

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (06/22):**

BUTTER: Grade AA closed at \$1.5200. The weekly average for Grade AA is \$1.5355 (+.0760).

CHEESE: Barrels closed at \$1.6350 and 40# blocks at \$1.6250. The weekly average for barrels is \$1.6035 (+.0440) and blocks, \$1.6195 (-.0255).

BUTTER HIGHLIGHTS: The CME cash AA butter price remained firm for most of the week with active sales early in the week, but weakened at week's end. Churning schedules across the country are active, but cream supplies for butter are easing and becoming more competitive. Current churning schedules are generally keeping pace with demand and clearances to inventory are lighter. Overall, butter demand is holding steady at good levels for both retail and food service. Retail demand is often being stimulated by ad promotions while food service orders are being enhanced, especially in resort and vacations areas of the country, due to the summer vacation season. According to the Foreign Agriculture Service (FAS), quota imports of butter for January-May 2012 total 2.7 million pounds, 10.6% less than the same period in 2011. Imports thus far in 2012 account for 17.4% of the annual quota for the year. Imports of High-Tier butter (above quota and with a penalty) are 110,000 pounds, 22.5% of last year's amount in the same time period.

CHEESE HIGHLIGHTS: Cheese manufacturers are beginning to see a break in milk volumes being offered to them. As warmer weather reaches across much of the nation, milk intakes are showing signs of slowing from their peak volumes. In the Midwest, milk discounts are being replaced with premiums in some cases. Cheese production remains heavy with ample stocks available. Domestic sales from both retail and food service accounts are helping to clear inventories. Export demand is good with sales being aided by assistance from the Cooperatives Working Together (CWT) program. A strong dollar is hindering some export sales. Quota imports of cheese for January-May 2012 totaled 62.4 million pounds, down 3.8% from a year ago. Cheese prices at the CME Group continue to trend higher. Late week activity in the barrel market brought the price above blocks on Thursday of this week. Actual sales for the week were slow with one load of barrels and three loads of blocks comprising the activity.

FLUID MILK: Milk production across the U.S. is beginning to show signs of slowing. An early spring flush is being followed by

earlier than usual tapering off of supplies. Milk production for May is up 2.1% from last May, but is lower than previous monthly gains. Hot weather is being blamed for much of the decline as early heat waves are enveloping much of the country. Lower milk prices and high feed costs are contributing to the slowdown. Cream supplies are tightening and cream multiple prices are firming as demand from Class II for ice cream production is showing seasonal strength. The increased competition for components is being reflected in premiums for some loads of spot milk.

DRY PRODUCTS: Nonfat dry milk prices are firm to higher this week. Increased sales of condensed skim to end users are reducing supplies to dryers and adding to reduced NDM production. After robust sales over the last quarter, manufacturers are comfortable rebuilding inventories for the upcoming quarter. Dry buttermilk prices are firming as demand from Class II manufacturers is increasing seasonally. Increased sales of condensed buttermilk are cutting into stocks available for drying. Dry whey prices are mostly steady with a firm undertone. Added demand from ice cream manufacturers and steady production levels of dry whey are holding inventories in check. Whey protein concentrate 34% prices are lower. As prices become more in line with NDM, there is increased interest in using WPC 34% in animal feed blends. Lactose prices are steady to weak as the end of the second quarter approaches. Contracting activity for Q3 and beyond is winding down. Some end users are shopping for lower prices for additional future needs. Casein prices are generally steady.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** peaked about 3 - 4 weeks ago and volumes are declining at varying rates. In areas of Western Europe, cold and wet conditions are accelerating the decline, but overall volumes are running about 2% ahead of last year at this time. In recent days, temperatures have warmed and rainfall has slowed. Although milk volumes are trending lower, manufacturers and handlers are stating that the milk flow is sufficient to maintain strong production schedules. Stocks of manufactured dairy products vary, but for the most part, are sufficient to satisfy buyer needs. Some handlers are classifying their supply situation as well booked, with minimal uncommitted volumes available for spot sale. Sales activity continues to center around an internal demand, although international buyers are returning to the market place for Q3 needs. Buyers, especially international buyers, are closely monitoring the results of recent g/DT events in New Zealand. Many are questioning what effect these results might have on European

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

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUN 18	TUESDAY JUN 19	WEDNESDAY JUN 20	THURSDAY JUN 21	FRIDAY JUN 22	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5725 (N.C.)	\$1.5725 (N.C.)	\$1.6100 (+.0375)	\$1.6275 (+.0175)	\$1.6350 (+.0075)	:: (+.0625)	:: \$1.6035 (+.0440)
40# BLOCKS	\$1.6150 (N.C.)	\$1.6125 (-.0025)	\$1.6200 (+.0075)	\$1.6250 (+.0050)	\$1.6250 (N.C.)	:: (+.0100)	:: \$1.6195 (-.0255)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1900 (+.0250)	:: (+.0250)	:: \$1.1700 (+.0250)
GRADE A	\$1.2225 (N.C.)	\$1.2225 (N.C.)	\$1.2225 (N.C.)	\$1.2275 (+.0050)	\$1.2275 (N.C.)	:: (+.0050)	:: \$1.2245 (+.0065)
BUTTER							
GRADE AA	\$1.5225 (-.0175)	\$1.5450 (+.0225)	\$1.5450 (N.C.)	\$1.5450 (N.C.)	\$1.5200 (-.0250)	:: (-.0200)	:: \$1.5355 (+.0760)

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.

sourced dairy products and if price trends might be on the rebound. European traders and handlers are stating that this event is not influencing prices at this time, but firmer prices are being reported. The next meeting of the European Dairy Commission is scheduled for Thursday, June 21st. Industry contacts are not anticipating any significant dairy related issues being discussed or changed. Butter continues to clear to PSA. During the period of March 1 - June 10, 90,007 MT of butter have cleared to the program. This total compares to 62,852 MT during the same 14 week period in 2011.

Eastern Europe milk production is now basically at peak levels with some milk handlers reporting slight decreases. Milk output in the 11 Eastern EU countries is reported to be 11% higher than April 2011 with milk volumes in Poland reportedly running 13% heavier than a year ago. Milk producers and handlers are indicating that milk output got a positive start to the season and peak levels might be a week or two earlier than previous years. Stocks of manufactured dairy products are available for ongoing customer needs, but surplus/uncommitted volumes are not as plentiful as previously projected. Traders and handlers are quite surprised at the snug supply situation for this time of the season. Eastern European traders and handlers are indicating that buyer interest, especially internationally, is gaining momentum. Many feel that the turnaround in pricing during the past few weeks is a major factor in renewed buyer interest.

The **Oceania** milk production season officially comes to an end at the end of the month and is finishing on a very positive side. Milk output during the current season (July - June) developed much stronger than early projections, especially during the second half of the season. In **New Zealand**, end of season figures are pointing to a positive 9 - 10% increase over the previous season. **Australia** also realized a positive second half and is projected to finish the year around 4% stronger. May milk production figures indicate that volumes were running 3.9% heavier than last May and cumulatively are 4.3% ahead of last year at this time. As the winter season nears, conditions in both New Zealand and Australia are quite typical for this time of the year. Temperatures are declining and late fall rainfall is common. In Australia, some areas of Victoria, especially in the Gippsland region, have again experienced heavy rainfall and flooding conditions which producers in this region have had to contend with for much of the current season. In other areas of Victoria, rainfall has occurred and, in most instances, is enhancing moisture levels for upcoming spring and summer needs. Outside of year round processing facilities, most plants are now idle and winter maintenance is being performed. Traders and handlers are indicating that prices are starting to firm. Many feel that recent price levels might have been at the bottom of the current cycle and now prices are trending higher as suppliers look forward to the new milk production season and marketing year. Currently, some international buyers are looking to the Oceania region for spot availability, but are finding uncommitted volumes quite limited. Manufacturers, handlers, traders and potential buyers are in the negotiation stages for Q3 and Q4 needs. A significant portion of first half milk production has already been committed to regular and ongoing customer needs. At the June 19 g/DT session #70, average contract prices were better received by the industry than the higher to sharply higher trends two weeks ago. Many manufacturers and handlers reference the g/DT event as a marketing tool to establish their prices for the future and feel that many of the weaker adjustments at this event occurred in response to stronger than necessary adjustments two weeks ago. Percentage changes from previous all contract prices are: anhydrous milk fat -0.8%; buttermilk powder +2.5%; cheddar cheese -3.7%; milk protein concentrate -2.7%; casein -1.9%; skim milk powder -4.8%; and whole milk powder was +2.7%. Traders and handlers are reporting that overall commercial pricing continues to show strength and most feel that this trend will encourage international buyers to return to the market place.

MAY MILK PRODUCTION (NASS): Milk production in the 23 major States during May totaled 16.4 billion pounds, up 2.1% from May 2011. April revised production at 16.0 billion pounds, was up 3.5% from April 2011. The April revision represented an increase of 38 million pounds or 0.2% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,924 pounds for May, 22 pounds above May 2011. The number of milk cows on farms in the 23 major States was 8.52 million head, 77,000 head more than May 2011, but 3,000 head less than April 2012.

FEDERAL MILK ORDER ADVANCE PRICE HIGHLIGHTS (DAIRY PROGRAMS): **Base Class I Price.** Under the Federal milk order pricing system, the base Class I price for July 2012 is \$15.51. This price is derived from the advanced Class III skim milk pricing factor of \$10.78 and the advanced butterfat pricing factor of \$1.4594. 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 June 2012, the base Class I price increased \$0.27. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.26 per cwt., \$0.022 per gallon; reduced fat milk (2%), \$0.23 per cwt., \$0.020 per gallon; fat-free (skim milk), \$0.19 per cwt., \$0.016 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.31. Thus, the Class II skim milk price for July is \$9.01, and the Class II nonfat solids price is \$1.0011. **Product Price Averages.** The two-week product price averages for July are: butter \$1.3766, nonfat dry milk \$1.1008, cheese \$1.5703, and dry whey \$0.5052.

