2.2
Organic Whole Milk	42	455	6.3	16.0
Organic Reduced Fat Milk	53	543	3/	3/
Organic Low Fat Milk	37	386	3/	3/
Organic Fat-Free Milk (Skim)	36	419	3/	3/
Organic Flavored Milk	6	84	3/	3/
Organic Fat-Reduced Milk 4/	133	1,437	9.5	14.7
Tot. Organic Milk Products.	176	1,891	8.7	15.0
Tot. Fluid Milk Prod. 5/	4,559	49,098	-2.7	-1.6
Tot Fluid Milk Prod Adj 5/6/	4,553	49,150	-1.6	-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; see 4/. 3/ Volume figures are not available for the previous year or all earlier months. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

Current Organic Milk Supply Issues: Public and industry discussion about the tightness of organic milk supplies in the face of increasing retail sales, continues to generate increasing attention. A number of organic processors have pointed to ongoing activity to add more organic dairy producers and milk volume. Various milk price adjustments are anticipated.

With the Southeast Region in particular being recently profiled as a region with milk supply shortages leading to some empty store cooler shelves, it is instructive to review retail store advertising patterns. Although another portion

of this Report notes that currently only 6.1% of surveyed newspaper ads nationwide for organic milk appeared in newspapers in the Southeast, only two weeks ago the Southeast led all regions with 85.1% of organic milk ads nationally.

Because recent discussions of organic milk shortages reference this as the culmination of a trend spanning several months, examination of cumulative organic milk advertising by region for the last three months of 2011 and this first period of 2012 is offered.

Cumulative organic milk ads in the Southeast lead all six regions. The Southeast had 27.8% of organic milk ads, followed by the Midwest, 24.1%, South Central, 17.3%, Northeast, 16.0%, Southwest, 8.6%, and Northwest, 6.1%.

In contrast, organic yogurt advertising in the Southeast lags the other regions, with 2.5% of cumulative ads from October last year through this report. Organic yogurt percentages for the other regions include the Northeast, 58.3%, Southwest, 14.6%, Midwest, 11.9%, Northwest, 6.9%, and South Central, 5.7%.

Organic milk is frequently viewed as the introductory organic dairy product for consumers. Attracting consumer interest is widely believed to begin with focusing on organic milk.

The magnitude of stores in the Southeast electing to advertise organic milk at a greater extent than other regions, when the Southeast copes with organic milk tightness leading to some empty shelves, seemingly more than other regions, is of interest. Organic milk continues to move between regions as it moves from farm to processor to store. Even before the recent tightness, organic milk supply lines into the Southeast, based on Dairy Market News analysis of bottling plant codes on milk containers in Southeast stores, reflected organic milk bottled in Minnesota, Wisconsin, Idaho, Colorado and Texas. This suggests that the normal pattern is for the Southeast Region, having only one regulated processor and one exempt processor of organic milk, to routinely import organic milk bottled elsewhere.

Increasing demand for organic milk in all regions and increasing use of organic milk in other food products, increasingly competes for this non-regional organic milk. The recent result has been less organic milk from other regions reaching the Southeast to supplement normal regional production and processing.

Even so, supermarkets continue to find advertising of organic fluid milk to be an attractive way to draw a share of consumer dollars, particularly supermarkets in the Southeast. Thus, ongoing supermarket advertising strategies and focuses have led to the curious outcome of organic milk cooler shortages of fluid organic milk in the region where supermarkets continue to most heavily invest in organic milk advertising, thereby drawing consumers to stores with some organic brands sold out, or in short supply.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

Organic Dairy Overview. Organic dairy advertising volume stayed over 1,000 for the second consecutive period, normal for much of 2011 until the early November decline.

This period's organic dairy ad total was slightly below two weeks ago, 1,138 compared with 1,415 out of 9,124 surveyed weekly newspaper ads.

The composition of ads reflects an increase in organic milk ads, a significant decrease in organic butter ads, and a slight decrease in organic yogurt ads.

Organic milk ads this period increased by 99%, to 774 ads. Organic butter ads this period, 158, are 38% of two weeks ago. Nevertheless, the current organic butter ad level is higher than all but five of the twenty-six periods of 2011 and exactly twice the 79 organic butter ads for the first period last year. Organic yogurt ads this period, 488, are slightly below the 548 ads last period.

Advertising information presented is compiled from surveyed newspaper supermarket ads for the period January 1, 2012, to January 13, 2012, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Regional Organic Dairy Ad Trends – Current Period. As with two weeks ago, the Northeast and Midwest lead the regions in organic dairy weekly newspaper advertising numbers. The Northeast Region has 41.0% of current ads, up from 26.1% two weeks ago. The Midwest has 35.6% of current ads, up from 24.1% two weeks ago. The remaining regions this period include the South Central, 18.4%, Southeast, 4.1%, and Southwest, 0.9%.

