

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (05/25):**

BUTTER: Grade AA closed at \$1.3875. The weekly average for Grade AA is \$1.3860 (+.0345).

CHEESE: Barrels closed at \$1.4700 and 40# blocks at \$1.5700. The weekly average for barrels is \$1.4660 (+.0100) and blocks, \$1.5145 (+.0145).

BUTTER HIGHLIGHTS: Butter pricing is firming this week for national and regional pricing points. Demand has been fair for the current time of year. Butter feature activity has been light to moderate, but expected to increase as more co-featuring is occurring with sweet corn and the unofficial start of barbeque season at the Memorial Day holiday weekend. Lower retail butter prices are also helping sales. Cream demand has increased this week, surprising many ahead of a holiday weekend. Multiples and overages are also higher. Cream supplies are declining due to less standardized cream available as school milk needs decline, lower milk output in some areas, and declining milkfat levels in milk. Butter production remains moderate to heavy at seasonal levels. According to the NASS Cold Storage report, stocks of butter as of April 30, 2012, total 253.9 million pounds, +79% or 112.1 million pounds more than April 2011. Stocks were 22% higher or 45.6 million pounds more than March 2012. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell a total of 1.642 million pounds (745 metric tons) of butter. The product will be delivered May through November 2012. During 2012, CWT has assisted member cooperatives in making export sales of butter and anhydrous milk fat totaling 44.4 million pounds.

CHEESE HIGHLIGHTS: Cheese production nationally remains heavy. Increased milk supplies have been moving to manufacturing facilities with cheese plants taking much of the increase. This has increased stocks in cold storage, but manufacturers are reported to be comfortable with current inventories. Export sales are being assisted by the Cooperatives Working Together (CWT) program. American cheese stocks are above year ago and last month's levels. "Other" natural cheese stocks are below year ago levels, but increasing from last month. A recent earthquake in Italy is reported to have damaged over 300,000 wheels of aged cheese worth hundreds of millions of dollars. Cheese prices are trading in a fairly narrow range for the month of May. After a lackluster trading week, the block market was

bid \$.0675 higher on Friday with no sellers. Blocks closed the week at \$1.5700 while barrels closed at \$1.4700 at the CME Group.

FLUID MILK: Northeast milk production is widely believed to have reached a plateau a "couple" of weeks ago. Nevertheless, production remains heavy and drying at some plants remains at full capacity. That is now projected to be scaled back next week. Milk production in the Southeast is declining overall except in the mid-Atlantic region. This has kept manufacturing capacity in the Southeast at about 60%-70% of capacity but that is expected to increase over the weekend. Midwest farm milk intakes and component contents are gradually receding from seasonal highs in the Central region. Various marketing representatives and dairy cooperative managers indicate the competition for farm milk is increasing steadily in some areas of the Central region where cheese and butter/powder plants are numerous. California milk output is mostly steady and remains at or near the seasonal peak. Weather conditions have been warm during the daytime, but are cooler at night. Arizona milk production is trending lower on a week-to-week basis. Hotter temperatures are a main cause, along with time in milk and feeding changes made because of high feed costs. Milk production in the Pacific Northwest has slowed from the heavy levels a few weeks ago, but remains heavy across the region. Milk handlers are expecting some additional loads to move to manufacturing plants during the holiday weekend as some Class I and II plants are closed for the long weekend. Butter/powder and cheese plants in Utah and Idaho will be busy over the holiday weekend with local supplies and some outside milk from the Northwest. Favorable weather for milk production is helping to keep milk supplies above year ago levels.

DRY PRODUCTS: Nonfat dry milk contract sales prices in the Central region moved lower, based on variable indices that declined, but prices from some operations that set prices weekly report their prices firmed compared to last week. The market tone is mixed. All Eastern nonfat dry milk low heat prices moved lower, as did the upper end of the high heat price range. Prices for Western low/medium nonfat dry milk are mixed this week. Prices continue to move lower off the top ends of the range and mostly series. Countering that, the bottom ends of the range and mostly series moved higher as those low priced trades were not reported. Dry buttermilk prices are unchanged in the Central and eastern regions. Western dry buttermilk prices

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 21	TUESDAY MAY 22	WEDNESDAY MAY 23	THURSDAY MAY 24	FRIDAY MAY 25	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4700 (+.0100)	\$1.4700 (N.C.)	\$1.4700 (N.C.)	:: (+.0100)	:: \$1.4660 (+.0100)
40# BLOCKS	\$1.5000 (N.C.)	\$1.5000 (N.C.)	\$1.5000 (N.C.)	\$1.5025 (+.0025)	\$1.5700 (+.0675)	:: (+.0700)	:: \$1.5145 (+.0145)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0825 (N.C.)	\$1.0825 (N.C.)	\$1.0900 (+.0075)	\$1.0900 (N.C.)	\$1.0900 (N.C.)	:: (+.0075)	:: \$1.0870 (+.0045)
GRADE A	\$1.1250 (N.C.)	\$1.1300 (+.0050)	\$1.1400 (+.0100)	\$1.1425 (+.0025)	\$1.1550 (+.0125)	:: (+.0300)	:: \$1.1385 (+.0150)
BUTTER							
GRADE AA	\$1.3850 (+.0300)	\$1.3850 (N.C.)	\$1.3850 (N.C.)	\$1.3875 (+.0025)	\$1.3875 (N.C.)	:: (+.0325)	:: \$1.3860 (+.0345)

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

continue to trend lower. The market undertone remains weak. Prices for dry whole milk are unchanged to lower for the week in a lightly tested market. In the Central region, dry whey prices are lower and higher on a mixed market. Northeast dry whey prices moved lower at both ends of the price range. Western dry whey prices are lower and export competition moved some manufacturers to lower prices to maintain export sales. Lactose prices are both lower and higher on the range, and unchanged on the mostly, with a mixed market tone. Whey protein concentrate 34% prices on both ends of the range and the top of the mostly price series shifted lower on a market in search of support. Casein markets are unsettled with prices generally holding steady.

INTERNATIONAL DAIRY MARKET OVERVIEW (DMN):

Milk production across **Western European** countries is at, near, or slightly off the seasonal peak levels. Indications are that France is past the peak and Germany may have peaked this week. Total milk output continues to trend higher than year ago levels across many countries. Summertime conditions are prevalent across the region and processing plants are running at or near capacity levels. In many locales, there is increasing demand for fresh milk and cream based products, which is alleviating the stress on plants making cheese, butter, and powders. Milk supplies are being handled well and processors are able to make the product mix needed for current and future sales. The results of the recently completed export tender are not entirely clear, but industry indications are that there are heavy volumes of SMP and WMP being sourced from Europe. The sales are welcomed to move or rebalance stocks that have been built during the production season. Current pricing for SMP and WMP is unchanged, but there are indications pricing levels are trying to firm. The weaker Euro has made sourcing European dairy products more attractive. However, the international markets have been trending lower for finished dairy products and buyers have shown reluctance to be market participants when they perceive lower, future values. Butter movements into PSA remain active. From March 1 through May 13, 68,630 MT (151.3 million pounds) of European butter have been offered into PSA. **Eastern Europe** milk production continues to build towards the peak output levels. Conditions have been generally favorable for milk cows and milk output has been higher in certain countries than has been the case in others. Cow numbers are often higher and feed more available, leading to milk production gains. Milk is being processed in a timely fashion and manufacturers are building stocks for future sales.

Oceania milk producers and handlers are reporting that milk volumes are noticeably declining. The 2011 - 2012 milk production season has been very positive in both **New Zealand** and **Australia**, especially with a strong finish in both countries. Milk producers are stating that the milking herd needs to prepare itself for the upcoming season, thus the end of the current season needs to occur. Milk producers are very pleased with the condition of the milking herd going into the winter months. The herd has not had a stressful end to the current season and hopefully the winter months will not be overly stressful. Temperatures are starting to decline, thus fall is in the air. Milk production projections for the current year remain positive. New Zealanders continue to project a 9 - 10% increase over the previous season while Australians are looking at about a 4% increase. Milk production in Tasmania, which is included with Australian figures, is running about 10% stronger than last year, which is helping boost Australian figures. Milk producers and handlers in all countries of the Oceania region are optimistic about the upcoming season, but are very aware that opening farm gate prices will potentially be lower than the current year. Farmers have had a positive year and are still unsure how lower prices will impact their upcoming season. As the milk volume declines, manufacturing facilities that have maintained more active processing schedules than anticipated are now being shuttered or running on much reduced schedules. Typically,

manufacturing facilities use the down time for maintenance, but many will need to compress this down time maintenance period into a narrower range this year. Up to this point, the extra milk volume has been able to generate some additional stocks that were previously not anticipated. Much of this additional stock was welcomed and provided a supply cushion for late season commitments and also provided for enhanced volumes of some products that cleared through the g/DT event. Traders and handlers are stating that these end of season volumes are declining and stock balance is generally in very good shape for the upcoming winter season. At the May 15 g/DT session #68, rennet casein average prices increased 0.7% (\$6,244 per MT) when compared to the previous all contract average, while all others traded product averages were lower by 0.2% - 11.9%. Skim milk powder, sourced from the U.S., again traded in the closest contracting period (June) and averaged \$2,395 per MT (\$1.0864 per pound). All other products and supply sources, with the exception of buttermilk powder and lactose, saw activity in contract #2 (July). Anhydrous milk fat continues to decline and realized an 11.9% decline (\$2,499 per MT) from the previous all contract average. Skim milk (\$2,573 per MT) and whole milk (\$2,546 per MT) powder averages were 5.4% and 8.9% lower respectively. Lactose did not see activity at this event.

APRIL COLD STORAGE (NASS): On April 30, 2012, U.S. cold storage holdings of butter totaled 253.8 million pounds, 22% more than a month ago, and 79% more than last year. Natural American cheese holdings total 628.4 million pounds, 1% more than a month ago, and 1% more than a year ago. Total cheese stocks were 1.0 billion pounds, 2% more than last month but 1% less than 2011.

APRIL MILK PRODUCTION (NASS): Milk production in the 23 major States during April totaled 16.0 billion pounds, up 3.3% from April 2011. March revised production at 16.4 billion pounds, was up 4.3% from March 2011. The March revision represented a decrease of 5 million pounds or 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,875 pounds for April, 40 pounds above April 2011. The number of milk cows on farms in the 23 major States was 8.53 million head, 94,000 head more than April 2011, and 4,000 head more than March 2012.