CME GROUP

MONDAY, JUNE 18, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2250
 BUTTER -- SALES: 9 CARS GRADE AA: 4 @ \$1.5000, 3 @ \$1.5050, 1 @ \$1.5200, 1 @ \$1.5225; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5250

TUESDAY, JUNE 19, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6125
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2225
 BUTTER -- SALES: 10 CARS GRADE AA: 4 @ \$1.5250, 2 @ \$1.5300, 2 @ \$1.5275, 1 @ \$1.5300, 1 @ \$1.5450; LAST BID UNFILLED: 5 CARS GRADE AA @ \$1.5275; LAST OFFER UNCOVERED: 4 CARS GRADE AA @ \$1.5500

WEDNESDAY, JUNE 20, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6100; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2225
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5100; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5500

THURSDAY, JUNE 21, 2012

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.6200, 1 @ \$1.6225, 1 @ \$1.6250; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6275; 1 CAR 40# BLOCKS @ \$1.6250; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6300
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.2275; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2325
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5550

FRIDAY, JUNE 22, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6350; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.1900; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.5000; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5200; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter prices on the CME Group increased \$0.0225 on Tuesday to close at \$1.5450. Trading activity has been very active in the last 3 sessions with the net price increasing 9 cents and 26 loads sold. Butter production is keeping up with current orders with inventories holding steady. Good cream demand, from ice cream and cream cheese manufacturers, is allowing butter makers to sell their excess cream on the spot market. Demand for butter is fairly good for this time of year supported by increased retail promotions and good food service orders. Export interest has also improved. Cooperatives Working Together (CWT) announced Thursday the acceptance of requests for export assistance to sell a total of 1.512 million pounds (686 metric tons) of butter to customers in Asia, Central America and the Middle East. The product will be delivered July through December 2012. During 2012, CWT has assisted member cooperatives in making export sales of butter and anhydrous milk fat (AMF) totaling 45.2 million pounds. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price continues to firm and settled at \$1.5450 at midweek, the highest cash price since late January. Butter producers and handlers are indicating that cream supplies have tightened. Some butter producers are stating that surplus cream offerings as recent as 3 - 4 weeks ago are gone, while others are comfortable with spot availability. In most instances, steady butter production is occurring at facilities that continue to get their cream volumes from regular and ongoing suppliers and are not dependent on surplus or spot availability. Class II cream demand continues to build as ice cream and mix production keeps pace with needs. Some butter operations are considering selling a portion of their cream volumes versus churning at this time. This is often a trend that is realized in July and August, but this year, is occurring much earlier. Currently, churning schedules are often being geared to need, thus clearances to inventory are much lighter, if at all. Some butter producers continue to indicate that traders are actively buying butter and hopefully positioning themselves in good

standing for upcoming fall needs. Overall butter demand is holding steady at good levels for both retail and food service. Retail demand is often being stimulated by ad promotions that are quoting prices ranging \$1.79 - 3.79 per pound for the Midwestern part of the country. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western wholesale butter prices are higher this week. Butter manufacturers report that cream supplies have tightened. Sales of print butter remain very good and continue to clear much of the current production. Bulk sales are uneven as buyer's debate over the direction of the market in the near term. Cream intakes are currently adequate for demand with some excess cream finding its way to ice cream manufacturers. Prices for bulk butter range from 2 cents 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 \$1.5450. This is \$.0950 higher than last Wednesday's close. As the price moved higher, sales activity has increased markedly. The first two days of this week saw 19 loads of butter sold at the exchange. According to the FAS, quota imports of butter for January-May 2012 total 2.7 million pounds, 10.6% less than the same period in 2011. Imports for 2012 account for 17.4% of the total quota for 2012. Imports of High-Tier butter (above quota and with a penalty) are 110,000 pounds, 22.5% of last year's amount in the same time period.

	U.S. Butter Imports (USDA-FAS)		
	2012 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
May. Quota Imports	0.60	+ 73.6	3.9
Jan. - May High Tier Quota Imports	0.11 2.67	- 77.5 - 10.6	N.A. 17.4

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
June 16, 2012	1.3877 3,430,981	1.5879 10,773,288	1.5492 10,046,643	0.5075 9,371,473	1.0997 29,697,756

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were mixed Tuesday with barrels closing unchanged at \$1.5725 and blocks declining \$0.0025 to close at \$1.6125. In the last 5 trading sessions barrels have been fairly steady with only 1 increase of \$0.0075, while block price movements have been erratic, advancing and declining 3-5 cents during the same period. Cheese production is holding steady as most cheese makers are not inclined to increase inventories and are matching production to current orders. Domestic demand for cheese remains good with support coming from retail promotions and good food service orders. Export interest has also improved. Cooperatives Working Together (CWT) announced Thursday the acceptance of requests for export assistance to sell a total of 3.331 million pounds (1,511 metric tons) of Cheddar cheese to customers in Asia, Central America and the Middle East. The product will be delivered July through December 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 60 million pounds.

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

Cheddar 40# Block	:	2.0450-2.3300
Process 5# Sliced	:	1.7775-1.8975
Muenster	:	2.0650-2.4250
Grade A Swiss Cuts 10 - 14#	:	3.2550-3.5775

MIDWEST

Cheese manufacturers are beginning to notice a fall-off in milk production during the prolonged spell of heat and below normal rain in parts of the Upper Midwest. This has not yet resulted in manufacturers being unable to secure milk in desired volumes. Discounted milk seems to have disappeared and is replaced by premiums ranging from \$1.00 up to \$1.40 over Class III. Manufacturers seem to take the seasonal premiums in stride, characterizing it as "normal" for this time of year. Paradoxically, a few cheese plants had more milk available this week due to milk bottlers turning back some loads of milk. Those plants made some extra loads of cheese, but this is not expected to be a continuing situation. A number of manufacturers continue to manufacture cheese rather than nonfat dry milk when milk availability exceeds immediate orders. Nevertheless, some cheese manufacturers are running six "long" days a week and are "sold out" through July. Demand for varietal cheese remains strong, generally higher than Cheddar and well higher than Mozzarella at this time. Following a period of fluctuation in the CME block/barrel spread, it returned to 1 cent this Wednesday, with barrels closing at \$1.6100 and blocks \$1.6200. This is the first 1 cent spread since March 22, when barrels were \$1.6250 and blocks \$1.6350. The spread reached \$.1350 last week on Wednesday when blocks increased 5 cents to \$1.70. Some speculation has been vocalized by domestic manufacturers about recent block price movements being partly influenced by international buyers on the CME who would appear to have an easier time of selling non-US manufactured cheese in the EU if US manufactured cheese available for export was priced closer to \$1.70, at least in the view of these observers. The "word of mouth" comments heard during May about more milk seeming to be available, have now been quantified. May 2012 milk production in five of the seven Midwest states comprising NASS' "23 Selected

States" for reporting milk production, was up by more than the 2.1% average of the 23 states. These five Midwestern states include Illinois, up 3.0%; Indiana, up 4.5%; Michigan, up 3.5%; Ohio, 4.4%; and Wisconsin, up 2.4%. Iowa was down -1.3% and Minnesota was unchanged. Cooperatives Working Together (CWT) has accepted 11 requests for export assistance to sell a total of 1.709 million pounds (775 metric tons) of Cheddar and Monterey Jack cheese to customers in Asia, South America, the Middle East, North Africa and South Pacific. The product will be delivered June through November 2012

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

Process American 5# Loaf	:	1.7500-2.4550
Brick And/Or Muenster 5#	:	2.0325-2.5925
Cheddar 40# Block	:	2.0325-3.0175
Monterey Jack 10#	:	2.0025-3.0175
Blue 5#	:	2.2975-3.2825
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8775-3.1175
Grade A Swiss Cuts 6 - 9#	:	2.6650-2.9825

WEST

Wholesale cheese prices have firmed in the West. Milk intakes have leveled off across the West and cheese plants are facing less pressure to clear milk. Cheese stocks are heavy but not burdensome. Cheese going into the export market is finding more resistance as lower international prices are slowing sales. Barrel trading at the CME Group on Wednesday was up \$.0375 to \$1.6100. Blocks were up \$.0075 to close at \$1.6200. Cheese prices are moving higher but have moderated this week in terms of volatility. The spread between barrels and blocks has tightened this week. Sales activity through Wednesday is very light as only one sale of barrels has been reported at the exchange. According to FAS, quota imports of cheese for January-May 2012 total 62.4 million pounds, down 3.8% from a year ago. The imports stand at 20.9% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 10.9 million pounds, compared to 10.1 million pounds imported for January-May of 2011. Imports of quota Swiss cheese for January-May 2012 total 16.8 million pounds, down 12.0% from last year. The two main countries for the Swiss imports are Norway and Finland, and they account for 11.0 million pounds or 65.2% of the year's total import of Swiss.

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

Process 5# Loaf	:	1.6825-1.9400
Cheddar 40# Block	:	1.7700-2.1225
Cheddar 10# Cuts	:	1.9500-2.1700
Monterey Jack 10#	:	1.9600-2.1200
Grade A Swiss Cuts 6 - 9#	:	2.8325-3.2625

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CHEESE MARKETS

CONTINUED FROM PAGE 3

FOREIGN

Domestic wholesale cheese prices increased \$0.0375, following the increase in the weekly average block cheese price on the CME Group. Domestic wholesale Swiss cuts and imported varieties were unchanged. Importers of Italian type cheeses are focusing on purchasing less expensive quota cheese varieties compared to high tier cheese varieties. Some of the incentive to purchase more quota cheeses comes from increased food service demand. There is also a sense from importers that Italian type cheeses are in a state of oversupply. According to FAS, imports of high tier and quota Italian-type cheese from January through May this year totaled 12.8 million pounds, up 12.8% for the same period last year. Imports of quota Italian-type cheese January through May totaled 7.1 million pounds, 58.2% above the same period last year and 28.8% of the annual quota. Imports of high tier Italian-type cheese January through May totaled 2.6 million pounds, down 26.7% from the same period in 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1850-3.6725*
Gorgonzola	: 3.6900-6.3900	: 2.6875-2.9475*
Parmesan (Italy)	: -0-	: 3.3075-3.8625*
Provolone (Italy)	: 3.4400-6.1800	: 2.2275-2.3850*
Romano (Cows Milk)	: -0-	: 3.3750-5.5250*
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.