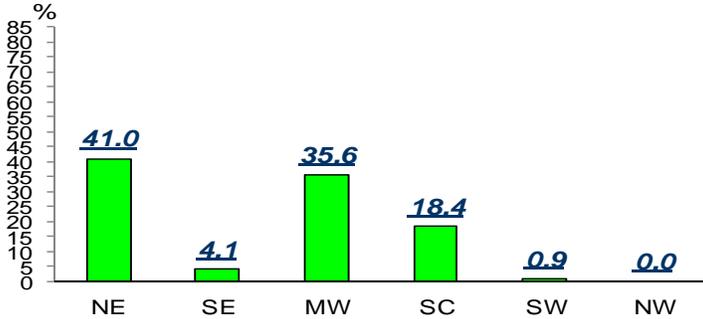
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ORGANIC DAIRY MARKET NEWS

Information gathered January 2 - 13, 2012

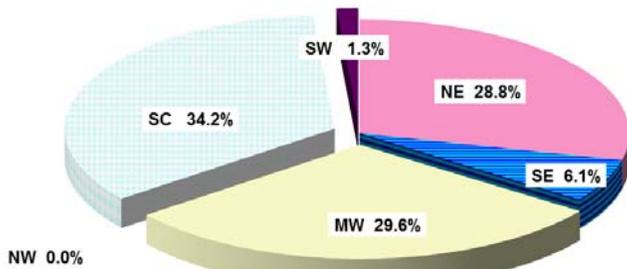
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Organic Dairy Newspaper Ads Regionally As A Percentage of Surveyed Organic Dairy Ads 2012 - Week 2



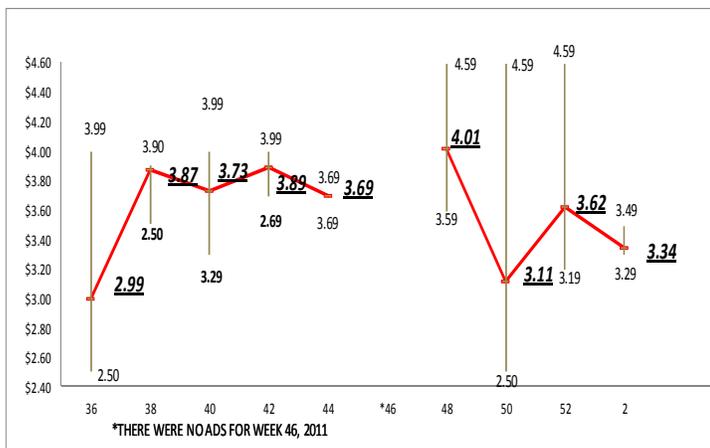
Organic Milk. Organic milk ads appeared in five of the six regions. The South Central led, with 34.2%, followed by the Midwest, 29.6%, Northeast, 28.8%, Southeast, 6.1%, and Southwest, 1.3%. No organic milk ads appeared in the Northwest.

ORGANIC MILK FEATURES Regional % of Nationally Surveyed Supermarket Ads Report - Week 2, 2012



Organic Milk Half Gallons. The national weighted average advertised price for organic milk half gallons decreased 28 cents to \$3.34. This occurred due to the disappearance of advertising for record high prices in the price range during recent periods. While lower than the weighted average advertised price two weeks ago, the current weighted average is within the three most recent price ranges. The top of this period's price range, \$3.49, is \$1.10 below the record \$4.59 two, four and six weeks ago. This period's price range bottom, \$3.29, is 10 cents above two weeks ago.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2011 - 12 Week

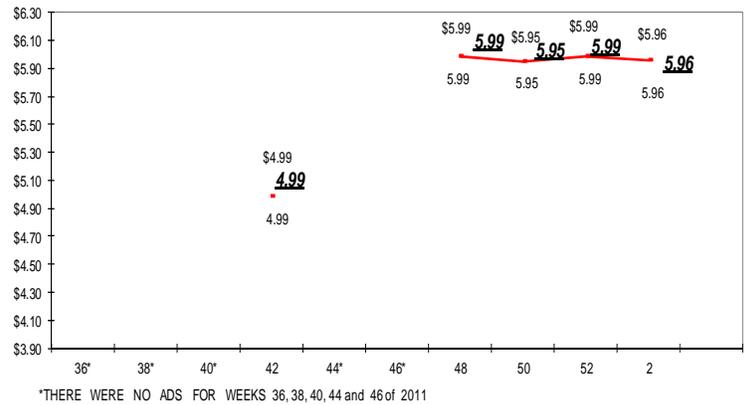


HALF GALLON ORGANIC MILK ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	72.9	3.29
SE	00.9	3.29
MW	00.0	----
SC	26.2	3.49
SW	00.0	----
NW	00.0	----
US		3.34

Organic Gallons. The national advertised price for organic milk in gallons was \$5.96, with all of the ads in the Midwest Region. The weighted average price decreased 3 cents compared to last period. Significantly, this is the first continuous string of four consecutive reporting periods with ads for organic gallons since mid May, 2011.

