

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (07/27):**

BUTTER: Grade AA closed at \$1.6700. The weekly average for Grade AA is \$1.6465 (+.0685).

CHEESE: Barrels closed at \$1.6850 and 40# blocks at \$1.7050. The weekly average for barrels is \$1.6930 (-.0095) and blocks, \$1.7150 (-.0010).

BUTTER HIGHLIGHTS: The CME cash butter price continues to firm, settling at \$1.6700 at weeks' end, 8 cents higher than last Friday. Churning cream volumes across the country are trending lower, as Class II operations continue to absorb steady to increasing volumes. Overall, cream volumes are lighter as milk production and butterfat tests decline. Current butter production is focused on filling current orders with little being added to inventory. Often, butter producers are reaching into inventoried stock to fulfill demand. Butter demand is seasonally steady. Retail orders are generally steady, stimulated by occasional feature activity. The National Dairy Retail Report indicated that ads across the country reflected butter prices ranging from \$1.49 - \$3.49 per pound with the weighted average price being \$2.34. Food service orders are steady. Some food service and restaurant buyers are indicating that hot temperatures may be slowing away from home eating patterns, but for the most part, restaurant traffic is holding up quite well. The Cooperatives Working Together (CWT) program recently awarded export assistance for 100 MT (220,462 pounds) of butter for export now through December. Thus far this year, butter and anhydrous milk fat export assistance has totaled 55.1 million pounds.

CHEESE HIGHLIGHTS: Cheese production was reported slower this week as reduced volumes of milk were available for manufacturing. The recent hot weather across much of the country has contributed to lower component levels in milk along with reduced volumes. Demand for cheese remains good with some increased interest being expressed to build inventories before anticipated price increases. Export demand has slowed but continued assistance from the CWT program is helping to move international sales. The NASS Cold Storage report showed stocks of natural cheese (total) at the end of June nearly unchanged from a year ago. Following last week's uneven cheese trading, this week saw little price activity at the CME Group until Friday. After steady prices for the week, Friday closed \$.0100 lower for barrels at \$1.6850 and blocks settled \$.0125 lower at

\$1.7050. Trading activity was moderate for the week with four loads of barrels sold and eight loads of blocks sold at the exchange for the week.

FLUID MILK: Farm milk production is following the seasonal downward trend across the country. Contacts indicate fewer loads of milk traveled long distances to find processing room compared to last week, although milk loads are sometimes shipping between related plants to maximize efficiencies. Shipments out of Florida declined for the third consecutive week, to 28 loads, compared to 39 loads last week and 120 loads 2 weeks ago. Class I demand to bottlers is mostly steady while store ads running for 1 gallon containers increased 13% compared to 2 weeks ago. Ice cream and cream cheese manufacturing account for the strongest demand on national cream supplies, followed by active interest to support sour cream and dip production. Many cream loads are transferring under contract agreements. Some butter churn operators indicate they are fulfilling cream contracts but are not selling into the spot cream market at this time. Current butter demand is active with sales increasing as the market value of butterfat increases. Because of the active sales and existing contracts for butter, some butter manufacturers are concentrating on rebuilding butter inventories and withdrawing cream loads from the spot market. Dairy farmers continue the evaluation process on herd size, feed on hand, input needs, and other variables. Widespread drought conditions continue to impact field crops as well as pasture and forage acreage. The drought categories of extreme and exceptional, as noted in the U.S. Drought Monitor report, expanded during the last week by 7%. This is the highest level of drought affected acreage since 2003, and the largest weekly increase in the extreme and exceptional categories since the inception of the U.S. Drought Monitor in January, 2000. As a stopgap measure for finding livestock feed, some acreage enrolled in Conservation Reserve and Wetland Reserve programs is now eligible for haying and livestock grazing on a short term basis.