U.S. Cheese Imports (USDA-FAS)

	2012 Imports (Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
May Quota Imports	14.4	+ 22.5	4.8
Jan. - May			
High Tier	10.9	+ 7.4	N.A.
Quota Imports	62.4	- 3.8	20.9

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKSBUTTER : CHEESE

	:	
06/18/12	12,010	: 129,058
06/01/12	11,816	: 129,965
CHANGE	194	: -907
% CHANGE	N.C.	: -1

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	150	0	180	0	199
SOUTHEAST STATES	0	0	0	0	0	0

The Northeast region has experienced only marginal declines in milk production, due to good weather, adequate rainfall, timely forage development and earlier than usual hay harvesting. A closer look at May milk production data for New York and Pennsylvania provide some interesting contrasts. The May New York dairy herd is pegged at 610,000 head, unchanged from May, 2011. The Pennsylvania dairy herd declined 7000 head, the largest herd decline in any of the 23 major producing dairy states. New York's May milk production compared to the previous year increased by 28 million lbs., while Pennsylvania's production declined 20 million lbs. New York currently has a moratorium on drilling and fracking for natural gas reserves; Pennsylvania has no moratorium and is experiencing an economic boom due to the increased drilling, fracking and related energy business expansion. Numerous industry contacts have indicated that the reason for the sharp decline in Pennsylvania's dairy production is linked to the drilling and fracking for natural gas. The sharp declines in Pennsylvania are a result of numerous dairy producers electing to sell off their herds and retire from dairy production after having secured significant windfalls from their energy leases and royalties. Manufacturing milk supplies are more than adequate in the Mid-Atlantic region, but increases in heat and humidity levels are lowering cow comfort levels and milk production. Florida's milk production continues to rapidly decline. Faced with narrowing margins, many producers are drying off and culling cows. Drought conditions are beginning to intensify with the onset of a hot dry weather pattern. Class I demand was strong this week and lowered spot export loads to 150. Southeast milk production continues to decline with very little need for auxiliary manufacturing. The frequency of load rejections due to high DMC counts and temperature issues are increasing. Class I demand remains flat, which is typical for this time of year. Spots sales of cream are above contract prices, an indication that overall cream demand is good. Multiples fluctuate daily and at times significantly as daily demand varies due to supply, need and location variables. Ice cream, ice cream mix and cream cheese manufacturers are pulling a majority of the cream supply. The seasonal decline in milk production has reduced the supply of condensed skim milk. Demand for condensed skim has increased with the increase in ice cream production and, for the first time this year, some spot sales were above contract pricing. Condensed skim is still going to Class IV production, but in lower volumes than in recent weeks. According to NASS, milk production for May 2012 in the 23 reported states totaled 16.4 billion pounds, up 2.1% from May 2011. Milk production increased in 2 of the 5 listed states in the Eastern region with 1 state declining and 2 states unchanged. Eastern region production increased 0.9% over the same month last year to 2,667 million pounds. The 5 states showed the following percentage changes in milk production from May 2011 to May 2012 and total milk production this May: Florida, +7.3%, 220 million pounds; New York, +2.5%, 1,153 million pounds; Pennsylvania, -2.1, 919 million pounds; Vermont, unchanged at 223 million pounds; and Virginia, unchanged at 152 million pounds. Milk cow

numbers for May 2012 increased in only 1 of the 5 listed states of the Eastern region with 2 states declining and 2 states unchanged. As a region, cow numbers were 5,000 head (-0.3%) less compared to the same period last year. Individual state cow numbers compared to May 2011 and cows remaining as of this May are: Florida, 4,000 increase, 123,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 7,000 decrease, 536,000 remaining; Vermont, 2,000 decrease, 133,000 remaining; and Virginia, unchanged, 96,000 remaining.

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 -	1.9265-2.0725
F.O.B. producing plants: Upper Midwest -	1.9411-2.0433

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.19 - 1.27
Northeast - Class III - spot prices -	1.30 - 1.35

MIDWEST

May 2012 milk production increased compared to May 2011 in nine of the ten Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production changes ranged from a decrease of 1.3% in Iowa to an increase of 4.5% in Indiana. On a national basis, May 2012 milk production showed a 2.1% increase over one year ago in the 23 Selected States. May 2012 cow numbers in Iowa, Minnesota, and Missouri decreased compared to May 2011. Cow numbers in Illinois, Indiana, Kansas, Michigan, Ohio, Texas and Wisconsin increased, with a net gain among Central states of 31,000 dairy cows compared to one year ago. Central region weather varied widely in precipitation received from the latest meeting of weather systems. Rain amounts received during the week varied widely, ranging from 0 - 10+ inches, but most cropping areas of the Central region could benefit from additional rain. The recent heat has stressed corn and soybean fields already in a soil moisture deficit status. Daytime temperatures inched into the 90's across much of the Central region. While it is too soon to determine if the hot weather will diminish milk production, several milk handlers indicate progress in the calendar translates into reduced farm milk volumes taken to processing facilities. Processors indicate selectivity in end products is increasing milk volumes moving to Class III uses within some organizations, with Italian cheese for aging gaining some milk volumes this week. With one or two cheese plants down for schedule repairs, a few other cheese plants benefited from the rerouted milk. Spot milk prices increased in some locations, with day of delivery often adding some premiums to the price. Milk prices reportedly range from flat Class to \$1.50 over Class. Component testing and cream production projections by some milk processes verify butterfat components are seasonally lower. With cream sales into some Class II facilities lagging year ago volumes, some operators are unsure of cream availability if ice cream and ice cream mix manufacturers were to increase spot cream demand during the summer months. Condensed skim spot sales are reported decreasing as some cheese plants see value in using NDM for vat fortification.

CONTINUED ON PAGE 2A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 2

WEST

Conditions are beginning to warm up, touching 100 degrees, in CALIFORNIA, but nights remain quite cool, reducing the herd stress. Manufacturing plants are fine with the decline in milk output, but milk is still ahead of last year. Financial stress related to lower milk prices and continued high feed costs are having an impact on production per cow. According to NASS for May, output per cow in California was up 20 pounds or 1% from last year. This is much lower than through the winter. Plants are running efficiently at this time in the state. Conditions are much warmer in ARIZONA and NEW MEXICO. Temperatures are touching 113 in some areas. Night time conditions are much cooler and there is not much humidity yet, but that may begin to change this weekend. Temperatures are running 5-11 degrees above normal in the two states. Heat abatement measures are still quite effective with the current conditions. Milk components are declining seasonally. Western CREAM markets continue to firm. Demand for cream is reducing the flow to the churns and fat tests are declining seasonally. The CME Group butter price has increased about 25 cents from early May. This strength is a little surprising to some contacts as they note that U.S. butter production through April is up 8.6% from the previous year and stocks of butter are up 79% from the end of April 2011. Nevertheless, current butter sales are being called fair to good. The CME Group butter price closed at \$1.5450 at midweek, up \$0.0950 from last week. Multiples for Western cream are in the range of 114-130, and vary based on class usage and basing points. *Pasture and Range Conditions* according to NASS for the week ending June 17 indicate that the situation is the worst in the Southwest with much less severity noted in other states of the West. Adding the "very poor" and "poor" categories together for selected Western states indicates the following: Arizona 67%, California 60%, Colorado 58%, Idaho 7%, Nevada 55%, New Mexico 85%, Oregon 4%, Utah 35%, and Washington 3%. The comparable number for the U.S. is 28%. Milk production in the PACIFIC NORTHWEST is following expected recent volumes. Temperatures along the coastal areas and further inland have been moderate and pastures are looking good. Milk handlers are reporting that manufacturing capacity in the region is sufficient to process most of the milk in the region. Some areas are said to be past peak production and volumes are slowly tapering off. Milk pooled on the Pacific Northwest Order 124 totaled 737.1 million pounds in May 2012; approximately 607 producers delivered milk to the market. The average daily delivery per producer was 39,173 pounds. Class I utilization was 186.9 million pounds and accounted for 25.4 percent of producer milk. The producer price differential (PPD) for the Pacific Northwest Order was \$0.08 per cwt, resulting in a statistical uniform price of \$15.31 per cwt. The statistical uniform price for the Pacific Northwest Order was \$0.56 below last month, and \$3.71 below the same month last year, a decrease of 19.5 percent. UTAH and IDAHO milk volumes are in line with expectations. Favorable weather has helped to keep milk volumes steady past the early Spring flush. Processors are able to handle the current volumes locally. According to NASS, May *Milk Production* for the 23 surveyed states totals 16.4 billion pounds, up 2.1% (.3 billion pounds) from last year. May milk production changes from a year ago for selected Western states are as follows: Arizona +5.0%, California +1.9%, Colorado +8.2%; Idaho +2.5%, New Mexico

+1.4%, Oregon +2.3%, Utah +8.3%, and Washington +3.0%. Monthly milk production per cow for the 23 surveyed states was 1,924 pounds (+1.2%) more than May 2011. Compared to May 2011, the Arizona herd is up 8,000 head, California +16,000, Colorado +6,000; Idaho unchanged, New Mexico +10,000, Oregon +2,000, Utah +4,000, and Washington +5,000. These 8 states are up 51,000 cows and the 23 surveyed states are up 77,000. May cow numbers in these 8 states were 3,000 less than 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: Central nonfat dry milk prices firmed on both the range and mostly price series this week. NDM producers indicate supplies of farm milk are seasonally lower. A three day stretch of daytime temperatures hovering in the 90's reportedly lightened farm milk loads, with some decreases in pickups approaching 5%. Despite the decrease in farm milk, rerouting of milk between various plants and higher weekend intakes allowed more active nonfat dry milk production at some locations. Plant managers indicate they are continuing the emphasis on low heat NDM production and only scheduling high heat production when contract fulfillment is in question. Low heat contract fulfillment is steady. Spot buyer interest is steady to building, with purchases generally at less than block quantities. With NDM production for the first five months of the year up 43% from one year ago and exports up just a fraction of that amount(8% from January – April), some market participants conjecture that the current round of market firming may be premature. There is speculation that a large portion of July – December NDM may have already been removed from the marketplace, thus potentially reducing demand on that July – December NDM production.

EAST: Prices for nonfat dry milk moved marginally higher this week. Milk production declines and increased sales of condensed skim have reduced milk volumes going to dryers. The current heat wave in the East, if extended, may accelerate the declines in milk production and further restrict drying schedules. Demand is steady to firm compared to last week. Current production is moving through contracts with limited spot market activity. Eastern manufacturers are attempting to rebuild their inventories and are not inclined to enter into the spot market, significantly tightening the available supplies of nonfat dry milk. Limited resale activity had transactions above contract pricing, giving the market a firm undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1700 - 1.2550 MOSTLY: 1.1800 - 1.2300
 HIGH HEAT: 1.2200 - 1.3200

NONFAT DRY MILK - WEST

Prices for Western low/medium powder are steady to higher. There continues to be a firming undertone to the market. Sellers are much more confident that the market has turned higher and are comfortable holding any extra powder. Many buyers agree with this assessment, but some wonder if stock levels here and in other regions are too high for this strength to last. Both sides state that time will tell which theory is correct. Powder production is moving lower seasonally at many production plants based on available milk supplies. Resale powder prices are also pushing higher. Some producer asking prices for next week are projected to be noticeably higher. Offerings of high heat powder are coming up short more often recently. With demand for dryer time easing, this problem could/should take care of itself in the near future. High heat prices are steady to higher with indications that some asking prices there will also be higher next week.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1100 - 1.2500 MOSTLY: 1.1300 - 1.2000
 HIGH HEAT: 1.1650 - 1.2900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices firmed this week as nonfat and butterfat solids values increased. Various market participants report confidence in dry buttermilk pricing by manufacturers returned in step with improved nonfat and butterfat solids market values. Sales of condensed buttermilk into Class II are steadily increasing, according to several churn operators, diverting some portion of buttermilk away from the dryers. Dry buttermilk production is steady to lower as cream sales into Class II increase seasonally. Inventories of dry buttermilk are unchanged to lower and producers anticipate stock increases may be put off until late summer.