Advertised Organic Milk Gallon Range and Weighted Average Advertised Price by 2011 - 12 Week*



8 Ounce Organic Milk. There were 532 ads for 8 ounce organic milk during this reporting period. That is more than one-half of the periods of 2011. As has become normal, all ads are priced \$1.00. Ad concentration was in the Midwest and South Central regions, with a sprinkling of ads in the Northeast, Southeast, and Southwest. Perhaps noteworthy during this period of shortages of half gallon and gallon containers of organic milk in parts of the Southeast, virtually all organic milk ads in the Southeast are for this product category which is aseptically packaged and has a shelf life of many months. Thus, these advertised 8 ounce containers may pre-date the current tight supply situation.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	12.6	1.00
SE	08.5	1.00
MW	37.8	1.00
SC	39.3	1.00
SW	01.9	1.00
NW	00.0	----
US		1.00

Organic Yogurt. All organic yogurt ads ran in newspapers either in the Northeast with 63.9% of ads, or the Midwest, with 36.1% of ads.

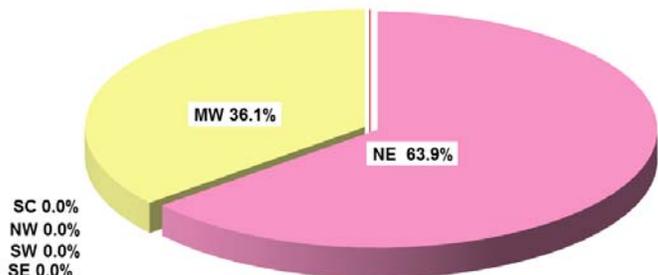
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ORGANIC DAIRY MARKET NEWS

Information gathered January 2 - 13, 2012

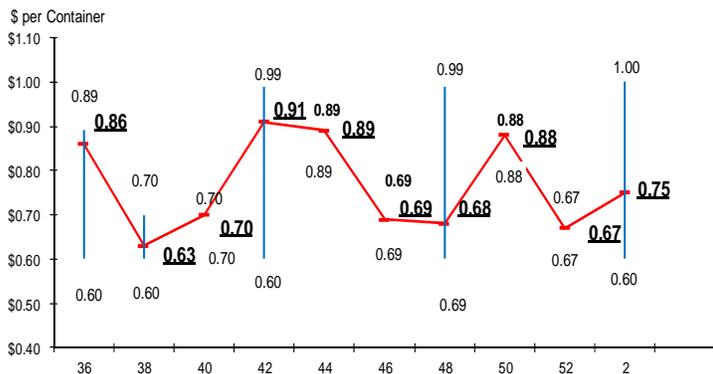
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ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 2, 2012



6 Ounce Organic Yogurt. Nearly 82% of total organic yogurt ads are for 6 ounce yogurt, 400 ads exactly. The national weighted average advertised price increased 8 cents to \$0.75. There was no price range two weeks ago in comparison with a price range from \$1.00 to 67 cents this period. While not a record price range magnitude, this is among the larger ranges recorded by this survey.

Advertised 6 Oz. Organic Yogurt Price Range and Weighted Average Advertised Price by 2011 - 12 Week



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

REGION	%	WTD. AV. ADV. PRICE \$
NE	56.0	0.86
SE	00.0	----
MW	44.0	0.60
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		0.75

Organic Butter. One pound organic butter ads ran in 158 supermarket ads. Most ran in the Northeast, 156, with the remaining 2 in the Southeast. All ads stated a price of \$4.99 for a store brand of organic butter.

SUPERMARKET PRICE COMPARISON:

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

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

Organic milk available in Madison stores included 2 national brands, 4 private

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

A table summarizing the survey results follows:

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2012 REPORTING WEEK 02

MADISON, WI
LOW HIGH RANGE
(In Dollars)

GALLONS:

Whole	5.49	6.99	1.50
Reduced Fat (2%)	5.49	6.99	1.50
Low Fat (1%)	5.49	6.99	1.50
Nonfat (Skim)	5.49	6.99	1.50

HALF GALLONS:

Whole	3.09	4.19	1.10
Reduced Fat (2%)	3.09	4.19	1.00
Low Fat (1%)	3.09	4.49	1.40
Nonfat (Skim)	3.09	4.19	1.10

CHOCOLATE HALF GALLON:

	3.09	5.69	2.60
--	------	------	------

YOGURT

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

CHEESE – 8 OUNCE BLOCKS:

Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10

CHEESE – 6 OUNCE STRING

Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10

BUTTER – 1 POUND

	3.99	6.19	1.94
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*=Price change from prior reporting period

Organic dairy price ranges in surveyed Madison supermarkets were unchanged this period. Even within the ranges, there was little price shifting at the surveyed stores.

ORGANIC GRAIN AND FEEDSTUFFS MARKETS:

Three previously reported organic grain and feedstuffs reports, one for the Eastern Region, one the Upper Midwest and also a National Report, have been discontinued by Livestock and Grain Market News. That decision now precludes including those reports within this Report. Now Livestock and Grain Market News makes a new single report format available, consolidating the information. This period's report follows.