FEDERAL MILK ORDER ADVANCE PRICE HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base Class I price for June 2012 is \$15.24 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$10.61 and the advanced butterfat pricing factor of \$1.4279. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to May 2012, the base Class I price decreased \$0.61 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.58 per cwt., -\$0.050 per gallon; reduced fat milk (2%), -\$0.42 per cwt., -\$0.036 per gallon; fat-free (skim milk), -\$0.22 per cwt., -\$0.019 per gallon. The advanced Class IV skim milk pricing factor is \$8.72. Thus, the Class II skim milk price for June is \$9.42 per cwt., and the Class II nonfat solids price is \$1.0467. The two-week product price averages for June are: butter \$1.3506, nonfat dry milk \$1.1460, cheese \$1.5243, and dry whey \$0.5355.

CME GROUP

MONDAY, MAY 21, 2012
 CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.5000; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5000; 1 CAR 40# BLOCKS @ \$1.5100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1300
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.3800, 1 @ \$1.3850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, MAY 22, 2012
 CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.5000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4600; 1 CAR 40# BLOCKS @ \$1.5000; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5100
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A @ \$1.1300; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1400
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3850; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MAY 23, 2012
 CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.5000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4700; 1 CAR 40# BLOCKS @ \$1.5000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 1 @ \$1.1325, 1 @ \$1.1350, 1 @ \$1.1375, 2 @ \$1.1400; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.0900; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1450
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3850; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.3900

THURSDAY, MAY 24, 2012
 CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4700; 1 CAR 40# BLOCKS @ \$1.5025; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$1.1400, 1 @ \$1.1425; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1450
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3875; LAST OFFER UNCOVERED: NONE

FRIDAY, MAY 25, 2012
 CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4700; 1 CAR 40# BLOCKS @ \$1.5700; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 1 @ \$1.1425, 1 @ \$1.1450, 1 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1550; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Beginning late last week, spot cream in the Northeast has become very challenging to locate. A manufacturer commented that it is a “big deal” to have “no cheap cream” during a week leading into the Memorial Day holiday weekend. Another comment was that “cream is much tighter than at any time this year so far”. Multiples began moving up late last week and that continued into this week, increasing daily to Wednesday. Sellers are already anticipating multiples to be even higher next week. This is attributed to a combination of a drop in cream supply and a “big jump” in demand, as butter manufacturers react to increasing butter prices by wanting to manufacture more, now. Even with butter manufacturers intensifying efforts to locate cream for manufacturing to get ahead of the curve on increasing multiples, with the magnitude of supply tightness, it remains unclear whether manufacturing volume will experience much in the way of last minute adjustments this week. Contributing factors in the tightness of cream mentioned include declining butterfat tests in milk and the end of school in a number of southern states, reducing cream from standardization of milk. NASS announced that butter stocks in storage as of April 30, 253.9 million pounds, were up 22% from last month and up 79% from a year ago. While 79% “stands out”, as an observer commented, no comments were heard suggesting that the 79% figure is having much of an effect on decisions this week. Moreover, it should be noted that cold storage stocks on April 30 last year were initially down 31% from 2010, which were initially 14% below April 2009, making it a year-to-year increase following two declining inventory years. This news seemed to have little impact on the intensity of cream seekers through the rest of Tuesday and into Wednesday. In fact, a manufacturer commenting on the pre-holiday tightness of cream, asked “what’s it going to be like after the holiday?” CME butter prices were unchanged last Thursday and Friday before moving up 3 cents to \$1.3850 opening this week on Monday, where the price remained on Tuesday. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell a total of 1.642 million pounds (745 metric tons) of butter. The product will be delivered May through November 2012. During 2012, CWT has assisted member cooperatives in making export sales of butter and anhydrous milk fat totaling 44.4 million pounds.

CENTRAL

Much to the surprise of many butter producers and handlers, the CME cash butter price continues to push higher at a time of the year when production is heavy and inventories are building. Churning activity is seasonally strong as cream supplies are available to local churns. Some butter producers indicate that during the past week or so, surplus cream offerings have eased, although sufficient volumes remain available to maintain near capacity churning schedules. Many butter producers anticipate that surplus cream offerings will increase by the end of the week and through the holiday weekend as some Class II operations, especially ice cream operations, will be reducing their production runs. Butter producers are also indicating that standardized cream volumes, from school bottling programs, are declining as schools recess for the summer. In most instances, churning activity continues to surpass demand, thus clearances to inventory continue. Overall butter demand ranges from fair to good. Some retail buyers have scheduled features for the period prior to the upcoming holiday, which typically clears good volumes of print butter. Exports continue to be reported with the assistance of the CWT program. Most recently, bonus assistance was awarded for the export of 745 MT (1.642 million pounds) from now through November. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Butter prices are steady to firm. Production is heavy in the West as milk continues to find it’s way to butter/powder plants for handling. Print demand for retail sales is moderate to good. Bulk butter demand is moderate with some extra interest being expressed in some areas. Stocks are heavy in most instances, although some manufacturers are comfortable at this time. Prices for bulk butter range from 1 cent under to 4 1/2 cents under the market, based on the CME with various time frames and averages used. Wednesday’s close on the CME Group exchange for butter is unchanged at \$1.3850. The market was up 3 cents on Monday’s trading of two loads. As of midweek, that is the only sales made as trading slowed. The market has remained steady or advanced since May 8 when the price was \$1.3000. According to the NASS *Cold Storage* report, stocks of butter as of April 30, 2012, total 253.9 million pounds, +79% or 112.1 million pounds more than April of last year. Stocks were 22% higher or 45.6 million pounds more than March 2012.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
May 19, 2012	1.3352 4,440,673	1.5271 9,265,699	1.4887 9,420,835	0.5436 7,335,402	1.1449 32,735,694

CHEESE MARKETS

NORTHEAST

Some regional cheddar manufacturers, report inventory levels as "full but not burdensome". This is allowing some interruption of production for plant maintenance next week. There is beginning to be consideration of the pros and cons of increasing production now to accumulate an inventory cushion for meeting fall demand, due to concern over the volume of late summer milk supply in the event of adverse summer weather. No resolution has yet been reached. Manufacturers of Italian varieties have somewhat tight inventories, particularly those focused on manufacturing for retail sales. This has led to plants operating seven days a week. Milk supplies have been ample and plant capacity is the limiting factor. NASS reported that total natural cheese stocks in refrigerated warehouses on April 30, 2012 were up 2% from the previous month but down 1% from April 30 last year. Stocks of American cheese, 628.4 million pounds, were up 1% from both last year and last month. Stocks of "Other" natural cheese, 367.6 million pounds, were down 5% from last year but up 4% from last month. Total natural cheese, 1,024.8 million pounds, was down 1% from last year but up 2% from last month. CME price movement has been slight. While last week's average for barrels was up \$.0020 and for blocks down \$.0025, through this Tuesday there has been no price movement for the current week. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell a total of 3,578 million pounds (1,623 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered May through November 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 53.8 million pounds.

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

Cheddar 40# Block	:	1.9000-2.1850
Process 5# Sliced	:	1.6750-1.7950
Muenster	:	1.9200-2.2800
Grade A Swiss Cuts 10 - 14#	:	3.2550-3.5775

MIDWEST

Some Midwest Cheddar plants are presently selling Cheddar with high suitability for aging at a premium. But looking further ahead this year, there is increasing buyer uncertainty as to Cheddar prices, leading some manufacturers to expect some sales slowdown moving ahead. One response is planning to move cheese into export through CWT to remove it from domestic markets. Bulk Mozzarella production is in good balance with demand in the region. While there is no widespread change in days per week of overall cheese manufacturing this week, some plants have reduced vat numbers each day. Some other plants anticipate reducing days of production after the holiday weekend. NASS reported that total natural cheese stocks in refrigerated warehouses on April 30, 2012 were up 2% from the previous month but down 1% from April 30 last year. Stocks of American cheese, 628.4 million pounds, were up 1% from both last year and last month. Stocks of "Other" natural cheese, 367.6 million pounds, were down 5% from last year but up 4% from last month. Total natural cheese, 1,024.8 million pounds, was down 1% from last year but up 2% from last month. This week through Wednesday there have been CME sales of blocks each day, but no price movement for the current week. There have been no sales of barrels this week, but the price of barrels moved up 1 cent Wednesday. Last week's average for barrels was up \$.0020 and for blocks down \$.0025. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell a total of 3,578 million pounds (1,623 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered May through November 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 53.8 million pounds.

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

Process American 5# Loaf	:	1.6475-2.3525
Brick And/Or Muenster 5#	:	1.8875-2.4475
Cheddar 40# Block	:	1.8875-2.8725
Monterey Jack 10#	:	1.8575-2.8725
Blue 5#	:	2.1525-3.1375
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7325-2.9725
Grade A Swiss Cuts 6 - 9#	:	2.6650-2.9825

WEST

Western cheese price are mostly steady this week. Cheese markets have remained in a narrow range since May 1st. Production levels are heavy with many plants running at near capacity. Although cheese inventories are heavy, manufacturers are comfortable in most cases. Demand is moderate with buyers content to purchase at current prices. Export demand is being aided by assistance from the CWT program and helping to move cheese supplies. Barrel prices at the CME Group on Wednesday increased \$0.0100 to close at \$1.4700. Blocks were unchanged at \$1.5000. Sales activity has been limited to blocks with four sales reported by midweek. Barrels have yet to see any sales for the week as bids moved the market higher. According to NASS, *Cold Storage* stocks of cheese (total) at the end of April 2012 are 1,024.8 million pounds, down 1% or 15.3 million pounds less than April 2011. American stocks were up 1%, and Other Natural stocks were 5% lower than last year. Swiss stocks at the end of April total 28.9 million pounds, down 8% or 2.6 million pounds less than April 2011. April Swiss stocks in storage are equal with last month.