DRY PRODUCTS: Several dry product markets showed firming price trends this week. Index based pricing caused fractional decreases on the Central/East NDM range price series. Other NDM prices were steady to higher. Contract and spot condensed skim sales continue to channel milk away from nonfat dry milk production. Inventory management tools will include price adjustments to temper week to

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 23	TUESDAY JUL 24	WEDNESDAY JUL 25	THURSDAY JUL 26	FRIDAY JUL 27	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6950 (N.C.)	\$1.6950 (N.C.)	\$1.6950 (N.C.)	\$1.6950 (N.C.)	\$1.6850 (-.0100)	:: (-.0100)	:: \$1.6930 (-.0095)
40# BLOCKS	\$1.7175 (N.C.)	\$1.7175 (N.C.)	\$1.7175 (N.C.)	\$1.7175 (N.C.)	\$1.7050 (-.0125)	:: (-.0125)	:: \$1.7150 (-.0010)
NONFAT DRY MILK							
EXTRA GRADE	\$1.2500 (N.C.)	\$1.3000 (+.0500)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	:: (+.0500)	:: \$1.2900 (+.0840)
GRADE A	\$1.3675 (+.0075)	\$1.3750 (+.0075)	\$1.3750 (N.C.)	\$1.3750 (N.C.)	\$1.3750 (N.C.)	:: (+.0150)	:: \$1.3735 (+.0720)
BUTTER							
GRADE AA	\$1.6100 (+.0200)	\$1.6225 (+.0125)	\$1.6600 (+.0375)	\$1.6700 (+.0100)	\$1.6700 (N.C.)	:: (+.0800)	:: \$1.6465 (+.0685)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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week demand. Dry buttermilk prices firmed in the West and Central/East. Butter production is active for the cream remaining after contract fulfillment into ice cream, sour cream and dips, but declining butterfat components are limiting churning and dry buttermilk making activities. Dry whey prices firmed across all types and regions. Lactose prices moved lower from unground lactose spot sale price pressure, but manufacturers anticipate that market trend may be short term. They indicate renewed interest is growing from dairy dry product standardizing and other market sectors. Whey protein concentrate 34% prices moved lower. F.O.B. spot loads continue to clear into animal feed blending and other types of operations, indicating some inventories are still burdensome to manufacturers.

ORGANIC DAIRY MARKET NEWS OVERVIEW (DMN):

Organic dairy advertising volume set a number of records, even as record setting drought conditions weighed heavily over the agricultural sector. Due significantly to historically high retail organic half gallon milk ad volume in the Southwest and South Central regions, this period's organic retail ad numbers are higher than any period since this data series began during fall 2009. This is true for organic milk, organic half gallons, and total organic dairy ads. Organic dairy advertising volume increased by 183% from two weeks ago, organic half gallons increased by 249%, organic milk ads overall increased by 170%, and organic yogurt ads by 217%. The national weighted average advertised price of organic milk half gallons, \$3.64, is 29 cents lower than two weeks ago. The price range is \$4.99 to \$2.39, unchanged at the top but 60 cents lower at the bottom. This price spread is the greatest for organic half gallons by 50 cents since this data series began during fall 2009. Ads for organic gallons appeared for the fourth consecutive reporting period, the first time this has occurred during 2012. Ads listed a high price of \$5.99 and a low of \$5.98, a 1 cent price spread. The weighted average advertised price is \$5.99. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 59 cents, down 23 cents, from two weeks ago. This is not the lowest recorded weighted average advertised price noted by this survey, but is 1 cent above the low and among the lowest since fall 2009.

AUGUST ANNOUNCED COOPERATIVE CLASS I PRICES

(FMMO): For August 2012, the all-city average announced cooperative Class I price was \$21.59, \$2.42 higher than the Federal milk order (FMO) Class I price average for these cities. The August 2012 Cooperative Class I price was \$1.01 higher than the July 2012 price. The August 2012 Federal order Class I price was \$1.04 higher than the July 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$0.50 in Phoenix, AZ, to \$4.13 in Miami, FL. For August 2011, the all-city average announced cooperative Class I price was \$26.60, \$2.53 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

JUNE FMMO MARKETING AND UTILIZATION (DAIRY PROGRAMS):

During June, more than 9.7 billion pounds of milk were received from producers. This volume of milk is 9.5% lower than the June 2011 volume. In June 2011 and June 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.3 billion pounds of producer milk were used in Class I products, 1.3% lower than the previous year. The all-market average Class utilization percentages were: Class I = 35%, Class II = 15%, Class III = 37% and Class IV = 13%. The weighted average statistical uniform price was \$16.13, \$0.02 lower than last month and \$4.91 lower than last year.