National organic grain and feedstuffs were mixed. Feed grade corn was steady to firm, with the higher end of the price range occurring in the far Northeast. The bulk of feed grade soybeans reported were mostly steady this week, but averaged a higher price on a national level with a higher undertone noted in the Upper Midwest and Eastern Cornbelt. Offerings of organic grain this period were moderate for corn, while all other grains were light. Demand for feed grade corn was good, and demand for soybeans was very good. Feed grade barley was higher on a light test.

Additional livestock and grain market news information is available at: <http://www.ams.usda.gov/mnreports/lbnof.pdf>

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

In October 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.10 per cwt., down \$1.29 from the previous month's average, but up \$1.43 from October 2010. The component tests of producer milk in October 2011 were: butterfat, 3.76%; protein, 3.15%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas. Mailbox prices in October 2011 ranged from \$24.39 in Florida to \$17.18 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	October 2010	September 2011	October 2011
	Dollars per hundredweight		
New England States <u>3/</u>	19.73	22.69	21.26
New York	18.40	21.30	19.90
Eastern Pennsylvania <u>4/</u>	19.09	22.30	20.93
Appalachian States <u>5/</u>	20.13	23.98	21.80
Southeast States <u>6/</u>	20.64	24.76	22.65
Southern Missouri <u>7/</u>	18.80	22.54	20.63
Florida	21.80	26.73	24.39
Western Pennsylvania <u>8/</u>	19.44	22.31	20.99
Ohio	19.41	22.24	21.03
Indiana	19.11	22.03	20.59
Michigan	18.48	21.56	20.13
Wisconsin	18.70	20.95	20.13
Minnesota	18.26	20.59	20.08
Iowa	18.75	21.28	20.24
Illinois	19.35	21.78	20.75
Corn Belt States <u>9/</u>	18.45	20.89	19.82
Western Texas <u>10/</u>	18.01	20.44	18.40
New Mexico	17.06	19.26	17.18
Northwest States <u>11/</u>	18.06	20.73	19.66
All Federal Order Areas <u>12/</u>	18.67	21.39	20.10
California <u>13/</u>	16.50	18.61	17.89

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."

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932

JANUARY MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2011 is lowered slightly on lower expected cow numbers for the fourth quarter, but the forecast for 2012 is unchanged from last month. Larger-than-expected cheese imports for 2011 and into 2012 boost fat-basis import forecasts, but the strength of cheese imports in 2012 is offset by lower expected imports of skim products resulting in a lower 2012 skim-solids import forecast. The skim-solids exports estimate for 2011 is raised on higher-than-expected October exports. The forecast 2012 cheese price is lowered, but forecasts for nonfat dry milk (NDM) and whey prices are raised. The higher whey price is expected to more than offset the lowered cheese price forecast, resulting in a higher forecast Class III price. The higher forecast NDM price results in a higher Class IV price. The all milk price for 2012 is raised to \$18.30 to \$19.10 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Estimated		2012 Projected	
		December	January	December	January
BILLION POUNDS					
MILK					
PRODUCTION	192.8	196.1	196.0	198.5	198.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	11.2	10.7
MARKETINGS	191.8	195.1	195.1	197.6	197.6
IMPORTS	4.1	3.3	3.4	3.2	3.3
TOTAL COMMERCIAL SUPPLY	207.2	209.3	209.4	212.0	211.5
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	9.3	9.3	8.6	8.6
ENDING COMMERCIAL STOCKS	10.9	11.2	10.7	11.5	11.4
CCC NET REMOVALS <u>1/</u>	0.2	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.8	188.8	189.5	191.9	191.6
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	12.2	12.0
MARKETINGS	191.8	195.1	195.1	197.6	197.6
IMPORTS	4.8	5.3	5.4	5.2	5.1
TOTAL COMMERCIAL SUPPLY	208.0	212.7	212.7	214.9	214.7
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	33.6	33.8	31.9	31.9
ENDING COMMERCIAL STOCKS	12.3	12.2	12.0	12.1	12.0
CCC NET REMOVALS <u>1/</u>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	164.0	166.9	167.0	171.0	170.8
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

JANUARY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Estimated		2012 Projected	
		December	January	December	January
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5226	1.820-1.830	1.8246	1.675-1.755	1.655-1.735
BUTTER	1.7020	1.935-1.965	1.9498	1.605-1.715	1.605-1.715
NONFAT DRY MILK	1.1687	1.495-1.515	1.5058	1.360-1.420	1.370-1.430
DRY WHEY	0.3716	0.525-0.535	0.5325	0.535-0.565	0.605-0.635
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	14.41	18.30-18.40	18.37	16.90-17.70	17.10-17.90
CLASS IV	15.09	18.95-19.15	19.04	16.35-17.25	16.45-17.35
ALL MILK <u>3/</u>	16.26	20.05-20.15	20.14	18.10-18.90	18.30-19.10
QUARTERLY					
	2011 IV	2012 I <u>4/</u>	2012 II <u>4/</u>	2012 III <u>4/</u>	2012 IV <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	48.5	49.7	51.0	49.0	48.8
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	20.03	18.50-18.90	17.75-18.45	18.15-19.15	18.80-19.80
CLASS III PRICE <u>2/</u>	18.62	16.90-17.30	16.70-17.40	17.50-18.50	17.35-18.35
CLASS IV PRICE <u>2/</u>	17.72	16.55-17.05	16.45-17.25	16.45-17.55	16.30-17.40

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-502, January 12, 2012.* 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].