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

Process 5# Loaf	:	1.5800-1.8375
Cheddar 40# Block	:	1.6250-1.9775
Cheddar 10# Cuts	:	1.8050-2.0250
Monterey Jack 10#	:	1.8150-1.9750
Grade A Swiss Cuts 6 - 9#	:	2.8325-3.2625

FOREIGN

Early estimates indicate that several hundred million dollars' worth of Parmesan and Grana Padano cheese were damaged when over 300,000 wheels of cheese weighing up to 90 pounds were toppled from storage shelves during Italy's magnitude 6.0 earthquake last Sunday. The damage occurred in the region north of Bologna. NASS reported that total stocks of Swiss cheese in refrigerated warehouses on April 30th, 28.9 million pounds, were down 8% from last year but even with last month.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.0400-3.5275*
Gorgonzola	: 3.6900-6.3900	: 2.5425-2.8025*
Parmesan (Italy)	: -0-	: 3.1625-3.7175*
Provolone (Italy)	: 3.4400-6.1800	: 2.0825-2.2400*
Romano (Cows Milk)	: -0-	: 3.2300-5.3800*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.1900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3475-3.6700
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
05/21/12	11,093	130,279
05/01/12	9,902	130,931
CHANGE	1,191	-652
% CHANGE	12	-0

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	180	0	180	0	290
SOUTHEAST STATES	0	0	0	0	0	0

Wet weather continued into a second week in much of the East, providing additional drought relief. However, only light to moderately heavy rain fell across the lower Southeast, including central and southern Georgia, and northern and central Florida. Northeast milk production is widely believed to have reached a plateau a "couple" of weeks ago. Nevertheless, production remains heavy and drying at some plants remains at full capacity. That is now projected to be scaled back next week. Milk production in the Southeast is declining overall except in the mid-Atlantic region. This has kept manufacturing capacity in the Southeast at about 60%-70% of capacity but that is expected to increase over the weekend. While there is some hope for production overall to decline, some processors expect that there will be a "surplus for a couple of weeks" as the effects of schools ending and the holiday weekend are absorbed by the system. Florida remains hot and humid, with day temperature highs in the 90's and nights in the 70's, reducing cow comfort, leading to farm milk production declining. Schools are in the process of ending classes and "it's barbecue season", both of which will reduce demand for milk. According to NASS, milk production for April 2012 in the 23 reported states totaled nearly 16 billion pounds, up 3.3% from April 2011. Milk production increased in 4 of the 5 listed states in the Eastern region with 1 state declining. The five state production increased 1.6% over the same month last year to 2,613 million pounds. The 5 regional states showed the following percentage changes in milk production from April 2011 to April 2012 and total milk production this April: Florida, +3.9%, 215 million pounds; New York, +3.6%, 1,119 million pounds; Pennsylvania, -1.0, 909 million pounds; Vermont, +0.5% at 216 million pounds; and Virginia, +1.3% at 154 million pounds. Milk cow numbers for April 2012 increased in only Florida, with an increase of 3,000 cows to 122,000. Declines occurred in Pennsylvania, down 5,000 cows to 538,000, and Vermont, down 2,000 cows to 133,000. New York at 610,000 cows and Virginia at 96,000 cows, remained unchanged. Overall, the 5 states have slightly lost ground in milk production compared with the total of the 23 listed states. As of April 2011, the 5 listed states accounted for 16.6% of the 23 state total milk production but as of April this year, the regional states' percentage had declined slightly to 16.3%.

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 -	1.4596-1.8515
F.O.B. producing plants: Upper Midwest -	1.5813-1.7029

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.15 - 1.33
Northeast - Class III - spot prices -	1.17 - 1.28

MIDWEST

April 2012 milk production increased compared to April 2011 in all ten Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production increases ranged from 1.3% in Minnesota to 6.2% in Michigan. On a national basis, April 2012 milk production showed a 3.3% increase over one year ago in the 23 Selected States. Cow numbers in Iowa, Minnesota, and Missouri decreased compared to April 2011. Cow numbers in Illinois, Indiana, Kansas, Michigan, Ohio, Texas and Wisconsin increased, with a net gain among Central states of 35,000 dairy cows compared to one year ago. Farm milk intakes and component contents are gradually receding from seasonal highs in the Central region. Various marketing representatives and dairy cooperative managers indicate the competition for farm milk is increasing steadily in some areas of the Central region where cheese and butter/powder plants are numerous. Lures of higher premiums on volumes or component content are reportedly being offered as incentives to large scale dairy farms considering changes to farm milk destinations. Marketers now indicate premiums to Class price range from \$.50 to \$1.50 for spot loads of milk. Various cheese plant operators report they are bringing in fewer loads of spot milk because of the increase in price does not pencil out for commodity cheese end products. A few specialty cheese manufacturers, though, are finding room for spot milk at the Class plus prices. For some operations with multiple locations, regular milk intake allocation is being adjusted daily/weekly as end product inventories are adjusted to more closely meet near term, fluctuating demand. Central region spot cream load availability tightened this week as several variables converged on the market: butterfat components in farm milk intakes are declining seasonally, fluid milk orders decreased before the extended weekend and generated fewer loads of cream, ice cream/ice cream mix makers increased cream orders, and cream cheese manufacturers increased cream intakes ahead of the weekend. Cream multiples rose this week through midweek, ranging from 1.17 - 1.26, but some end of the week deals with lower multiples are expected, depending on cream load holding times and processing space availability. Some cream from the Northwest cleared into South Central Class II facilities, filling part of the increased demand from soft serve/mix manufacturing plants.

WEST

CALIFORNIA milk output is mostly steady and remains at or near the seasonal peak. There are some variances among processors because of the different base plans in place. Weather conditions have been warm during the daytime, but are cooler at night. The impact on cows has been limited to none. New feed is being consumed and giving milk output a boost. Class I needs are trending lower with schools and colleges breaking for the summer or taking a break from full year terms. The holiday weekend will see smaller plants taking extra days off and more milk moving to the larger plants. ARIZONA milk production is trending lower on a week-to-week basis. Hotter temperatures are a main cause, along with time in milk and feeding changes made because of high feed costs. More milk is moving into processing as schools let out and some retail customers are taking less milk. No issues are expected at processing plants over the upcoming holiday weekend. Western CREAM markets are firming. The timing is interesting when

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

observed from the perspective of being the week ahead of a three day, holiday weekend. Demand has improved from both ice cream and fresh products. With school milk needs slowing as more schools recess for the summer, there is less cream coming off the standardization process for fluid milk. At the CME Group, Grade AA butter price closed at \$1.3850 on Wednesday, up 3 cents from a week ago. Cream multiples continue to trend upwards, in the range of 110-124, and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST has slowed from the heavy levels a few weeks ago, but remains heavy across the region. Milk handlers are expecting some additional loads to move to manufacturing plants during the holiday weekend as some Class I and II plants are closed for the long weekend. Some excess supplies are being moved out of the region to find processing capacity. Butter/powder and cheese plants in UTAH and IDAHO will be busy over the holiday weekend with local supplies and some outside milk from the Northwest. Favorable weather for milk production is helping to keep milk supplies above year ago levels. Processors are able to readily handle current offerings. According to NASS, April Milk Production for the 23 surveyed states totals 16.0 billion pounds, up 3.3% (.5 billion pounds) from last year. April milk production changes from a year ago for selected Western states are as follows: Arizona +5.3%, California +3.1%, Colorado +6.8%; Idaho +2.9%, New Mexico +3.6%, Oregon +3.4%, Utah +7.9%, and Washington +4.1%. Monthly milk production per cow for the 23 surveyed states was 1,875 pounds (+2.2%) more than April 2011. Compared to April 2011, the Arizona herd is up 7,000 head, California +23,000, Colorado +6,000; Idaho +1,000, New Mexico +11,000, Oregon +4,000, Utah +4,000, and Washington +7,000. These 8 states are up 63,000 cows and the 23 surveyed states are up 94,000. April cow numbers in these 8 states were the same as the previous month.

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: Nonfat dry milk contract sales prices in the Central region moved lower, based on variable indices that declined, but prices from some operations that set prices weekly report their prices firmed compared to last week. Prices from both circumstances are captured in the range and mostly series. The market tone is mixed. With notable decreases in farm milk intakes marking the transition out of the flush period, various Central manufacturers are once again rebuilding NDM pricing from the lows of the last few weeks. Price offerings on single loads and blocks moved higher this week from some manufacturers. A few Central manufacturers indicate NDM availability is limited in the near term, with spot market offers next expected at the end of June. Other plants have spot loads available for immediate shipping. Nonfat dry milk production is steady at most plants, but below full capacity. Most production is geared toward low and medium heat NDM, but producers are also sandwiching in high heat NDM as needed to maintain inventories for contract needs. Sales of condensed skim are more active this week into ice cream-type end uses as well as into yogurt facilities. Condensed skim from the West continues to fill demand in the Central region.

EAST: All Eastern nonfat dry milk low heat prices moved lower, as did the upper end of the high heat price range. While most observers believe that the peak of regional milk production has now occurred, milk production remains strong, bolstered by generally good weather in the region, especially the mid-Atlantic states. Drying activity has also been active and is expected to continue to be active through the holiday weekend. Potential buyers have characterized the market as "weak" and "unstable". The average of the mostly for low heat NDM has declined every week of 2012.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0500 - 1.2175 MOSTLY: 1.0900 - 1.1800
 HIGH HEAT: 1.1750 - 1.2675

NONFAT DRY MILK - WEST

Prices for Western low/medium nonfat dry milk are mixed this week. Prices continue to move lower off the top ends of the range and mostly series. Countering that, the bottom ends of the range and mostly series move higher as those low priced trades were not reported this week. Current week prices moved lower for sales prices based on indices. Sharp declines were noted last week and this week levels were moderately lower. The weaker trends have buyer sentiment more unsettled. The volumes of an export tender were unclear, but trade indications are that the bulk will come out of Europe and only minimal volumes from the U.S. There have been some other trades occurring in recent weeks at the lower ends of the range and mostly series that have committed more NDM. Production levels remain heavy in the region to process available milk supplies. The holiday weekend should not pose problems for processors in the region. The trade is assessing the current market information to assess whether pricing levels are at a floor or merely a plateau. Western high heat prices are also trending lower, reflecting the declines in low heat prices and trending with the indices. Buyer interest remains light to fair and some current accounts are buying additional loads. Drying runs are light and often made around the low heat schedules. Stocks are available for current needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0200 - 1.1700 MOSTLY: 1.0500 - 1.1000
 HIGH HEAT: 1.1350 - 1.2850

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged in the Central region. A few manufacturers returned to market plus premium pricing this week as F.O.B. inventories dwindle. This is directly related to current and near term butter production expectations, as some plants anticipate butter production will slow markedly in the near term for their specific plants. Some support for these expectations is found in the tightening of the cream market this week. Spot cream loads are scarce and some market participants expect this tightness to linger for the near term due to several factors, including: less cream generation from bottlers as K-12 school terms end, increased cream purchasing by cream cheese and frozen dessert manufacturers, and seasonal declines in butterfat components in farm milk. Churning by butter/powder plants with cooperative milk supply arrangements is active as near term contract butter sales must be fulfilled. Dry buttermilk production is steady to lower at most locations, but a bump in production is anticipated over the extended holiday weekend.

EAST: There was little transactional activity this week for regional dry buttermilk. Some traders expressed opinions that the market tone is weak, so with no strong need to make purchases, a number of buyers are stepping back to give prices an opportunity to decline. Yet during the week, the cream market tightened, making spot cream very difficult to secure. This has tended to curtail butter manufacturing to levels close to what contracted cream permits. This sets up the new tension between a feeling that the buttermilk powder market is weak, with this week's sudden cream limitations which will affect butter manufacturing.