EAST: Dry buttermilk prices advanced this week with both ends of the range moving higher. Significant increased demand for cream from ice cream and cream cheese producers has reduced the flow of cream to churns, resulting in declines in dry buttermilk production. The current heat wave in the East may accelerate milk production declines and reduce cream supplies, further restricting dry buttermilk production. Current inventories of dry buttermilk are being worked lower. Demand for dry buttermilk continues to improve as ice cream production increases. Some buyers are considering purchasing dry buttermilk in lieu of nonfat dry milk, because of lower costs and availability. Export interest continues to be good and the market undertone remains firm.

F.O.B. CENTRAL/EAST: .9900 - 1.1050

DRY BUTTERMILK - WEST

More strength is developing for Western buttermilk powder. All reported prices are higher. Two factors are most often sighted this week as reasons for the current strength. The first is the season of the year with ice cream demand for powder coming on strong. The second is the firming NDM market carrying over to buttermilk powder also. Powder production is trending lower seasonally as milk offerings decline and fat tests are lower. Inventories are in much better balance at most producing locations. In fact, those that do have stocks on hand are holding them with much more confidence.

F.O.B. WEST: 1.0100 - 1.1500 MOSTLY: 1.0500 - 1.0700

DRY WHOLE MILK - NATIONAL

Dry whole milk prices gained 5 cents on the bottom of the range following some gains in nonfat and butterfat solids values. Although dryer time is generally more available, dry whole milk manufacturers indicate production is closely tied to contract fulfillment versus market speculation.

F.O.B. PRODUCING PLANT: 1.4400 - 1.5000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 15	\$1.0890	23,581,190	0
June 8	\$1.0968	16,983,822	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

Prices for dry whey in the Central region moved both lower and higher on a mixed market. Some index based contract prices adjusted lower, while spot sale prices from some manufacturers regained premiums. Various brokers indicate they are unable to buy additional loads above their contract volumes from suppliers. Some end users, especially in the livestock raising industry, indicate their dry whey suppliers are now more receptive to requests for delaying dry whey loads compared to just a few weeks ago. Resellers indicate interest for branded dry whey loads from established customers is re-emerging, and premiums to the market on reseller/end user transactions are nearing customary levels. Dry whey production in the Central region increased slightly at some plants, but overall dry whey production was mostly steady. The localized increases in dry whey output came from milk rerouted among Class III plants to accommodate maintenance schedules. Dry whey inventories are stepping lower at several locations and getting closer to comfortable volumes. Several plant operators expect patron milk and spot milk availability will decrease rapidly in the next few weeks, thus limiting opportunities for dry whey production. Availability of condensed whey has also decreased in some areas and reduced throughput to dry whey inventories. ANIMAL FEED DRY WHEY prices shifted lower as various companies realign animal feed prices to various market indices. End user interest is steady into some market sectors, such as feed blends for dairy beef and dairy replacements. However, some veal raising operations put calf repopulation plans on hold for now as the veal industry sorts through market information on existing calf numbers and cold storage inventories.

F.O.B. CENTRAL: .4000 - .5550 MOSTLY: .4200 - .5250
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3575 - .4775

DRY WHEY - NORTHEAST

Whey prices moved lower this week with prices based on indices lowering the upper end of the range and spot sales lowering the low end of the range. Production of dry whey remains steady as cheese makers are comfortable with their current inventories and are not inclined to increase production. Dry whey inventories are being worked lower with product moving through contracts and spot sales. Demand for dry whey has improved as ice cream and ice cream mix production increases. Some resale activity did occur this week with transactions at or above the upper end of the range, giving credence to the idea that the market is in transition. Some buyers are beginning to take a position, building inventories, in light of the declining milk production and the likely hood that whey production will not increase in the near term.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4700 - .5500

DRY WHEY - WEST

Western dry whey prices are mostly steady to firm. Prices in the range series firmed on the bottom side, while the mostly series saw some strength on the upper end. The two tiered pricing of export whey versus domestic whey continues. Manufacturers are supplying export customers with product at lower than domestic prices to remain competitive in those markets. Whey production in the West is strong as cheese plants are running heavy schedules. Inventories of whey are described as manageable.

NONHYGROSCOPIC: .4500 - .5250 MOSTLY: .4500 - .5200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices stepped lower on the top ends of the range and mostly price series as contracts with various bases adjusted to recent market changes. The market tone is mixed, though, as various buyers reentered the market this week with good interest for edible WPC 34% spot loads clearing into animal feed blends. Some feed blending plant operators indicate their preference is to use WPC 34% versus NDM and now that those two prices series are neck and neck, they anticipate use of WPC 34% will increase steadily in the near term. Spot load availability of WPC 34% is steady for the week. Production of WPC 34% is unchanged at most locations this week as milk was rerouted from cheese plant to cheese plant to accommodate maintenance schedules. However, some milk haulers indicate farm milk pickups are showing strong decreases, up to 5%, in some areas, which may affect near term WPC 34% production.

F.O.B. EXTRA GRADE 34% PROTEIN: .9000 - 1.3450 MOSTLY: 1.1000 - 1.2550

LACTOSE - CENTRAL AND WEST

Prices for lactose are unchanged to lower as the end of the quarter approaches. Contracting activity ended this week for several producers as lactose sales volumes met Q3 production projections. Producers indicate interest from most existing customers is steady, but a few end users are comparison shopping for some part of Q3 and forward lactose. Spot sale interest this week is steady. Manufacturers indicate current lactose production is steady, and at expected volumes for June as milk supplies begin tightening. Internationally, lactose from E.U. manufacturers continues to draw interest from buyers. Also, there are indications that Oceania use of U.S. lactose for standardization may be reduced for the balance of 2012 as some lactose is reportedly on hand for immediate use once the milk production season restarts in August/September.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL.7500 -1.0150 MOSTLY: .8200 - .9200

CASEIN - NATIONAL

Casein markets and prices are generally steady, although the market undertone is unsettled. For much of the current quarter, buyers and suppliers were projecting further weakness in Q3 contracts, but in recent weeks, this potential weakness is not developing as strongly as anticipated. European suppliers are indicating that stocks are basically in balance with commitments and uncommitted stocks are limited. Much of current production is being geared to known needs and uncommitted volumes are not as plentiful as they have been in other years. A significant portion of Oceania supplies are fully committed and uncommitted volumes from this region are also limited. Some domestic buyers report that they have received offers of casein, sourced from a producing country that has been absent from the market for over a year, but remain hesitant and cautious with these purchases. In many instances, domestic buyers have their supply needs fulfilled from regular and ongoing suppliers.

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 2011

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
06/02/2012	49.9	1,309.3	44.2	1,272.5

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

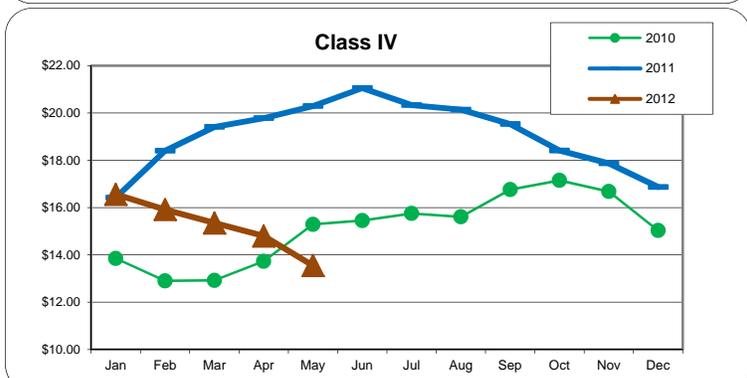
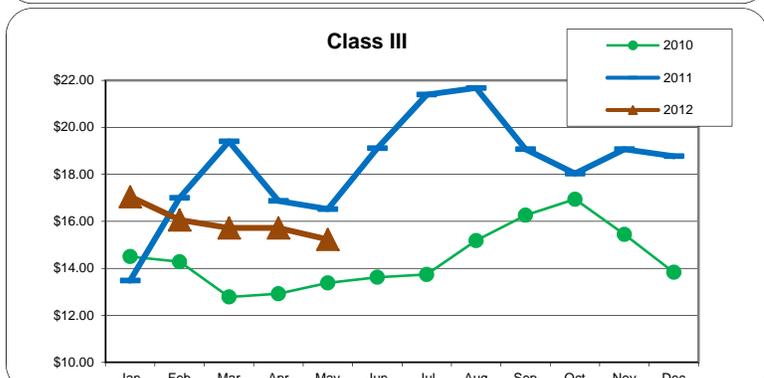
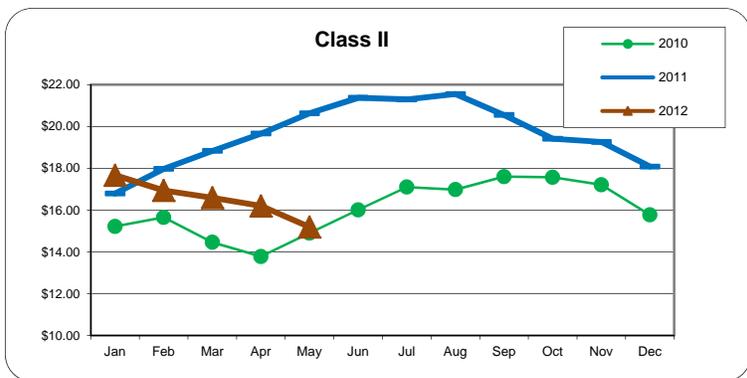
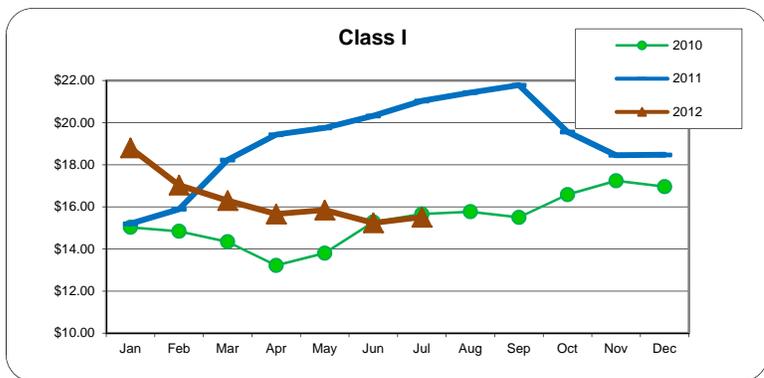
CLASS IV MILK PRICES (3.5% BF)

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	15.51					
II	17.67	16.94	16.59	16.20	15.19							
III	17.05	16.06	15.72	15.72	15.23							
IV	16.56	15.92	15.35	14.80	13.55							

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 June 11 - 22, 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 in Western Europe peaked about 3 - 4 weeks ago and volumes are declining at varying rates. In areas of Western Europe, cold and wet conditions are accelerating the decline, but overall volumes are running about 2% ahead of last year at this time. In recent days, temperatures have warmed and rainfall has slowed. Although milk volumes are trending lower, manufacturers and handlers are stating that the milk flow is sufficient to maintain strong production schedules. Stocks of manufactured dairy products vary, but for the most part, are sufficient to satisfy buyer needs. Some handlers are classifying their supply situation as well booked, with minimal uncommitted volumes available for spot sale. Sales activity continues to center around an internal demand, although international buyers are returning to the market place for Q3 needs. Buyers, especially international buyers, are closely monitoring the results of recent g/DT events in New Zealand. Many are questioning what effect these results might have on European sourced dairy products and if price trends might be on the rebound. European traders and handlers are stating that this event is not influencing prices at this time, but firmer prices are being reported. The next meeting of the European Dairy Commission is scheduled for Thursday, June 21st. Industry contacts are not anticipating any significant dairy related issues being discussed or changed. Butter continues to clear to PSA. During the period of March 1 - June 10, 90,007 MT of butter have cleared to the program. This total compares to 62,852 MT during the same 14 week period in 2011.