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,
BY FEDERAL MILK ORDER MARKETING AREA, OCTOBER 2011 1/**

For October 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.18 per cwt., up \$0.05 from the September 2011 average. Ninety percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.77 in the Pacific Northwest to \$3.05 in Florida. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.18 per cwt., down \$0.01 per cwt. from the September 2011 average. Seventy-nine percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.95	1.02
Southeast	007	2.75	2.02
Florida	006	3.05	0.46
Mideast	033	2.07	1.50
Upper Midwest	030	2.10	1.08
Central	032	1.91	0.91
Pacific Northwest	124	0.77	0.62
All Reporting Areas Combined 3/		2.18	1.18

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

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

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

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932

NOVEMBER FLUID MILK SALES

During November, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.7 percent lower than November 2010. After adjusting for calendar composition, sales in November 2011 were 1.6 percent lower than November 2010. Estimated sales of total conventional fluid milk products decreased 3.1 percent from November 2010 and estimated sales of total organic fluid milk products increased 8.7 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,
NOVEMBER 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,141	12,496	-3.9	-2.9
Flavored Whole Milk	46	478	-10.9	-5.7
Reduced Fat Milk (2%)	1,511	16,611	-3.1	-1.8
Low Fat Milk (1%)	609	6,494	1.4	0.6
Fat-Free Milk (Skim)	631	7,076	-5.4	-3.6
Flavored Fat-Reduced Milk	351	3,521	-3.5	-2.3
Buttermilk	45	438	-3.4	0.5
Total Conventional Milk Products 5/	4,384	47,206	-3.1	-2.2
Organic Whole Milk	42	455	6.3	16.0
Organic Reduced Fat Milk	53	543	3/	3/
Organic Low Fat Milk	37	386	3/	3/
Organic Fat-Free Milk (Skim)	36	419	3/	3/
Organic Flavored Milk	6	84	3/	3/
Organic Fat-Reduced Milk 4/	133	1,437	9.5	14.7
Total Organic Milk Products	176	1,891	8.7	15.0
Total Fluid Milk Products 5/	4,559	49,098	-2.7	-1.6
Total Fluid Milk Products Adjusted 5/ 6/	4,553	49,150	-1.6	-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> Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

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

Area (Order Number)	Sales		Change from: 2/	
	November	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	773	8,311	-2.2	-1.9
Appalachian (005)	304	3,275	-1.3	-1.5
Southeast (007)	414	4,484	-4.4	-1.9
Florida (006)	242	2,649	-4.6	-2.5
Mideast (033)	509	5,463	-2.8	-2.2
Upper Midwest (030)	356	3,856	-4.9	-2.2
Central (032)	391	4,147	-1.6	0.0
Southwest (126)	383	4,089	-1.3	-0.7
Arizona (131)	102	1,079	-2.4	-0.9
Pacific Northwest (124)	191	2,022	-1.4	-0.5
California (---)	529	5,796	-2.9	-1.9

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*, November 2011.