F.O.B. CENTRAL/EAST: .9500 - 1.1000

DRY BUTTERMILK - WEST

Western dry buttermilk prices continue to trend lower. The market undertone remains weak. Buyer interest is light to moderate. There have been block offerings that have generated sales at lower price points this week. Other buyers are reluctant to jump into the market as long as conditions remain weak and there are offerings available to fill their needs. Drying schedules remain active to handle the solids coming off the butter churns. Stocks are moderate to heavy, yet block sales are alleviating some of these manufacturer's holdings.

F.O.B. WEST: .9600 - 1.1000 MOSTLY: .9800 - 1.0700

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to lower for the week in a lightly tested market. Production at some locations is not expected to reappear on the drying schedule until next month. Other plants anticipate a surge in milk intakes over the holiday weekend that will allow active dry whole milk production. Inventories held by various manufacturers range from light to adequate for near term contract fulfillment.

F.O.B. PRODUCING PLANT: 1.3700 - 1.4400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 18	\$1.1440	20,970,560	0
May 11	\$1.1574	20,520,221	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

In the Central region, dry whey prices are lower and higher on a mixed market. Spot sales are active into many accounts as manufacturers' representatives work through their territories methodically and help end users analyze market information and near term needs. Dry whey production is steady to lower at most facilities in the region. Dry whey production is above projections and above contract needs at a few Central facilities, augmenting the number of loads clearing to the spot market. Some plants indicate the disappearance of discounted spot milk loads has reduced cheese/dry whey production. With the recent activation of a new dryer, though, dry whey production is expected to grow incrementally within the Central region. ANIMAL FEED DRY WHEY prices are lower as the various pricing bases used by manufacturers notched lower. Interest is mostly steady for contract loads and light to moderate for spot loads. Production is unchanged at most locations.

F.O.B. CENTRAL: .3800 - .5700 MOSTLY: .4450 - .5325
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3700 - .4725

DRY WHEY - NORTHEAST

Northeast dry whey prices moved lower at both ends of the price range this week. Downward contract adjustment based on price indices occurred this week. However, the high and low prices were anchored by spot transactions, with the lower price transactions motivated by clearing out inventory. While there were some spot sales, the Northeast whey market was quiet overall. Cheese manufacturing remains active in the region but whey production is generally selling and not adding to inventory levels. Some people involved with transactions believe some weakness to exist and that perspective seems to prevail with buyers and prospective buyers.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4600 - .5950

DRY WHEY - WEST

Western dry whey prices are lower this week. Export competition moved some manufacturers to lower prices this week to maintain export sales. The market tone is mixed between export and domestic sales. While exports are being pressured lower, domestic offerings are tightening. More of the whey stream from cheese plants is currently going towards production of higher concentrated whey protein products. This shift is reducing dry whey production and tightening stocks. Contract sales are being serviced on a timely basis. Spot offerings are available, but buyers are finding firmer pricing in some cases.

NONHYGROSCOPIC: .3000 - .5500 MOSTLY: .4500 - .5275

LACTOSE - CENTRAL AND WEST

Lactose prices are lower and higher on the range, unchanged on the mostly for the week, but the market tone is mixed. The mixed market tone is shown by the contrast between established customers returning to their lactose suppliers with requests to increase weekly and/or monthly contract load shipments and the nominal increase in the number of F.O.B. spot loads of lactose coming to the market. A few manufacturers indicated interest in lactose spot loads is becoming more price dependent as the quarter advances. Other manufacturers report spot loads continue to garner the usual premiums to the market. Some manufacturers are hesitant to broaden their circle of customers by selling to newcomers, as the current inventories and upcoming production are expected to be readily absorbed in the global market in the near term. Lactose production is unchanged to lower for the week. Cooperative operations and contract milk suppliers note farm milk production is receding seasonally from peak levels. Availability of spot loads of milk is declining steadily, and any spot load offerings now carry premiums to Class price. The Class plus price on the milk loads makes the milk less attractive to commodity-type cheese making operations that also produce lactose.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.8300 - 1.0450 MOSTLY: .8800 - .9400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices on both ends of the range and the top of the mostly price series shifted lower on a market in search of support. Various manufacturers indicate that inventories range from light to moderate. Offerings to the spot market are not occurring from every manufacturer, but those manufacturers with comparatively heavier inventories are sending spot loads to the market to manage near term inventories. Availability of resale WPC 34% is also putting some pressure on the market as end users sort through purchasing opportunities. Other manufacturers are clearing condensed WPC 34% into facilities manufacturing WPI or WPC with protein content above 34% as an inventory management tool. Overall WPC 34% production is unchanged to lower from week to week as farm milk and spot milk load intakes decline and the whey stream is diverted to other products. WPC 34% inventories are steady to building incrementally, but some manufacturers indicate the rate of growth is lower compared to just a few weeks ago.

F.O.B. EXTRA GRADE 34% PROTEIN: .9000 - 1.4425 MOSTLY: 1.2000 - 1.3425

CASEIN - NATIONAL

Casein markets are unsettled with prices generally holding steady. The market undertone is weak. Domestic buyers continue to question suppliers about the status of casein offerings from the country that just recently announced that they would be re-entering the international casein market. Up to this point, suppliers are indicating that it may be too soon to realize any offerings on the international market as many indicate that they hear that export logistics are still being developed. Domestically, buyers are questioning what impact these offerings might have on prices and offerings to them. Many buyers speculate that offerings from this country, which have been absent from the market for over a year, should ease prices.

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: 3.9500 - 4.7000
ACID: 4.3000 - 4.9000

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

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

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2010

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
05/05/2012	55.8	1,090.6	53.4	1,071.9

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

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
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
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

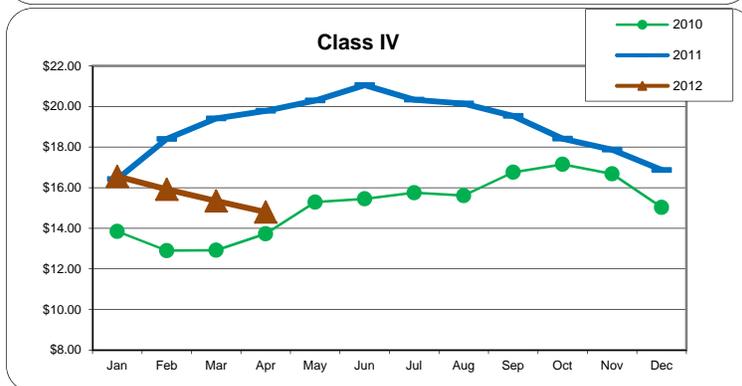
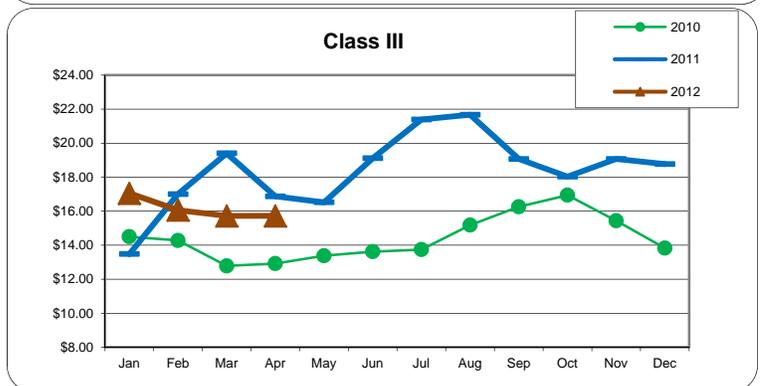
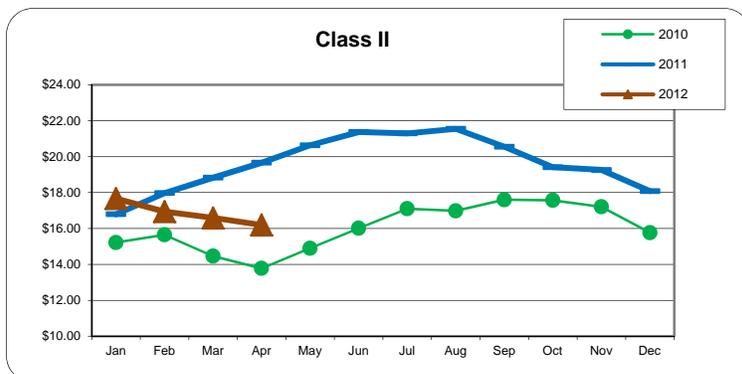
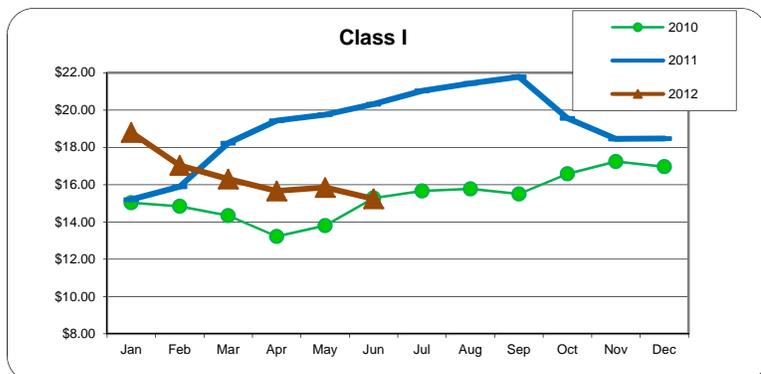
CLASS IV MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24						
II	17.67	16.94	16.59	16.20								
III	17.05	16.06	15.72	15.72								
IV	16.56	15.92	15.35	14.80								

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."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered May 14 - 25, 2012

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 across European countries is at, near, or slightly off the seasonal peak levels. Indications are that France is past the peak and Germany may have peaked this week. Total milk output continues to trend higher than year ago levels across many countries. Summertime conditions are prevalent across the region and Processing plants are running at or near capacity levels. In many locales, there is increasing demand for fresh milk and cream based products, which is alleviating the stress on plants making cheese, butter, and powders. Milk supplies are being handled well and processors are able to make the product mix needed for current and future sales. The results of the recently completed export tender are not entirely clear, but industry indications are that there are heavy volumes of SMP and WMP being sourced from Europe. The sales are welcomed to move or rebalance stocks that have been built during the production season. Current pricing for SMP and WMP are unchanged, but there are indications pricing levels are trying to firm. The weaker euro has made sourcing European dairy products more attractive. However, the international markets have been trending lower for finished dairy products and buyers have shown reluctance to be market participants when they perceive lower, future values. Butter movements into PSA remain active. From March 1 through May 13, 68,630 MT (151.3 million pounds) of European butter have been offered into PSA.