BUTTER/BUTTEROIL: European butter markets and prices are firm. Milk production has basically peaked throughout Eastern and Western Europe, although milk volumes remain relatively strong. Good milk flow is occurring through butter/powder operations and churning activity is maintaining near capacity levels at most plants. Butter producer and handlers do indicate that although churning activity is strong, available butter stocks are limited. Current internal sales are clearing steady volumes of butter and clearances to PSA continue. During the period of March 1 - June 10, slightly more than 90,000 MT of butter have cleared to the PSA program. This figure compares to 62,850 MT last year during a comparable 14 week period.

82% BUTTERFAT: 3,300 - 3,600
99% BUTTERFAT: 3,950 - 4,225

SKIM MILK POWDER (SMP): As most manufactured dairy product markets within Europe are firm, so are skim milk powder markets and prices. Manufacturers and handlers are indicating that milk volumes are at or on the down side of seasonal peak levels, thus sufficient milk is clearing through butter/powder operations to keep plants at or very near capacity levels. Although powder output is strong, handlers are stating that skim milk powder stocks are limited. Much of current production has been committed to ongoing customer needs, both internally and through export channels. Most sales activity is centered around an internal market, but international buyers are still present in the current market, but at limited levels. Some traders and handlers are speculating that international interest will begin to build as potential buyers see prices firming and what uncommitted supplies are available, are limited.

1.25% BUTTERFAT: 2,550 - 2,900

WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are firm. Traders and handlers are stating that the firmness in price is basically supply driven or lack thereof. Although milk volumes are at peak levels or high on the down side of the season, whole milk powder production is just keeping pace with demand. Manufacturers and handlers are stating that whole milk powder demand has been strong internally and much of current season output has been committed to this need. Some Eastern European manufacturers are struggling keeping pace with demand.

26% BUTTERFAT: 2,975 - 3,450

SWEET WHEY POWDER: Whey powder markets and prices in Europe are firm. Milk production is seasonally strong in Europe, thus when possible, extra milk volumes are being tilted towards cheese and whey output. Currently, these two commodities are often realizing a more favorable return, versus other manufactured dairy product. Traders and handlers are indicating that the bulk of whey trading is occurring within an internal market, although some international buyer interest is developing. Manufacturers and handlers are stating that whey powder volumes are not that readily available and often fully committed.

NONHYGROSCOPIC: 1,175 - 1,275

EASTERN OVERVIEW: Eastern Europe milk production is now basically at peak levels with some milk handlers reporting slight decreases. Milk output in the 11 Eastern EU countries is reported to be 11% higher than April 2011 with milk volumes in Poland reportedly running 13% heavier than a year ago. Milk producers and handlers are indicating that milk output got a positive start to the season and peak levels might be a week or two earlier than previous years. Stocks of manufactured dairy products are available for ongoing customer needs, but surplus/uncommitted volumes are not as plentiful as previous projected. Traders and handlers are quite surprised at the snug supply situation for this time of the season. Eastern European traders and handlers are indicating that buyer interest, especially internationally, is gaining momentum. Many feel that the turnaround in pricing during the past few weeks is a major factor in renewed buyer interest.

Exchange rates for selected foreign currencies: June 18, 2012

.9763 Canadian Dollar	.0179 Indian Rupee
.2224 Argentina Peso	.7918 New Zealand Dollar
.0723 Mexican Peso	1.0124 Australian Dollar
.2947 Polish Zloty	.0126 Japanese Yen
	1.2575 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0723)
= 13.8313 Mexican Pesos.

Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 11 - 22, 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: The Oceania milk production season officially comes to an end at the end of the month and is finishing on a very positive side. Milk output during the current season (July - June) developed much stronger than early projections, especially during the second half of the season. In New Zealand, end of season figures are pointing to a positive 9 - 10% increase over the previous season. Australia also realized a positive second half and is projected to finish the year around 4% stronger. May milk production figures indicate that volumes were running 3.9% heavier than last May and cumulatively are 4.3% ahead of last year at this time. As the winter season nears, conditions in both New Zealand and Australia are quite typical for this time of the year. Temperatures are declining and late fall rainfall is common. In Australia, some areas of Victoria, especially in the Gippsland region, have again experienced heavy rainfall and flooding conditions which producers in this region have had to contend with for much of the current season. In other areas of Victoria, rainfall has occurred and, in most instances, is enhancing moisture levels for upcoming spring and summer needs. Outside of year round processing facilities, most plants are now idle and winter maintenance is being performed. Traders and handlers are indicating that prices are starting to firm. Many feel that recent price levels might have been at the bottom of the current cycle and now prices are trending higher as suppliers look forward to the new milk production season and marketing year. Currently, some international buyers are looking to the Oceania region for spot availability, but are finding uncommitted volumes quite limited. Manufacturers, handlers, traders and potential buyers are in the negotiation stages for Q3 and Q4 needs. A significant portion of first half milk production has already been committed to regular and ongoing customer needs. At the June 19 g/DT session #70, average contract prices were better received by the industry than the higher to sharply higher trends two weeks ago. Many manufacturers and handlers reference the g/DT event as a marketing tool to establish their prices for the future and feel that many of the weaker adjustments at this event occurred in response to stronger than necessary adjustments two weeks ago. Percentage changes from previous all contract prices are: anhydrous milk fat -0.8%; buttermilk powder +2.5%; cheddar cheese was -3.7%; milk protein concentrate -2.7%; casein -1.9%; skim milk powder -4.8%; and whole milk powder was +2.7%. Traders and handlers are reporting that overall commercial pricing continues to show strength and most feel that this trend will encourage international buyers to return to the market place.

BUTTER: Oceania butter markets and prices are firm. Although butter production is at seasonally low levels, prices are firming. Manufacturers and handlers are indicating that there is not a lot of butter around at this time as most butter that has been produced has been fully committed to customer needs. A positive second half of the current milk production season did provide additional, unexpected milk volumes that were cleared through butter/powder facilities along with other manufactured dairy products. This enhanced production provided some additional volumes of anhydrous milk fat to be cleared through the g/

DT event and also provided a cushion for yearend butter commitments.

82% BUTTERFAT:

2,750 - 3,250

SKIM MILK POWDER (SMP): Oceania skim milk powder markets and prices are firm. Powder production is at seasonally low levels, thus commitments are being filled from recent production and inventoried stock. At the g/DT event on June 5th, the all contract price averaged \$3,011 per MT, 21.3% higher than the previous event and at the June 19th g/DT, the all contract price average was \$2,834, down 4.8%. Many traders and handlers are speculating that the recent decline is more in response to firmer than necessary trading at the June 5th event. Available stocks are limited, but some traders and handlers are indicating that uncommitted volumes are available here and there. Most Oceania butter/powder facilities are in winter shutdown and maintenance, when necessary, is being performed.

1.25% BUTTERFAT:

2,650 - 3,200

CHEDDAR CHEESE: Oceania cheddar cheese markets and prices are generally steady, although a firmer undertone is developing. Cheese production is at seasonally low levels as milk production takes a winter break. Traders and handlers are indicating that cheese stocks are seasonally low and stocks that are available are for contractual needs. Traders continue to negotiate Q3 and Q4 contracts and are reporting that these appear to be basically in place and are following trends of previous years. Much of projected cheese output during the next six months is contracted and will clear to regular and ongoing customers. At this point, uncommitted volumes are limited and most suppliers are comfortable with this situation, thus potential spot inquiries may go unfilled.

39% MAXIMUM MOISTURE:

3,100 - 4,100

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices are firm in the Oceania region. Powder production is limited as milk volumes are at seasonally low levels. During the second half of the current milk production season, milk volumes were heavier than projected, thus additional whole milk powder was generated. Much of this additional production was cleared through offerings at the g/DT event with some volumes providing a cushion to end of year commercial powder commitments. Traders and handlers are indicating that uncommitted volumes are limited, thus developing international buyer interest is often going unfilled. At the June 19th g/DT event, the all contract average price was \$2,886 per MT, 2.7% higher than the previous all contract price. This 2.7% increase follows on the heels of an 8.5% increase on June 5.