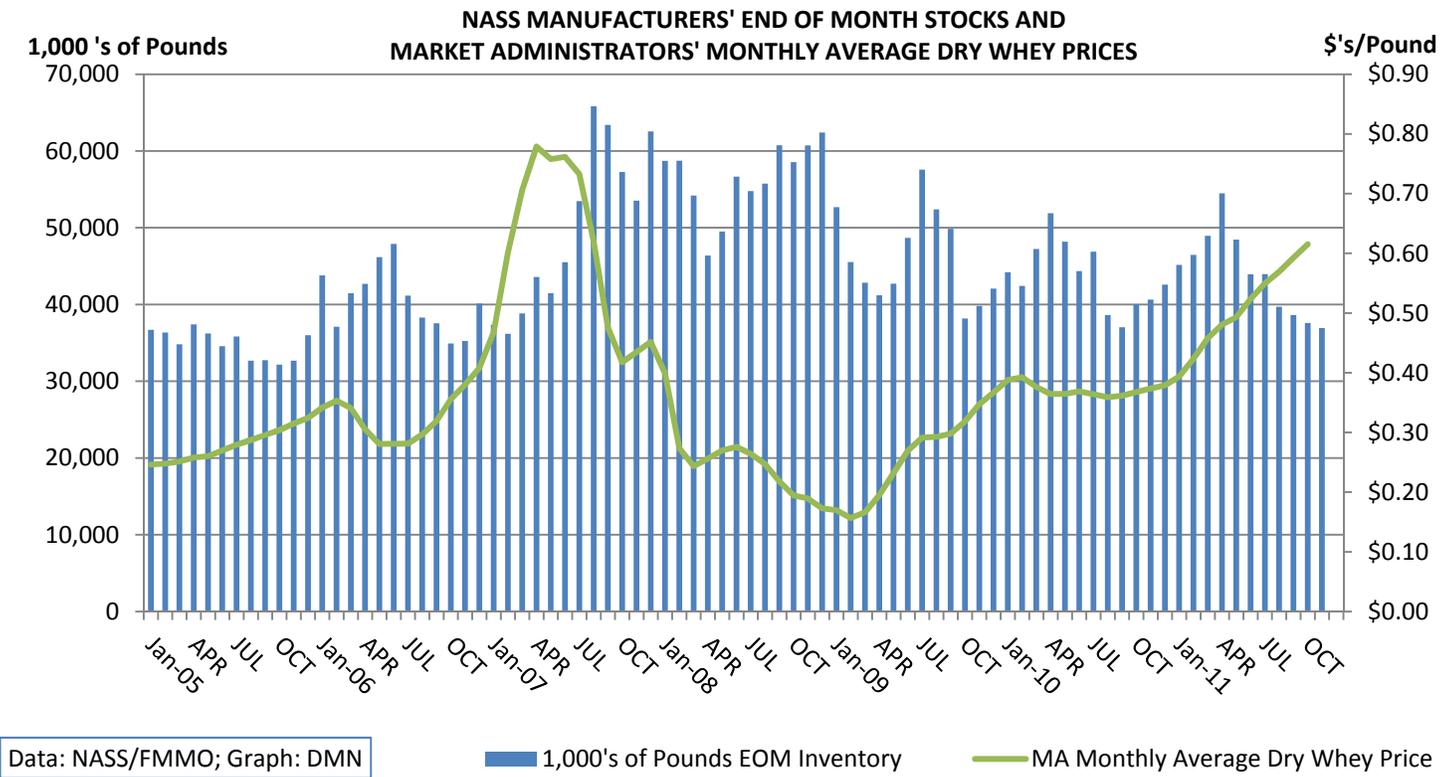
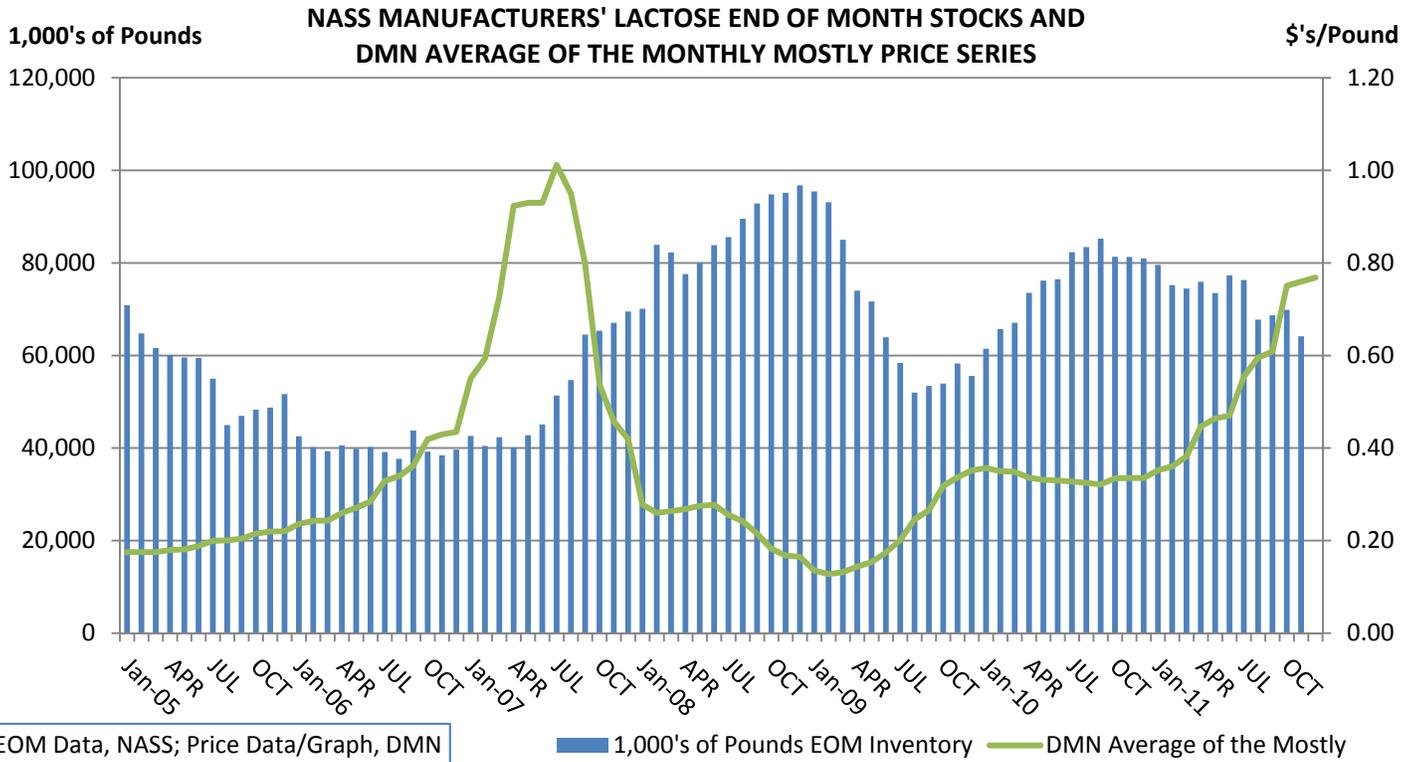
**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS
2011 ANNUAL AVERAGES, WITH COMPARISONS ^{1/}**