BUTTER/BUTTEROIL: European butter prices are unchanged from the last report with some steadier to firmer trends attempting to develop. Current export interest remains light due to pricing considerations into world markets. The unsettled market tone of anhydrous milk fat and lower pricing levels from competitors continue to cast over into the butter and butteroil markets for European exports. Domestic demand is fair to good for butter. Interest in cream for ice cream manufacture and fresh products is good and has tightened the cream market and excess movements into butter production. Butter continues to move into PSA. Since the current program started on March 1 through May 13, 68,630 MT (151.3 million pounds) of European butter have moved into storage through the program.

82% BUTTERFAT: 3,125 - 3,350
99% BUTTERFAT: 3,775 - 3,975

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are trending towards a more steady tone over recent weeks. Export sales are fair to good and indications are that a recent international tender will source a large percentage of needs from the EU. The higher sales volumes are welcomed by producers, who are increasing current offering prices and watching to see if the new levels will stick. Buyers' opinions are mixed and often counter, as they have been seeing weaker pricing from other world markets for SMP. The weaker Euro is making powder sourced from EU sources more affordable for export buyers. Drying remains heavy across the region as most milk output levels are at or just past seasonal peak volumes.

1.25% BUTTERFAT: 2,475 - 2,675

WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are finding steadier tones than in recent reports. The production levels of WMP are steady at what is thought to be the seasonal peak for milk production. Some manufacturers are making more SMP and butter when they do not have a firm need for WMP. The results of the recent export tender are elusive, yet trade indications are that a large quantity of WMP will be shipped from European sources. Subsequently, the supplies and offerings of WMP have tightened up, allowing offering prices to firm. Whether these higher prices will generate sales or if there is demand at the new levels is not known yet. The downward trend of the Euro is making exports out of Europe more affordable to world buyers. There is competition with lower priced WMP from Oceania sources.

26% BUTTERFAT: 3,075 - 3,250

SWEET WHEY POWDER: European whey powder prices are steady to higher within the reporting period. Demand is fair and occasionally good for certain brands and specifications, which is pushing the top end of the range. Interest is steady to higher to fill demand from feed accounts. Food and other export accounts are providing a stable market demand. Production cycles are active to process whey solids from the cheese making plants.

NONHYGROSCOPIC: 1,025 - 1,300

EASTERN OVERVIEW: Eastern Europe milk production continues to build towards the peak output levels. Conditions have been generally favorable for milk cows and milk output has been higher in certain countries than has been the case in others. Cow numbers are often higher and feed more available, leading to milk production gains. Milk is being processed in a timely fashion and manufacturers are building stocks for future sales.

Exchange rates for selected foreign currencies: May 21, 2012

.9829 Canadian Dollar	.0182 Indian Rupee
.2240 Argentina Peso	.7651 New Zealand Dollar
.0730 Mexican Peso	.9916 Australian Dollar
.2970 Polish Zloty	.0126 Japanese Yen
	1.2818 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0730) = 13.6986 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered May 14 - 25, 2012

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

OVERVIEW: Oceania milk producers and handlers are reporting that milk volumes are noticeably declining. The 2011 - 2012 milk production season has been very positive in both New Zealand and Australia, especially with a strong finish in both countries. Milk producers are stating that the milking herd needs to prepare itself for the upcoming season, thus the end of the current season needs to occur. Milk producers are very pleased with the condition of the milking herd going into the winter months. The herd has not had a stressful end to the current season and hopefully the winter months will not be overly stressful. Temperatures are starting to decline, thus fall is in the air. Milk production projections for the current year remain positive. New Zealanders continue to project a 9 - 10% increase over the previous season while Australians are looking at about a 4% increase. Milk production in Tasmania, which is included with Australian figures, is running about 10% stronger than last year, which is helping boost Australian figures. Milk producers and handlers in all countries of the Oceania region are optimistic about the upcoming season, but are very aware that opening farm gate prices will potentially be lower than the current year. Farmers have had a positive year and are still unsure how lower prices will impact their upcoming season. As the milk volume declines, manufacturing facilities that have maintained more active processing schedules than anticipated are now being shuttered or running on much reduced schedules. Typically, manufacturing facilities use the down time for maintenance, but many will need to compress this down time maintenance period into a narrower range this year. Up to this point, the extra milk volume has been able to generate some additional stocks that were previously not anticipated. Much of this additional stock was welcomed and provided a supply cushion for late season commitments and also provided for enhanced volumes of some products that cleared through the g/DT event. Traders and handlers are stating that these end of season volumes are declining and stock balance is generally in very good shape for the upcoming winter season. At the May 15 g/DT session #68, rennet casein average prices increased 0.7% (\$6,244 per MT) when compared to the previous all contract average, while all others traded product averages were lower by 0.2% - 11.9%. Skim milk powder, sourced from the U.S., again traded in the closest contracting period (June) and averaged \$2,395 per MT (\$1.0864 per pound). All other products and supply sources, with the exception of butter-milk powder and lactose, saw activity in contract #2 (July). Anhydrous milk fat continues to decline and realized an 11.9% decline (\$2,499 per MT) from the previous all contract average. Skim milk (\$2,573 per MT) and whole milk (\$2,546 per MT) powder averages were 5.4 and 8.9% lower respectively. Lactose did not see activity at this event.

BUTTER: Oceania butter markets are generally weak with prices continuing to trend lower. The milk production season in the region is now noticeably declining, thus butter/powder production, which has maintained a higher level that projected, is now winding down seasonally. In most instances, butter producers are indicating that their supply/demand balance is in good shape as the winter season approaches. Anhydrous milk fat, which traded at the May 15th g/DT event, realized an 11.9% average price decline from the previous all contract average. Contracting months (2 - 6) July - November all realized lower price averages ranging \$2,392 for July, -11.4%; August \$2,758, -12.6%; September \$2,677, -14.1%; October \$2,779, -10.0%; and November \$2,721, -14.4%. There was no

trading or product offered during Contract #1, June.

82% BUTTERFAT:

2,800 - 3,200

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are mixed. Prices continue to decline, although some traders and handlers are speculating that prices might be nearing a bottom in the region. Many Oceania traders and handlers are stating that the current weakness is occurring in response to lower prices in other international markets. The milk production season in the Oceania region is nearing seasonally low levels, with the industry experiencing a strong finish to the current season. Traders and handlers are indicating that the market undertone is weak, but also state that they do not feel that Oceania price will dip as low as some international price levels. The region is in the off season of the year, thus they have basically no uncommitted product to sell for immediate shipment and are looking to the new production season which will resume in August. At the May 15th g/DT, skim milk powder averaged \$2,573 per MT (\$1.1671 per pound) for all contracting periods which was 5.4% lower than the previous all contract average.

1.25% BUTTERFAT:

2,550 - 3,000

CHEDDAR CHEESE: Oceania cheddar cheese markets are mixed with prices unchanged to lower. The milk production season is coming to an end, thus cheese production is at or nearing seasonally low levels. Manufacturers and handlers are stating that additional milk did flow to cheese operations during the final few months of the season at higher levels than anticipated. With the additional cheese output that did occur, handlers are reporting that stocks are in good balance going into the winter months. Very soon, new season cheese contract negotiations will be getting underway. At this time, traders and negotiators are speculating that needs will be basically in line with recent contracts.

39% MAXIMUM MOISTURE:

3,100 - 4,100

WHOLE MILK POWDER (WMP): Whole milk powder markets in the Oceania region are weak with prices generally lower. Oceania traders and handlers are speculating on the outcome of a recent dairy product tender that included whole milk powder. Many feel that the Oceania region might be in store for a portion of the volume being desired. Currently, the Oceania region is in the low cycle of milk production, thus potential volumes committed to this need would be filled from future production. Traders at the g/DT event continue to see average prices continuing to dip. At the May 15th event, whole milk powder averaged \$2,546 per MT for all contracting periods which was 8.9% lower than the previous all contract average. The nearest term contract #2 (July) average price was \$2,488 per MT (\$1.1285 per pound), 9.6% lower than the previous July contract average. This July contract average is lower than skim milk powder for the same contracting month.

26% BUTTERFAT:

2,500 - 3,350

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

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US\$/MT	Global/Dairy Trading (g/DT) Event 68 Recap - May 15, 2012							
	Contract 1 Jun-12	Contract 2 Jul-12	Contract 3 Aug-12	Contract 4 Sep-12	Contract 5 Oct-12	Contract 6 Nov-12	All Contracts	
Anhydrous Milk Fat	n.a.	\$2,392 -11.4%	\$2,758 -12.6%	\$2,677 -14.1%	\$2,779 -10.0%	\$2,721 -14.4%	\$2,499	-11.9%
Buttermilk Powder	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cheddar	n.a.	\$2,848 0.8%	\$3,585 -15.0%	n.a.	n.a.	n.a.	\$2,857	-0.2%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Milk Protein Concentrate	n.a.	\$3,940 -1.3%	n.a.	n.a.	n.a.	n.a.	\$3,940	-1.3%
Rennet Casein	n.a.	\$6,244 0.7%	n.a.	n.a.	n.a.	n.a.	\$6,244	0.7%
Skim Milk Powder	\$2,395 -4.2%	\$2,552 -4.6%	\$2,712 -2.7%	\$2,693 -9.7%	\$2,656 -11.9%	\$2,642 -10.3%	\$2,573	-5.4%
Whole Milk Powder	n.a.	\$2,488 -9.6%	\$2,749 -3.0%	\$2,600 -8.5%	\$2,654 -9.9%	\$2,745 -7.1%	\$2,546	-8.9%

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (g/DT) Event 68 Recap - May 15, 2012							
	Contract 1 Jun-12	Contract 2 Jul-12	Contract 3 Aug-12	Contract 4 Sep-12	Contract 5 Oct-12	Contract 6 Nov-12	All Contracts	
Anhydrous Milk Fat	n.a.	\$1.0850 -11.4%	\$1.2510 -12.6%	\$1.2143 -14.1%	\$1.2605 -10.0%	\$1.2342 -14.4%	\$1.1335	-11.9%
Buttermilk Powder	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cheddar	n.a.	\$1.2918 0.8%	\$1.6261 -15.0%	n.a.	n.a.	n.a.	\$1.2959	-0.2%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Milk Protein Concentrate	n.a.	\$1.7872 -1.3%	n.a.	n.a.	n.a.	n.a.	\$1.7872	-1.3%
Rennet Casein	n.a.	\$2.8323 0.7%	n.a.	n.a.	n.a.	n.a.	\$2.8323	0.7%
Skim Milk Powder	\$1.0864 -4.2%	\$1.1576 -4.6%	\$1.2302 -2.7%	\$1.2215 -9.7%	\$1.2048 -11.9%	\$1.1984 -10.3%	\$1.1671	-5.4%
Whole Milk Powder	n.a.	\$1.1285 -9.6%	\$1.2469 -3.0%	\$1.1794 -8.5%	\$1.2038 -9.9%	\$1.2451 -7.1%	\$1.1549	-8.9%