26% BUTTERFAT:

2,700 - 3,000

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US\$/MT	Global/Dairy Trading (g/DT) Event 70 Recap - June 19, 2012												
	Contract 1 Jul-12		Contract 2 Aug-12		Contract 3 Sep-12		Contract 4 Oct-12		Contract 5 Nov-12		Contract 6 Dec-12		All Contracts
Anhydrous Milk Fat	n.a.	\$3,139	-7.4%	\$3,049	-1.8%	\$3,092	-0.7%	\$3,106	0.7%	\$3,081	7.0%	\$3,092	-0.8%
Buttermilk Powder	n.a.	\$2,530	0.6%	\$2,520	-0.2%	\$2,475	7.8%	n.a.	n.a.	n.a.	n.a.	\$2,509	2.5%
Cheddar	n.a.	\$3,333	-1.1%	\$3,264	-0.2%	\$2,897	-6.4%	n.a.	n.a.	n.a.	n.a.	\$3,117	-3.7%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Milk Protein Concentrate	n.a.	\$4,240	-3.0%	\$4,210	-4.8%	\$4,180	-0.6%	n.a.	n.a.	n.a.	n.a.	\$4,214	-2.7%
Rennet Casein	n.a.	\$6,859	1.6%	\$6,774	-5.9%	\$6,738	-0.4%	n.a.	n.a.	n.a.	n.a.	\$6,788	-1.9%
Skim Milk Powder	\$2,735	3.0%	\$2,861	-6.7%	\$2,814	-12.6%	\$2,868	-1.5%	\$2,805	3.7%	n.a.	\$2,834	-4.8%
Whole Milk Powder	n.a.	\$2,933	4.7%	\$2,858	2.5%	\$2,851	1.4%	\$2,869	1.3%	\$3,010	2.0%	\$2,886	2.7%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 70 Recap - June 19, 2012												
	Contract 1 Jul-12		Contract 2 Aug-12		Contract 3 Sep-12		Contract 4 Oct-12		Contract 5 Nov-12		Contract 6 Dec-12		All Contracts
Anhydrous Milk Fat	n.a.	\$1.4238	-7.4%	\$1.3830	-1.8%	\$1.4025	-0.7%	\$1.4089	0.7%	\$1.3975	7.0%	\$1.4025	-0.8%
Buttermilk Powder	n.a.	\$1.1476	0.6%	\$1.1431	-0.2%	\$1.1227	7.8%	n.a.	n.a.	n.a.	n.a.	\$1.1381	2.5%
Cheddar	n.a.	\$1.5118	-1.1%	\$1.4805	-0.2%	\$1.3141	-6.4%	n.a.	n.a.	n.a.	n.a.	\$1.4139	-3.7%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Milk Protein Concentrate	n.a.	\$1.9233	-3.0%	\$1.9096	-4.8%	\$1.8960	-0.6%	n.a.	n.a.	n.a.	n.a.	\$1.9115	-2.7%
Rennet Casein	n.a.	\$3.1112	1.6%	\$3.0727	-5.9%	\$3.0563	-0.4%	n.a.	n.a.	n.a.	n.a.	\$3.0790	-1.9%
Skim Milk Powder	\$1.2406	3.0%	\$1.2977	-6.7%	\$1.2764	-12.6%	\$1.3009	-1.5%	\$1.2723	3.7%	n.a.	\$1.2855	-4.8%
Whole Milk Powder	n.a.	\$1.3304	4.7%	\$1.2964	2.5%	\$1.2932	1.4%	\$1.3014	1.3%	\$1.3653	2.0%	\$1.3091	2.7%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	06/07	06/08	06/11	06/12	06/13	06/14	06/15	06/18	06/19	06/20
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 12	15.59 (4457) 0	15.55 (4519) 0	15.56 (4518) 0	15.69 (4529) 0	15.70 (4545) 0	15.62 (4507) 0	15.61 (4499) 0	15.60 (4438) 0	15.64 (4497) 0	15.69 (4459) 6
JUL 12	16.38 (4246) 2	16.45 (4266) 4	16.50 (4297) 11	16.71 (4286) 23	16.56 (4312) 9	16.18 (4280) 0	16.18 (4285) 7	16.42 (4220) 0	16.53 (4190) 0	16.66 (4163) 0
AUG 12	16.41 (3490) 20	16.60 (3536) 6	16.73 (3550) 2	17.05 (3651) 0	16.91 (3695) 0	16.54 (3774) 1	16.60 (3809) 0	17.06 (3829) 0	17.08 (3998) 0	17.08 (4142) 5
SEP 12	16.52 (3035) 0	16.69 (3039) 17	16.75 (3091) 2	17.07 (3110) 0	16.92 (3107) 0	16.70 (3119) 1	16.85 (3127) 0	17.13 (3142) 8	17.08 (3204) 0	17.13 (3201) 1
OCT 12	16.53 (2588) 0	16.60 (2618) 17	16.65 (2710) 2	17.04 (2729) 0	16.93 (2718) 0	16.76 (2718) 1	16.81 (2719) 0	17.03 (2748) 0	17.05 (2780) 0	17.10 (2793) 1
NOV 12	16.37 (2408) 0	16.47 (2441) 17	16.49 (2488) 0	16.85 (2496) 0	16.78 (2489) 0	16.55 (2498) 0	16.55 (2501) 0	16.79 (2502) 0	16.95 (2596) 0	17.10 (2591) 0
DEC 12	16.30 (2309) 0	16.35 (2328) 17	16.40 (2368) 0	16.70 (2373) 0	16.67 (2360) 0	16.57 (2358) 0	16.55 (2357) 0	16.75 (2364) 0	16.81 (2378) 0	16.90 (2375) 0
JAN 13	16.13 (423) 0	16.15 (430) 0	16.15 (429) 0	16.45 (439) 0	16.46 (441) 0	16.40 (450) 0	16.44 (453) 0	16.44 (453) 0	16.60 (453) 0	16.63 (454) 0
FEB 13	15.76 (246) 0	15.84 (257) 0	15.89 (270) 0	16.07 (268) 0	16.07 (269) 0	16.10 (279) 0	16.20 (280) 0	16.25 (292) 0	16.40 (296) 0	16.44 (299) 0
MAR 13	15.75 (187) 0	15.85 (199) 0	15.85 (199) 0	16.02 (205) 0	16.00 (203) 0	16.04 (203) 0	16.05 (213) 0	16.07 (220) 0	16.25 (224) 0	16.25 (224) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 12	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0	13.55 (283) 0
JUL 12	13.95 (92) 0	14.00 (92) 0	14.00 (92) 0	14.00 (92) 0	14.20 (92) 0	14.20 (92) 0	14.20 (92) 0	14.21 (92) 0	14.21 (92) 0	14.40 (92) 0
AUG 12	14.15 (74) 0	14.25 (74) 0	14.25 (74) 0	14.25 (74) 0	14.30 (74) 0	14.30 (74) 0	14.31 (74) 0	14.31 (74) 0	14.31 (74) 0	14.45 (74) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 12	141.50 (770) 1	141.50 (770) 0	141.50 (770) 0	141.50 (770) 0	142.25 (771) 10	141.00 (771) 0	141.00 (771) 0	142.00 (771) 1	144.00 (773) 2	144.00 (774) 1
JUL 12	144.28 (674) 10	144.55 (674) 0	144.55 (674) 0	148.25 (766) 109	152.00 (773) 15	151.50 (773) 1	152.50 (776) 6	152.50 (779) 5	155.00 (780) 6	155.00 (780) 0
AUG 12	147.50 (728) 6	147.50 (728) 0	148.25 (730) 2	149.75 (765) 77	152.00 (767) 2	152.00 (764) 5	152.00 (764) 1	154.00 (768) 13	156.75 (769) 5	157.50 (774) 5
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JUN 12	114.00 (407) 0	113.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0
JUL 12	115.50 (375) 0	115.75 (375) 0	115.75 (375) 0	115.75 (375) 0	116.00 (375) 0	116.75 (375) 0	116.75 (375) 0	117.25 (375) 0	118.00 (375) 0	118.00 (375) 0
AUG 12	117.00 (389) 0	117.03 (389) 0	117.03 (389) 0	117.03 (389) 0	117.03 (389) 0	117.50 (389) 0	118.00 (389) 0	118.00 (389) 0	119.53 (389) 0	119.53 (389) 0
CME - WHEY (Electronic-Traded)										
JUN 12	51.05 (449) 0	51.50 (449) 2	51.53 (449) 0	51.53 (449) 0	51.53 (448) 9	51.00 (446) 4	50.00 (449) 4	50.03 (449) 0	50.03 (449) 1	50.75 (445) 4
JUL 12	51.00 (314) 5	52.78 (320) 9	52.75 (321) 1	55.00 (321) 2	54.50 (321) 4	53.03 (312) 9	51.30 (312) 2	51.35 (312) 0	51.43 (312) 0	51.43 (312) 0
AUG 12	50.00 (286) 15	52.50 (278) 8	52.50 (278) 0	54.50 (277) 1	54.50 (269) 10	52.03 (269) 6	52.03 (268) 1	53.75 (266) 5	54.50 (265) 1	54.50 (265) 0
CME - CHEESE CSC (Electronic-Traded)										
JUN 12	1.56 (1775) 0	1.56 (1774) 15	1.56 (1774) 0	1.57 (1774) 0	1.57 (1774) 1	1.57 (1774) 7	1.57 (1774) 0	1.57 (1774) 0	1.58 (1774) 0	1.58 (1774) 1
JUL 12	1.64 (1441) 36	1.64 (1412) 51	1.66 (1416) 47	1.66 (1421) 22	1.64 (1421) 26	1.62 (1421) 9	1.61 (1425) 28	1.63 (1425) 0	1.64 (1425) 0	1.66 (1425) 0
AUG 12	1.66 (1347) 26	1.67 (1344) 20	1.67 (1344) 13	1.70 (1342) 30	1.69 (1340) 13	1.65 (1369) 44	1.65 (1369) 0	1.70 (1369) 32	1.70 (1365) 5	1.70 (1361) 5
SEP 12	1.68 (1272) 47	1.68 (1280) 21	1.69 (1280) 0	1.71 (1280) 18	1.70 (1286) 6	1.67 (1292) 7	1.67 (1292) 1	1.71 (1292) 2	1.72 (1292) 14	1.72 (1292) 8
OCT 12	1.68 (1065) 35	1.68 (1071) 7	1.68 (1071) 0	1.71 (1074) 9	1.70 (1076) 4	1.69 (1079) 3	1.69 (1079) 0	1.71 (1079) 0	1.72 (1080) 19	1.72 (1080) 0
NOV 12	1.68 (1058) 14	1.69 (1063) 8	1.68 (1066) 7	1.69 (1069) 5	1.69 (1068) 7	1.69 (1069) 4	1.69 (1069) 0	1.69 (1069) 0	1.71 (1066) 3	1.71 (1066) 0

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.)

MAY MILK PRODUCTION

Milk production in the 23 major States during May totaled 16.4 billion pounds, up 2.1 percent from May 2011. April revised production at 16.0 billion pounds, was up 3.5 percent from April 2011. The April revision represented an increase of 38 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,924 pounds for May, 22 pounds above May 2011.

The number of milk cows on farms in the 23 major States was 8.52 million head, 77,000 head more than May 2011, but 3,000 head less than April 2012.

MAY 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	186	194	2,140	2,155	398	418	5.0
CA	1,767	1,783	2,080	2,100	3,675	3,744	1.9
CO	126	132	2,040	2,105	257	278	8.2
FL	119	123	1,725	1,785	205	220	7.3
ID	578	578	1,980	2,030	1,144	1,173	2.5
IL	98	100	1,700	1,720	167	172	3.0
IN	171	176	1,825	1,855	312	326	4.5
IA	208	206	1,860	1,855	387	382	-1.3
KS	122	124	1,855	1,895	226	235	4.0
MI	364	375	2,040	2,050	743	769	3.5
MN	468	465	1,680	1,690	786	786	0.0
MO	96	94	1,360	1,390	131	131	0.0
NM	327	337	2,180	2,145	713	723	1.4
NY	610	610	1,845	1,890	1,125	1,153	2.5
OH	268	271	1,680	1,735	450	470	4.4
OR	121	123	1,790	1,805	217	222	2.3
PA	543	536	1,730	1,715	939	919	-2.1
TX	430	440	1,955	1,925	841	847	0.7
UT	87	91	1,810	1,865	157	170	8.3
VT	135	133	1,655	1,675	223	223	0.0
VA	96	96	1,585	1,585	152	152	0.0
WA	261	266	2,055	2,075	536	552	3.0
WI	1,266	1,271	1,805	1,840	2,285	2,339	2.4
23 STATE TOTAL	8,447	8,524	1,902	1,924	16,069	16,404	2.1

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, June 2012*.