For 2011, the all-city average announced cooperative Class I price was \$24.26 per cwt., \$2.51 higher than the Federal milk order Class I price average for these cities. The 2011 announced cooperative Class I price was \$3.75 per cwt higher than the 2010 price while the Federal Milk Order Class I price was \$3.76 per cwt higher. The 2011 difference was down \$0.01 from the 2010 difference. On an individual city basis, the annual average difference between the Federal order and announced cooperative Class I price ranged from \$0.51 in Phoenix, AZ, to \$4.17 in Miami, FL.

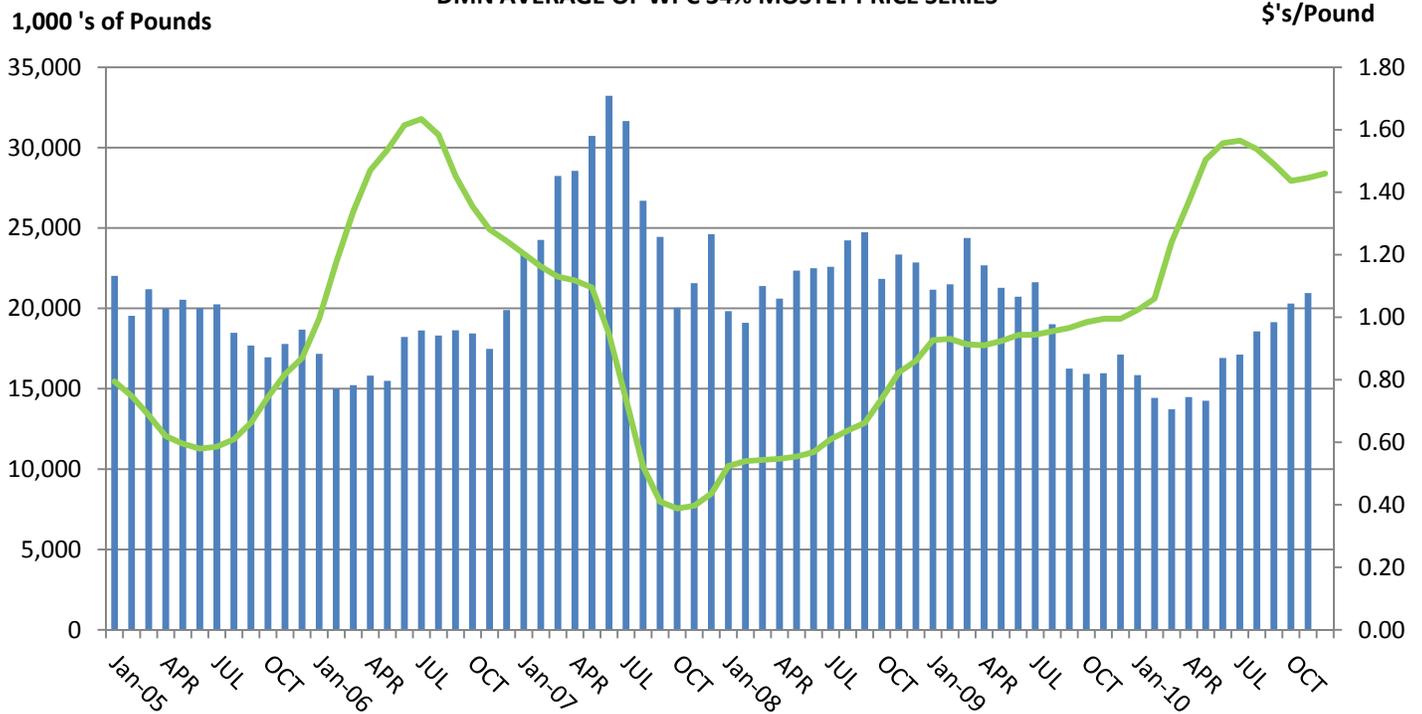
City	2011 Annual Averages		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	26.18	22.93	3.25
Baltimore, MD	23.80	22.13	1.67
Boston, MA	23.94	22.38	1.56
Charlotte, NC	25.86	22.53	3.33
Chicago, IL	24.50	20.93	3.57
Cincinnati, OH	24.47	21.33	3.14
Cleveland, OH	24.27	21.13	3.14
Dallas, TX	23.87	22.13	1.74
Denver, CO	23.01	21.68	1.33
Des Moines, IA	23.66	20.93	2.73
Detroit, MI	24.04	20.93	3.11
Hartford, CT	23.84	22.28	1.56
Houston, TX	24.79	22.73	2.06
Indianapolis, IN	24.27	21.13	3.14
Kansas City, MO	23.35	21.13	2.22
Louisville, KY	24.56	21.43	3.13
Memphis, TN	25.17	22.03	3.14
Miami, FL	29.30	25.13	4.17
Milwaukee, WI	24.45	20.88	3.57
Minneapolis, MN	23.16	20.83	2.33
New Orleans, LA	25.39	22.93	2.46
Oklahoma City, OK	23.83	21.73	2.10
Omaha, NE	23.41	20.98	2.43
Philadelphia, PA	25.27	22.18	3.09
Phoenix, AZ	21.99	21.48	0.51
Pittsburgh, PA	24.82	21.23	3.59
St. Louis, MO	23.75	21.13	2.62
Seattle, WA	21.81	21.03	0.78
Springfield, MO	24.14	21.53	2.61
Washington, DC	23.80	22.13	1.67
Wichita, KS	23.25	21.33	1.92
Simple Average	24.26	21.75	2.51