Average price US\$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	05/10	05/11	05/14	05/15	05/16	05/17	05/18	05/21	05/22	05/23
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAY 12	15.24 (4865) 0	15.26 (4775) 0	15.24 (4764) 0	15.25 (4736) 0	15.26 (4723) 0	15.17 (4689) 0	15.17 (4690) 0	15.22 (4699) 0	15.22 (4697) 0	15.21 (4638) 0
JUN 12	14.42 (4663) 2	14.89 (4598) 0	14.70 (4574) 8	14.87 (4602) 2	15.25 (4638) 0	15.37 (4713) 0	15.39 (4741) 0	15.44 (4803) 0	15.41 (4684) 0	15.58 (4669) 6
JUL 12	14.54 (3318) 6	14.89 (3350) 0	14.67 (3490) 0	14.73 (3513) 0	14.84 (3559) 0	15.18 (3511) 0	15.26 (3504) 0	15.65 (3474) 0	15.87 (3575) 0	16.08 (3749) 5
AUG 12	14.82 (3098) 6	15.22 (3079) 0	15.13 (3069) 0	15.12 (3080) 0	15.19 (3102) 0	15.35 (3112) 0	15.45 (3113) 0	15.96 (3070) 0	16.12 (3058) 0	16.13 (3173) 9
SEP 12	15.35 (2749) 6	15.55 (2741) 1	15.54 (2749) 0	15.57 (2753) 0	15.62 (2756) 0	15.70 (2782) 0	15.85 (2782) 0	16.17 (2768) 0	16.27 (2770) 1	16.20 (2797) 5
OCT 12	15.46 (2397) 6	15.59 (2403) 1	15.70 (2396) 0	15.72 (2393) 0	15.77 (2396) 0	15.82 (2398) 0	15.90 (2399) 0	16.14 (2392) 0	16.14 (2400) 1	16.10 (2423) 2
NOV 12	15.54 (2247) 6	15.70 (2266) 5	15.74 (2264) 0	15.81 (2263) 0	15.90 (2260) 0	15.89 (2257) 0	15.89 (2258) 0	15.99 (2266) 0	15.99 (2268) 1	15.99 (2285) 2
DEC 12	15.50 (2178) 6	15.68 (2187) 1	15.68 (2187) 0	15.75 (2184) 0	15.78 (2181) 0	15.72 (2185) 0	15.79 (2186) 0	15.89 (2186) 0	15.93 (2191) 0	15.91 (2203) 2
JAN 13	15.49 (329) 0	15.53 (357) 0	15.53 (357) 0	15.60 (360) 0	15.66 (365) 0	15.59 (367) 0	15.59 (367) 0	15.64 (367) 0	15.65 (371) 0	15.81 (383) 0
FEB 13	15.44 (194) 0	15.50 (199) 0	15.41 (199) 0	15.50 (214) 0	15.50 (220) 0	15.50 (215) 0	15.45 (216) 0	15.45 (222) 0	15.50 (222) 0	15.60 (222) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAY 12	13.55 (287) 0	13.55 (287) 0	13.55 (287) 0	13.67 (287) 0	13.67 (287) 0	13.67 (287) 0	13.67 (287) 0	13.67 (287) 0	13.67 (287) 0	13.67 (287) 0
JUN 12	13.45 (243) 0	13.45 (243) 0	13.45 (243) 0	13.60 (263) 0	13.60 (270) 0	13.60 (273) 0	13.60 (273) 0	13.60 (273) 0	13.70 (273) 0	13.70 (273) 0
JUL 12	13.40 (83) 0	13.46 (83) 0	13.46 (83) 0	13.60 (84) 0	13.65 (88) 0	13.65 (92) 0	13.65 (92) 0	13.65 (92) 0	13.79 (92) 0	13.79 (92) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAY 12	133.00 (615) 2	133.50 (615) 0	133.53 (615) 0	134.50 (615) 0	134.50 (615) 0	134.75 (615) 0	134.78 (615) 0	134.78 (615) 0	135.75 (615) 0	135.00 (614) 2
JUN 12	132.28 (775) 0	137.28 (772) 6	139.00 (769) 13	140.00 (768) 8	139.00 (764) 10	139.50 (768) 4	140.00 (770) 3	142.75 (769) 2	142.75 (768) 2	141.00 (768) 22
JUL 12	136.00 (685) 4	138.00 (685) 12	140.00 (685) 0	140.75 (686) 11	141.50 (690) 10	141.00 (688) 6	141.50 (688) 1	144.25 (687) 1	146.75 (686) 1	145.00 (683) 10
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
MAY 12	119.00 (303) 0	119.00 (303) 0	119.25 (303) 0	119.25 (303) 0	119.00 (301) 0	117.50 (301) 0	117.50 (301) 0	117.50 (301) 0	117.50 (301) 0	117.50 (301) 0
JUN 12	113.50 (402) 0	116.50 (402) 0	116.00 (402) 0	115.50 (402) 0	114.75 (404) 0	114.13 (403) 0	114.25 (403) 0	114.25 (403) 0	114.25 (403) 0	114.25 (403) 0
JUL 12	112.50 (371) 0	116.00 (371) 0	115.55 (371) 0	115.55 (371) 0	114.03 (375) 0	114.00 (375) 0	114.03 (375) 0	114.03 (375) 0	114.50 (375) 0	115.50 (375) 0
CME - WHEY (Electronic-Traded)										
MAY 12	54.50 (423) 0	55.75 (423) 1	55.75 (423) 0	55.75 (423) 0	55.75 (425) 2	53.50 (425) 1	53.50 (425) 0	53.50 (425) 0	53.50 (425) 0	53.50 (425) 0
JUN 12	48.50 (436) 4	51.25 (437) 18	50.53 (435) 5	50.50 (444) 18	50.15 (477) 57	50.00 (472) 7	50.13 (472) 2	50.13 (472) 0	50.55 (465) 9	51.05 (461) 12
JUL 12	46.00 (273) 12	48.00 (275) 7	48.25 (287) 17	48.00 (306) 23	47.50 (306) 10	47.00 (306) 1	47.98 (306) 5	47.98 (305) 1	48.75 (301) 19	50.00 (304) 27
CME - CHEESE CSC (Electronic-Traded)										
MAY 12	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.51 (1700) 0	1.52 (1700) 0	1.52 (1700) 0
JUN 12	1.47 (1715) 19	1.50 (1723) 82	1.48 (1734) 27	1.50 (1771) 74	1.53 (1772) 11	1.55 (1780) 15	1.55 (1773) 27	1.56 (1774) 11	1.55 (1764) 16	1.57 (1757) 9
JUL 12	1.49 (1404) 54	1.51 (1409) 37	1.50 (1430) 81	1.51 (1434) 31	1.52 (1434) 10	1.55 (1432) 3	1.56 (1431) 1	1.59 (1432) 15	1.61 (1425) 37	1.62 (1436) 51
AUG 12	1.54 (1220) 21	1.56 (1237) 34	1.55 (1257) 52	1.55 (1282) 35	1.56 (1293) 20	1.57 (1295) 2	1.58 (1295) 0	1.62 (1292) 18	1.63 (1288) 14	1.65 (1288) 34
SEP 12	1.60 (1040) 17	1.62 (1054) 30	1.61 (1067) 27	1.61 (1082) 23	1.62 (1086) 20	1.62 (1086) 0	1.62 (1086) 0	1.65 (1086) 18	1.66 (1089) 13	1.68 (1104) 39
OCT 12	1.62 (896) 64	1.63 (912) 26	1.63 (932) 27	1.63 (937) 5	1.64 (946) 19	1.64 (946) 5	1.64 (946) 0	1.65 (948) 19	1.66 (949) 7	1.67 (960) 23

^{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.)

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

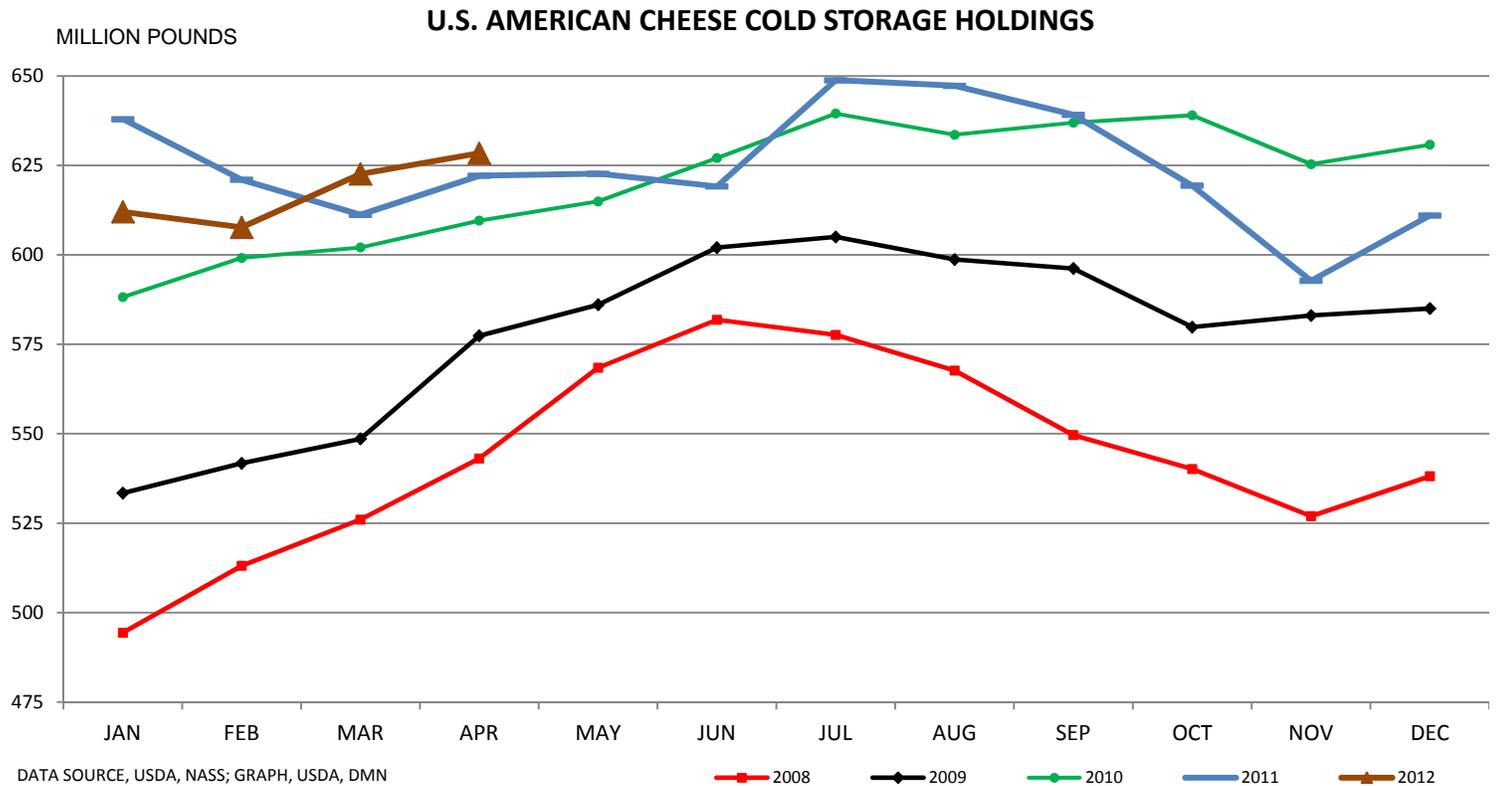
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 2010	MAR 31, 2011	REVISED MAR 31, 2012	APR 30, 2010	APR 30, 2011	APR 30, 2012
Butter	195,888	144,244	208,253	206,291	141,728	253,854
Cheese, Natural American	602,777	611,200	622,618	609,588	622,121	628,412
Cheese, Swiss	26,950	32,557	28,872	26,760	31,427	28,873
Cheese, Other Natural	375,736	385,737	354,470	382,266	386,597	367,551
Total Cheese	1,004,763	1,029,494	1,005,960	1,018,614	1,040,145	1,024,836