Measures of Growth in Federal Milk Order Markets, Selected Years, 1947-2011

Year	Number of markets 1/	Population of Federal milk marketing areas	Number of pool handlers 1/	Number of pooled producers 2/	Receipts of producer milk 3/	Producer milk used in Class I	Percentage of producer milk used in Class I	Prices at 3.5% butterfat content 2/		Receipts as percentage of milk sold to plants and dealers		Daily deliveries of milk per producer	Gross value of receipts of producer milk 4/	
								Class I	Blend	Fluid grade	All milk		Per producer	All producers
	Number	1,000	Number	Number	Million pounds		Percent	Dol. per cwt.		Percent		Pounds	Dollars	1,000 dol.
1947	29	---	991	135,830	14,980	9,808	65.5	4.65	4.34	---	21	302	5,024	682,407
1950	39	---	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1975	56	150,666	1,315	123,855	69,249	40,106	57.9	9.36	8.64	78	63	1,532	49,233	6,097,768
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	13.77	12.86	80	67	1,954	93,685	11,007,001
1985	44	176,440	884	116,765	97,762	42,201	43.2	13.88	12.61	80	70	2,294	107,871	12,595,522
1990	42	195,841	753	100,397	102,396	43,783	42.8	15.55	13.78	77	70	2,796	142,324	14,289,567
1991	40	198,409	722	100,267	103,252	45,033	43.6	13.30	12.11	76	71	2,821	121,479	12,180,354
1992	40	200,530	698	97,803	107,947	44,914	41.6	14.57	13.12	77	73	3,017	146,452	14,323,698
1993	38	199,604	675	92,934	103,979	44,805	43.1	14.19	12.89	73	69	3,073	145,350	13,507,974
1994	38	201,561	629	91,397	107,811	44,866	41.6	14.75	13.16	75	71	3,232	156,253	14,281,193
1995	33	207,548	571	88,717	108,548	45,004	41.5	14.19	12.79	75	71	3,350	157,754	13,995,454
1996	32	209,599	570	82,947	104,501	45,479	43.5	16.19	14.64	72	69	3,442	187,713	15,570,261
1997	31	208,379	570	78,422	105,224	44,917	42.7	14.36	13.10	71	69	3,676	178,424	13,992,366
1998	31	210,484	522	72,402	99,223	44,968	45.3	16.14	14.92	66	64	3,755	202,770	14,681,340
1999	31	212,118	487	69,008	104,479	45,216	43.3	16.24	14.09	67	65	4,148	216,794	14,960,544
2000	11	228,899	346	69,590	116,920	45,989	39.3	14.24	12.11	72	70	4,590	207,913	14,468,892
2001	11	231,487	350	66,423	120,223	45,887	38.2	16.96	14.90	75	73	4,959	275,642	18,308,968
2002	11	234,256	338	63,856	125,546	46,043	36.7	13.69	11.91	77	76	5,387	239,520	15,294,802
2003	11	236,180	331	58,110	110,581	45,843	41.5	14.10	12.12	67	65	5,178	242,066	14,066,672
2004	10	234,825	306	52,341	103,048	44,939	43.6	17.56	15.74	62	61	5,352	324,119	16,965,368
2005	10	238,428	302	53,036	114,682	44,570	38.9	17.13	15.07	66	65	5,904	334,626	17,747,577
2006	10	239,142	314	52,725	120,618	45,304	37.6	14.59	12.86	68	67	6,264	303,429	15,998,288
2007	10	241,000	345	49,782	114,407	45,226	39.5	20.81	19.19	63	62	6,297	452,097	22,507,219
2008	10	242,988	347	47,859	115,867	44,989	38.8	20.78	18.24	61	62	6,613	453,886	21,722,538
2009	10	245,445	345	46,677	123,430	45,262	36.7	14.40	12.44	66	66	7,242	339,698	15,856,077
2010	10	245,505	341	45,918	126,909	44,970	35.4	18.25	16.07	67	66	7,572	444,038	20,389,201
2011	10	247,675	326	43,654	126,879	44,383	35.0	21.97	19.87	66	65	7,963	577,538	25,211,996

1/ End of year. The number of markets peaked at 83 in 1962. The number of handlers peaked at 2,314 in 1961.

2/ Average for year. The number of producers peaked at 192,947 in 1961.

3/ Beginning in 1989, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts reported for some markets. This can also affect significantly the comparability of other "Measures of Growth" based on this statistic.

4/ Based on blend (uniform) price adjusted for the butterfat content, and in later years, other milk components of producer milk

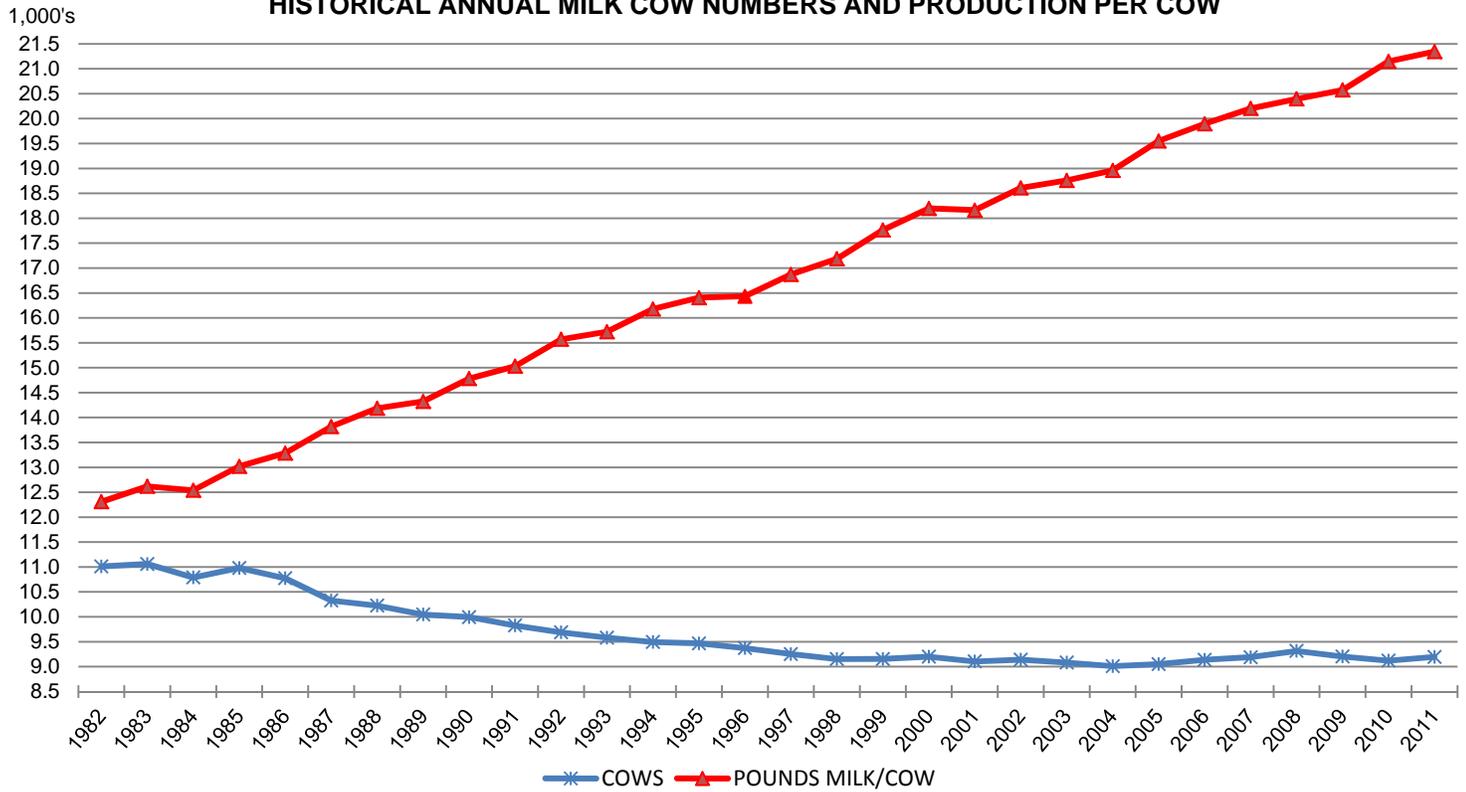
FEDERAL MILK ORDER ADVANCE PRICES, JULY

Base Class I Price. Under the Federal milk order pricing system, the base Class I price for July 2012 is \$15.51 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$10.78 and the advanced butterfat pricing factor of \$1.4594. 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 June 2012, the base Class I price increased \$0.27 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.26 per cwt., \$0.022 per gallon; reduced fat milk (2%), \$0.23 per cwt., \$0.020 per gallon; fat-free (skim milk), \$0.19 per cwt., \$0.016 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.31. Thus, the Class II skim milk price for July is \$9.01 per cwt., and the Class II nonfat solids price is \$1.0011. **Product Price Averages.** The two-week product price averages for July are: butter \$1.3766, nonfat dry milk \$1.1008, cheese \$1.5703, and dry whey \$0.5052.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
July 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	18.76	14.03	1.4919
Appalachian (Charlotte) ^{5/ 6/}	005	18.91	14.18	1.4934
Southeast (Atlanta) ^{6/ 7/}	007	19.31	14.58	1.4974
Florida (Tampa) ^{6/ 8/}	006	20.91	16.18	1.5134
Midwest (Cleveland) ^{9/}	033	17.51	12.78	1.4794
Upper Midwest (Chicago) ^{10/}	030	17.31	12.58	1.4774
Central (Kansas City) ^{11/}	032	17.51	12.78	1.4794
Southwest (Dallas) ^{12/}	126	18.51	13.78	1.4894
Arizona (Phoenix)	131	17.86	13.13	1.4829
Pacific Northwest (Seattle) ^{13/}	124	17.41	12.68	1.4784
All-Market Average		18.40	13.67	1.4883

^{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.