^{1/} These figures are simple averages of monthly prices. The cooperative prices are Class I prices announced for the beginning of the month by cooperative associations in various city markets. The information relates to the major cooperative in each of the city markets and does not apply to all of the Class I sales in these city markets. These data are common market knowledge in the sense that the information represents basic Class I price announcements by the cooperative sent to all handlers who buy milk from them. The announced over-order prices include charges for various service charges applicable to milk from supply plants. In some instances, the announced over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932



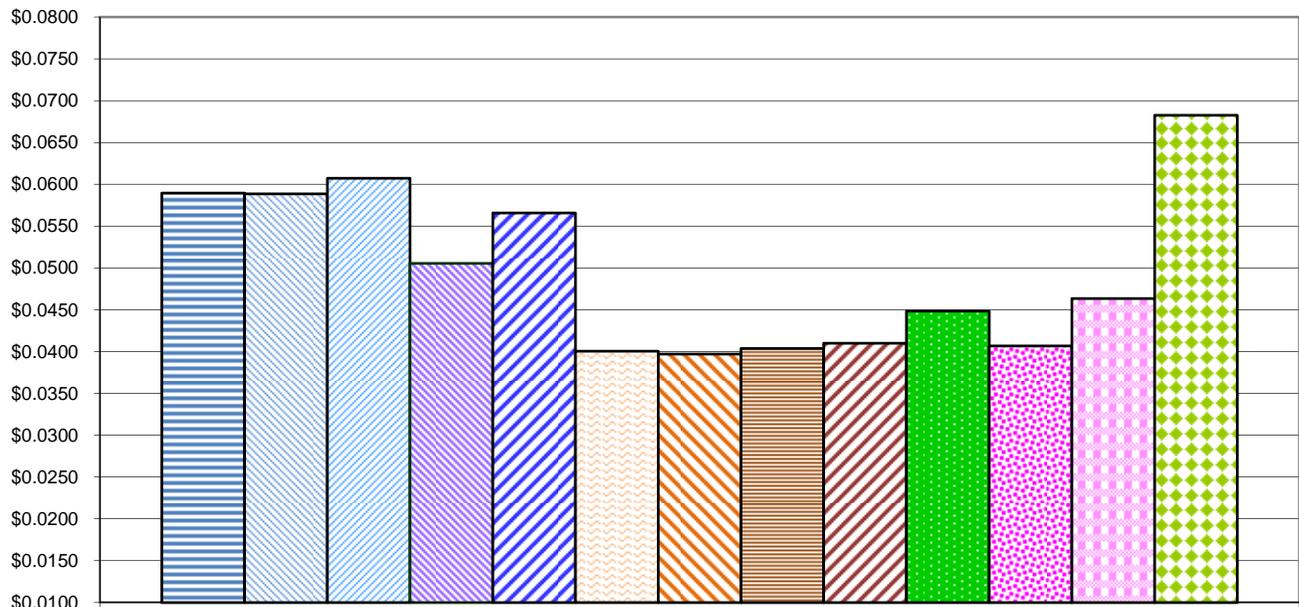
**NASS MANUFACTURERS' 25.0 - 49.9% WPC END OF MONTH STOCKS AND
DMN AVERAGE OF WPC 34% MOSTLY PRICE SERIES**



EOM Data, NASS; Price Data and Graph: DMN

■ 1,000's of Pounds EOM Inventory — DMN Monthly Average of Mostly Price Series

\$'s/Pound Current Price/Unit of Protein: NDM (35%), SMP (34%), WPC(34%), WMP (26%), & Whey (12%)



Whey Cent.	Whey West	Whey NE	Whey Eur.	Whey NASS	NDM Ca/CWAP	NDM West	NDM NASS	NDM C/E	WPC C/W	SMP Eur.	SMP Ocna.	WMP Ntl.
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