APRIL STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
New England	38,759	38,544	40,270	---	---	---	546	649	980
Middle Atlantic	39,310	57,309	52,402	---	---	---	18,267	18,816	16,085
East North Central	262,580	263,087	281,564	---	---	---	258,653	267,692	281,842
West North Central	99,773	105,393	103,752	---	---	---	70,566	64,304	29,788
South Atlantic	5,898	44	40	---	---	---	121	6,951	6,578
East South Central	1,713	2,564	1,382	---	---	---	2,412	107	262
West South Central	4,004	2,858	2,527	---	---	---	1,008	1,144	970
Mountain	53,989	57,585	45,066	---	---	---	7,456	6,052	5,816
Pacific	103,562	94,737	101,409	---	---	---	23,237	20,882	25,230
TOTAL	609,588	622,121	628,412	206,291	141,728	253,854	382,266	386,597	367,551

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2011 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total ^{1/}		Commercial		Government	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Million Pounds		Million Pounds		Million Pounds					
January	170	119	612	638	159	128	159	128	0	0
February	205	139	608	621	193	122	193	122	0	0
March	208	144	623	611	210	119	210	119	0	0
April	254	142	628	622		147		147		0
May		170		623		163		163		0
June		190		619		186		186		0
July		188		649		192		192		0
August		166		647		168		168		0
September		151		639		151		151		0
October		131		619		143		143		0
November		94		593		146		146		0
December		107		611		165		165		0

^{1/} Includes instant nonfat dry milk.

Source: U.S. Department of Agriculture. Farm Service Agency. *Summary of Processed Commodities, March 2012*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, May 2012*.

APRIL MILK PRODUCTION

Milk production in the 23 major States during April totaled 16.0 billion pounds, up 3.3 percent from April 2011. March revised production at 16.4 billion pounds, was up 4.3 percent from March 2011. The March revision represented a decrease of 5 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,875 pounds for April, 40 pounds above April 2011.

The number of milk cows on farms in the 23 major States was 8.53 million head, 94,000 head more than April 2011, and 4,000 head more than March 2012.

APRIL 2012 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2011	2012	2011	2012	2011	2012	% CHANGE FROM 2011
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	187	194	2,125	2,155	397	418	5.3
CA	1,764	1,787	1,995	2,030	3,519	3,628	3.1
CO	126	132	1,985	2,020	250	267	6.8
FL	119	122	1,740	1,760	207	215	3.9
ID	576	577	1,870	1,920	1,077	1,108	2.9
IL	98	100	1,680	1,730	165	173	4.8
IN	172	176	1,775	1,830	305	322	5.6
IA	209	207	1,780	1,855	372	384	3.2
KS	122	123	1,805	1,820	220	224	1.8
MI	362	376	1,955	2,000	708	752	6.2
MN	469	465	1,620	1,655	760	770	1.3
MO	95	94	1,380	1,435	131	135	3.1
NM	326	337	2,125	2,130	693	718	3.6
NY	610	610	1,770	1,835	1,080	1,119	3.6
OH	268	271	1,620	1,680	434	455	4.8
OR	119	123	1,730	1,730	206	213	3.4
PA	543	538	1,690	1,690	918	909	-1.0
TX	426	440	1,915	1,915	816	843	3.3
UT	87	91	1,740	1,790	151	163	7.9
VT	135	133	1,595	1,625	215	216	0.5
VA	96	96	1,585	1,605	152	154	1.3
WA	256	263	1,990	2,015	509	530	4.1
WI	1,266	1,270	1,730	1,785	2,190	2,267	3.5
23 STATE TOTAL	8,431	8,525	1,835	1,875	15,475	15,983	3.3

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

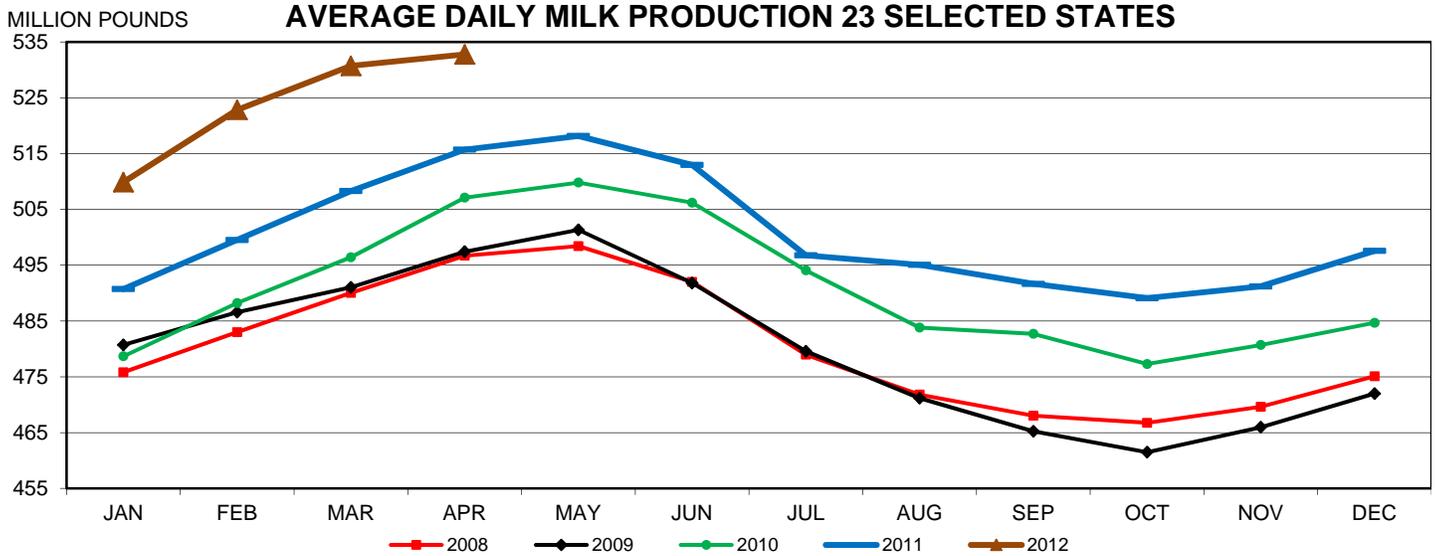
Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, May 2012.*

FEDERAL MILK ORDER ADVANCE PRICES, JUNE

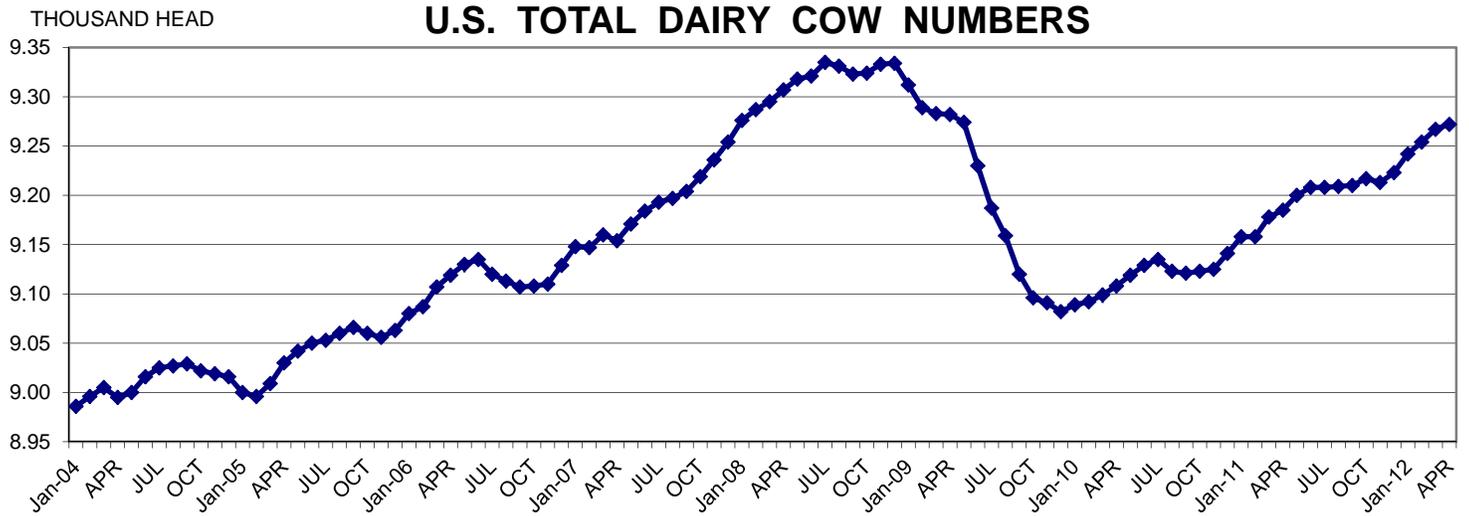
Base Class I Price. Under the Federal milk order pricing system, the base Class I price for June 2012 is \$15.24 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$10.61 and the advanced butterfat pricing factor of \$1.4279. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to May 2012, the base Class I price decreased \$0.61 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.58 per cwt., -\$0.050 per gallon; reduced fat milk (2%), -\$0.42 per cwt., -\$0.036 per gallon; fat-free (skim milk), -\$0.22 per cwt., -\$0.019 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.72. Thus, the Class II skim milk price for June is \$9.42 per cwt., and the Class II nonfat solids price is \$1.0467. **Product Price Averages.** The two-week product price averages for June are: butter \$1.3506, nonfat dry milk \$1.1460, cheese \$1.5243, and dry whey \$0.5355.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
June 2012				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	18.49	13.86	1.4604
Appalachian (Charlotte) ^{5/ 6/}	005	18.64	14.01	1.4619
Southeast (Atlanta) ^{6/ 7/}	007	19.04	14.41	1.4659
Florida (Tampa) ^{6/ 8/}	006	20.64	16.01	1.4819
Midwest (Cleveland) ^{9/}	033	17.24	12.61	1.4479
Upper Midwest (Chicago) ^{10/}	030	17.04	12.41	1.4459
Central (Kansas City) ^{11/}	032	17.24	12.61	1.4479
Southwest (Dallas) ^{12/}	126	18.24	13.61	1.4579
Arizona (Phoenix)	131	17.59	12.96	1.4514
Pacific Northwest (Seattle) ^{13/}	124	17.14	12.51	1.4469
All-Market Average		18.13	13.50	1.4568