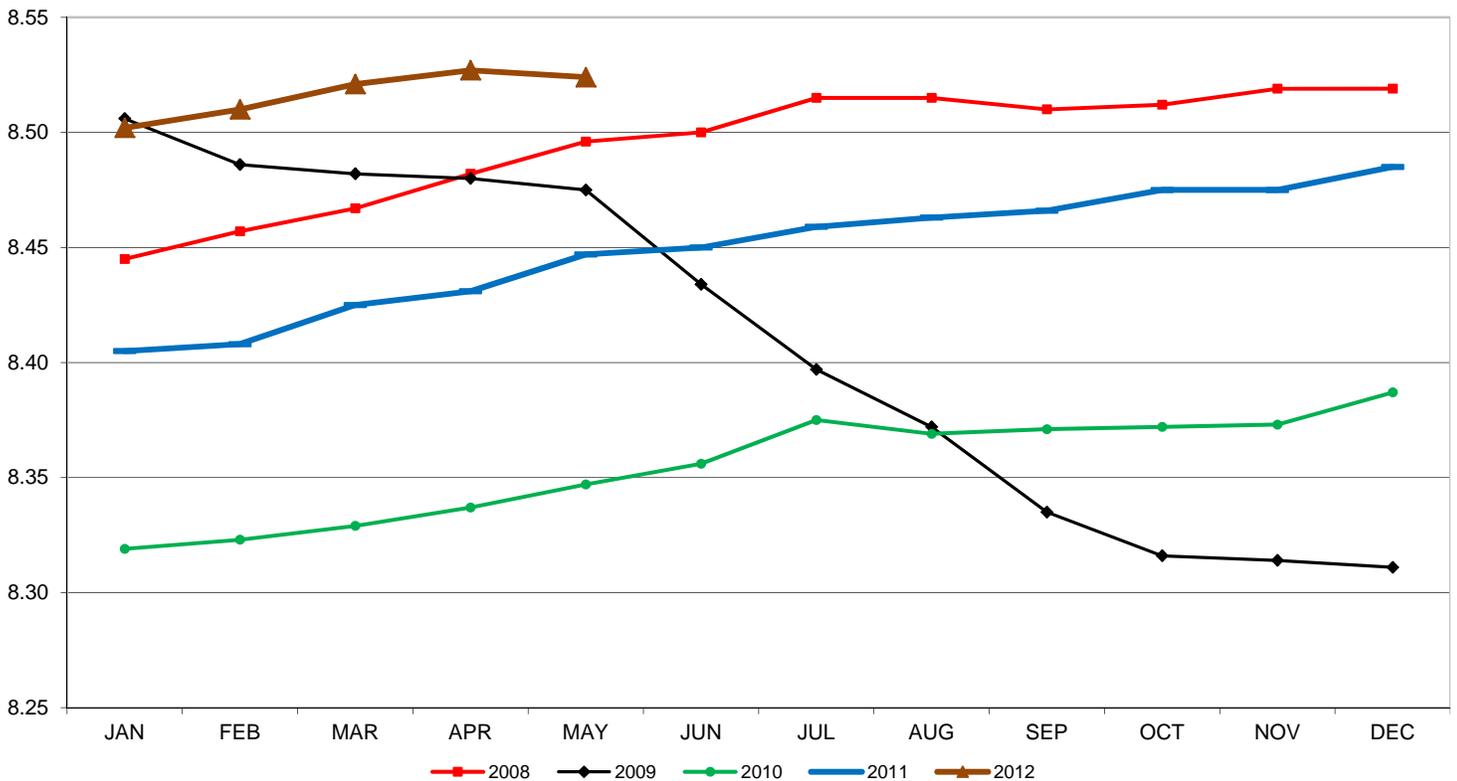
HISTORICAL ANNUAL MILK COW NUMBERS AND PRODUCTION PER COW



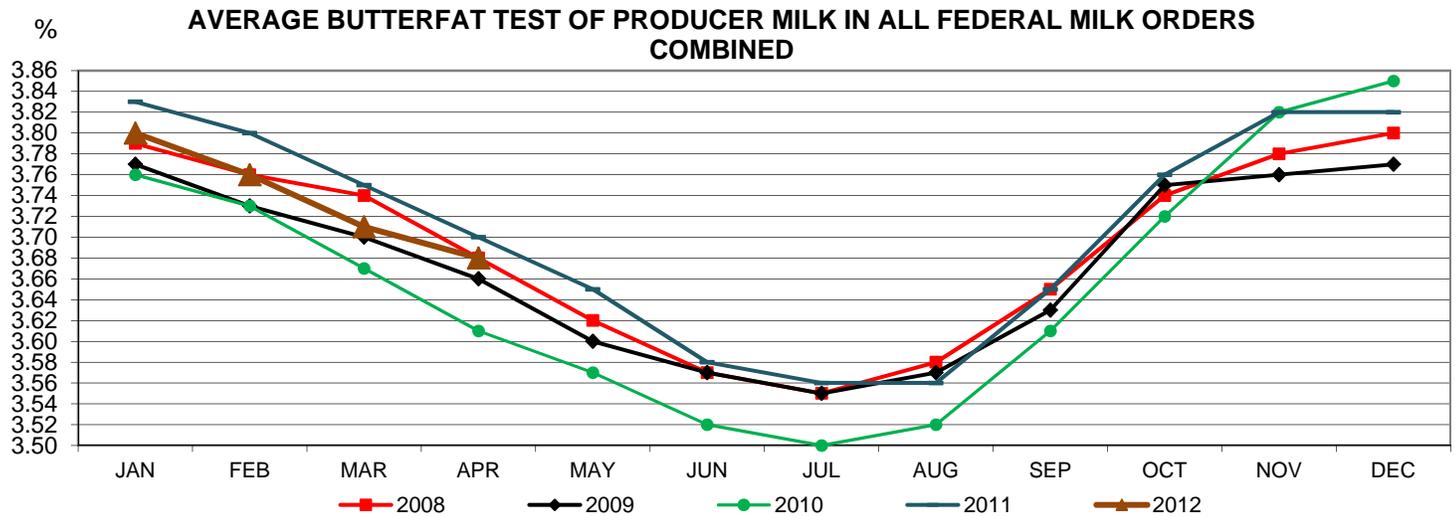
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

MILLION HEAD

MILK COW NUMBERS - 23 SELECTED STATES

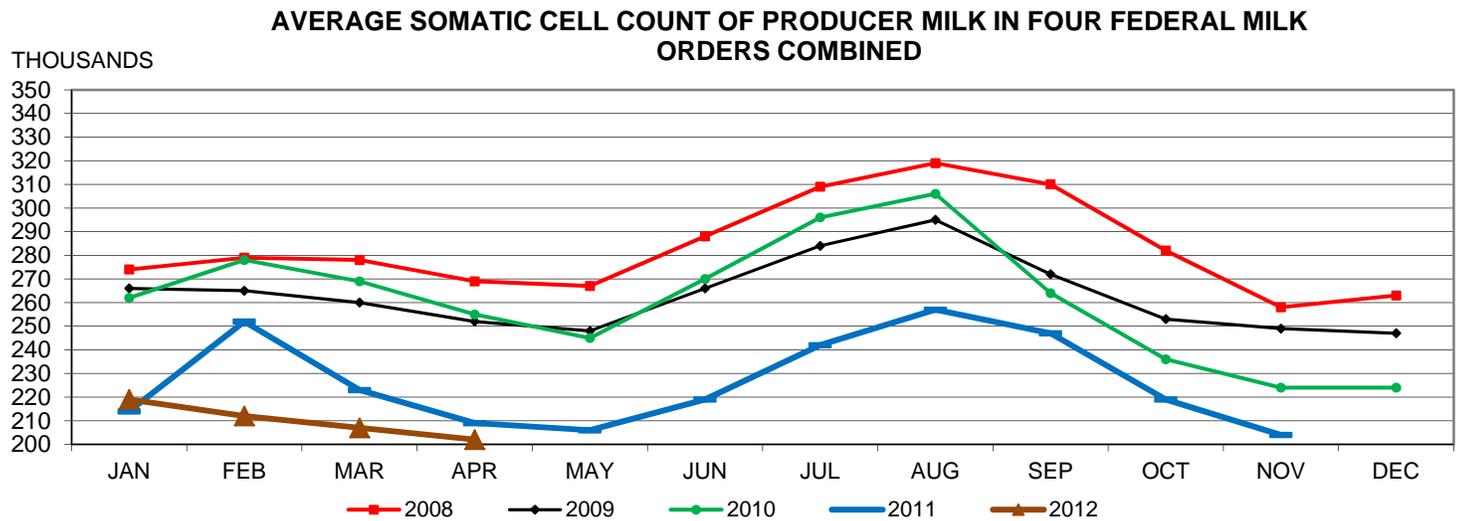


DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



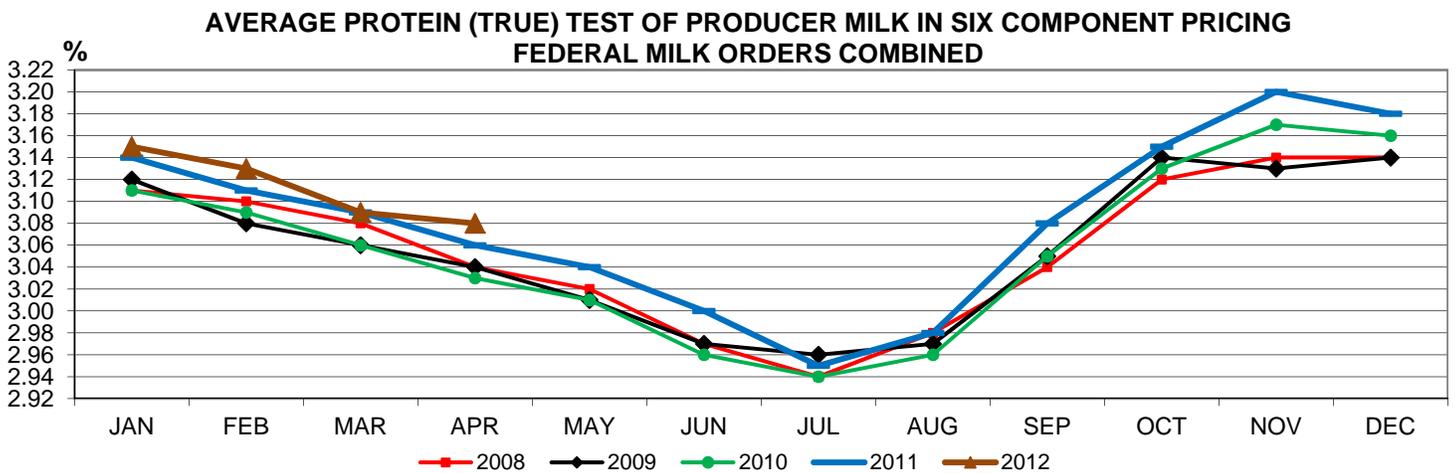
FEDERAL ORDERS INCLUDED ARE: 1, 5, 6, 7, 30, 32, 33, 124, 126, 131

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



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

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