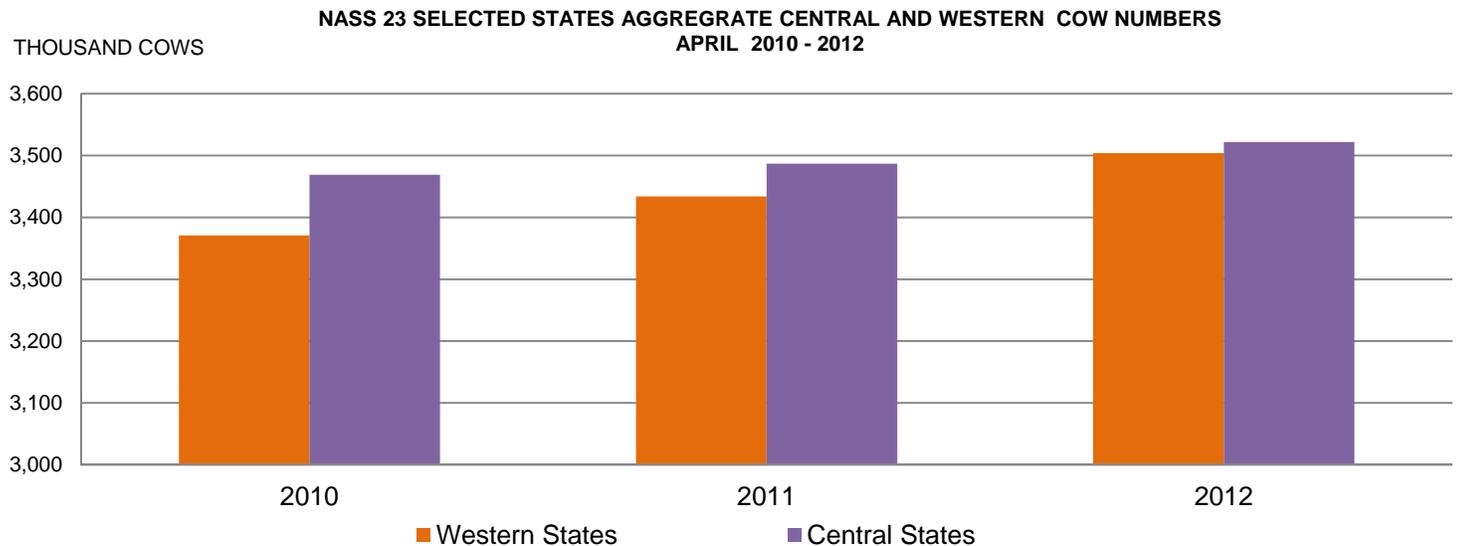
^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown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



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



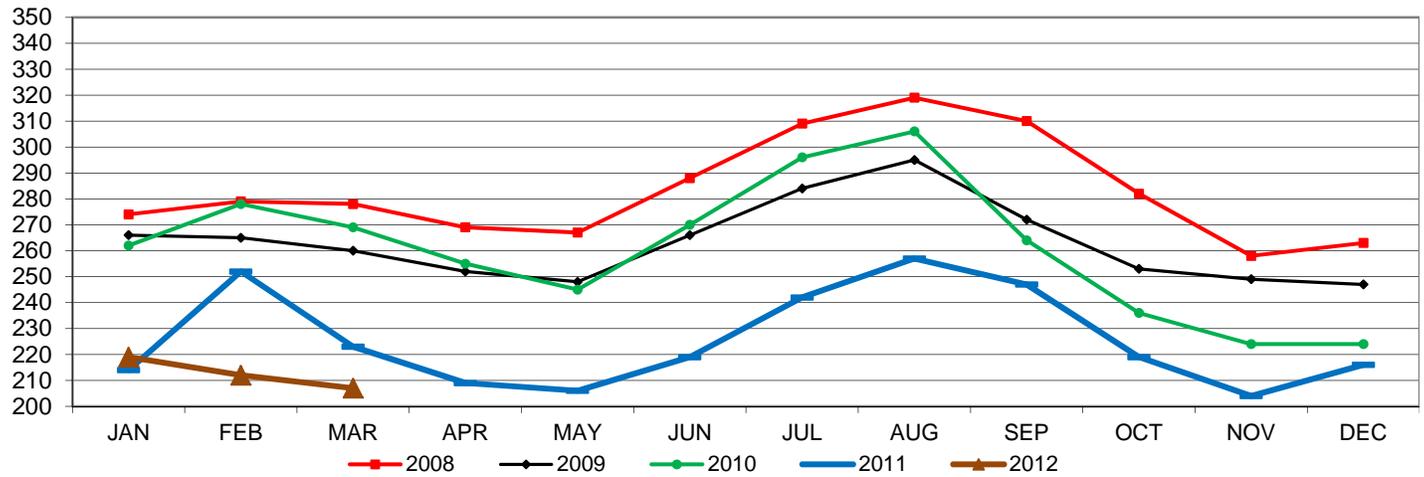
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FOUR FEDERAL MILK ORDERS COMBINED

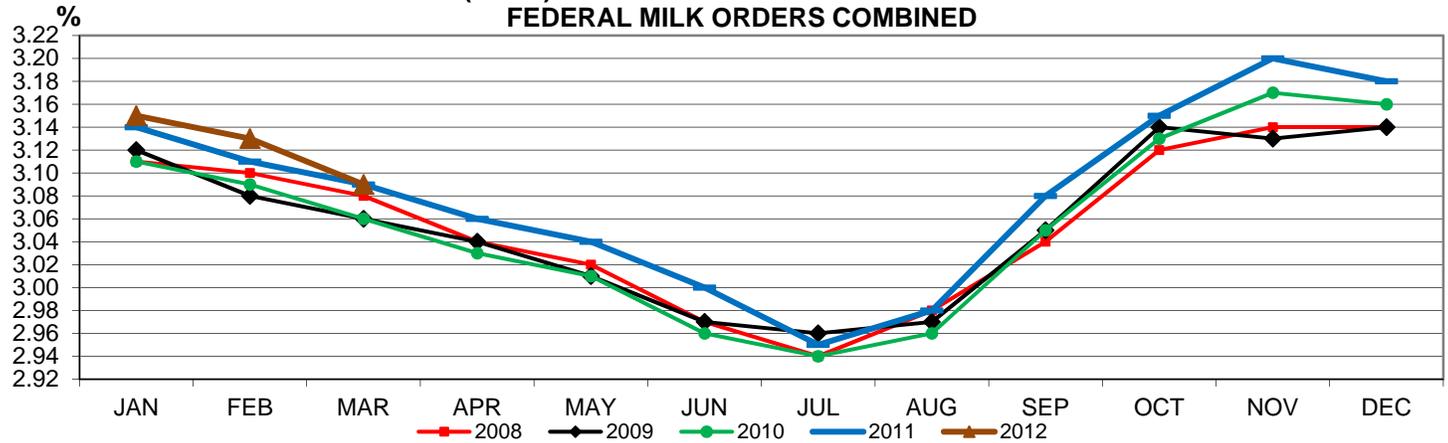
THOUSANDS



FEDERAL ORDERS INCLUDED ARE: 30, 32, 33, 126

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN

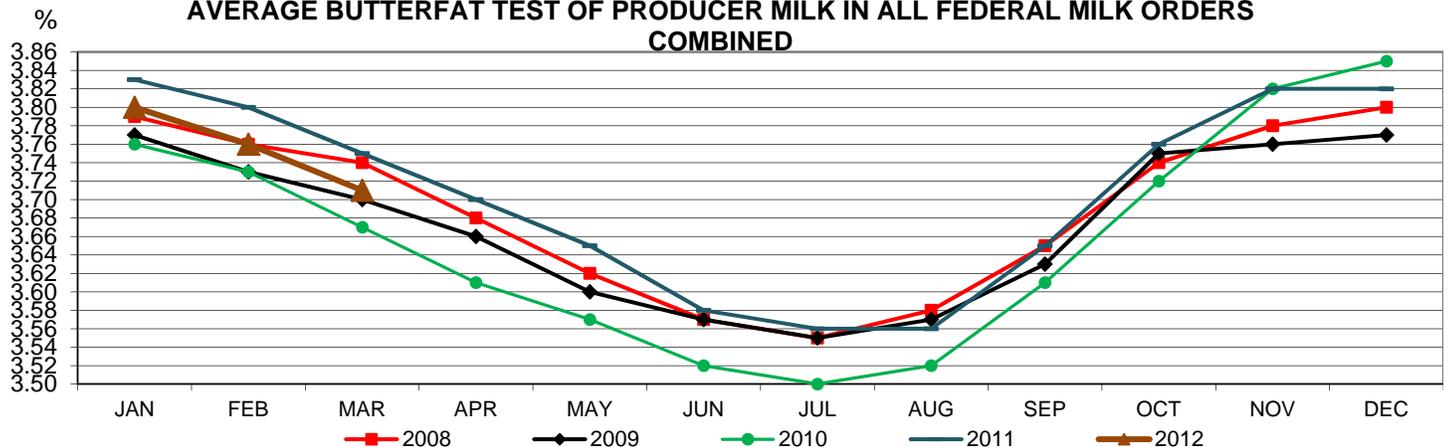
AVERAGE PROTEIN (TRUE) TEST OF PRODUCER MILK IN SIX COMPONENT PRICING FEDERAL MILK ORDERS COMBINED



FEDERAL ORDERS INCLUDED ARE: 1, 30, 32, 33, 124, 126

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN

AVERAGE BUTTERFAT TEST OF PRODUCER MILK IN ALL FEDERAL MILK ORDERS COMBINED



FEDERAL ORDERS INCLUDED ARE: 1, 5, 6, 7, 30, 32, 33, 124, 126, 131

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN

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