NATIONAL DAIRY RETAIL REPORT (DMN): Total dairy retail ads declined significantly this week, showing a 20.1% decline compared to the previous reporting period. Conventional dairy ads heavily influenced the decline as all but 3 of the 18 dairy commodities reported fewer ads. Only cheese in 1# blocks, milk in gallons and yogurt in 32 ounce containers showed increases in the number of retail ads. In contrast to the conventional ads, organic ads showed a 183.1% increase in ads compared to the previous reporting period. Only cream cheese and ice cream showed less organic ads than the previous reporting period. The weighted average advertised price for 48-64 ounce ice cream containers is \$3.03, down 5.9%. Ice cream remained the most advertised category. Ice cream ads may have peaked for the season the previous reporting period as July Ice Cream Month promotions begin to wind down. Ice cream ads declined 24.0% this reporting period. The weighted average advertised price of 4-6 ounce yogurt is \$.50 and is \$1.00 for 4-6 ounce Greek yogurt. The weighted average advertised price of each is unchanged from the last survey period. Ad numbers for 4-6 ounce yogurt and 4-6 ounce Greek yogurt declined by over 5,000 ads, but combined, continue to make up the majority of yogurt ads. Yogurt ad numbers decreased 20.1% from two weeks ago. The most advertised cheese category, 8 ounce shreds, has a weighted average advertised price of \$2.16, down 2 cents from last cycle. The average price for 8 ounce blocks, \$2.20, decreased 7 cents from the last cycle. Cheese ad numbers declined 15.0% from the last survey period. Conventional milk's national weighted average advertised price for half gallons this period, \$1.81, is 16 cents below two weeks ago. Ads for store brands greatly outnumbered national brands with 81.1% of the total milk ads, while national brands comprised the remaining 18.9%. Organic milk's national weighted average advertised price for half gallons, \$3.64, is down 29 cents from last period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.83, down from \$1.96 two weeks ago. More ads for half gallons of organic milk appeared for national brands than store brands.

CME GROUP

MONDAY, JULY 23, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3675; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6100; LAST OFFER UNCOVERED: NONE

TUESDAY, JULY 24, 2012

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.7175, 1 @ \$1.7150, 1 @ \$1.7175; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3000; 1 CAR GRADE A @ \$1.3750; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6125; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6225; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JULY 25, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3000; 1 CAR GRADE A @ \$1.3750; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$1.6500, 1 @ \$1.6600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6500; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.6700

THURSDAY, JULY 26, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6950; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7050
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6700; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6950

FRIDAY, JULY 27, 2012

CHEESE -- SALES: 4 CARS BARRELS @ \$1.6900; 5 CARS 40# BLOCKS: 1 @ \$1.7000, 1 @ \$1.7050, 1 @ \$1.7000, 1 @ \$1.6975, 1 @ \$1.7050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6850
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS EXTRA GRADE @ \$1.3500; 2 CARS GRADE A @ \$1.4000
 BUTTER -- SALES: 16 CARS GRADE AA @ \$1.6700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6600; LAST OFFER UNCOVERED: NONE

NORTHEAST

The CME Group butter price increased \$0.0125 on Tuesday and closed at \$1.6225. In the last 4 trading sessions butter prices have increased \$0.0425 in very light trading with only 1 load sold. Declines in butter production have been fairly significant as cream supplies have tightened. Current butter production is focused on filling current orders with little being added to inventories. Cream availability tightened as continuing heat wave, covering most of the Eastern region, has lowered butterfat levels and overall milk production. Demand remains fairly good with fairly strong private label orders. The National Dairy Retail Report listed the price range for 1 lb. packages of butter from \$1.49-\$3.49 in the Northeast. The weighted average price declined significantly, dropping 77 cents compared to the previous report, to \$2.14. Export interest continued to show improvement this week. Cooperatives Working Together (CWT) announced July 23 the acceptance of requests for export assistance to sell 220,461 pounds of butter. 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 totaling 55.1 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. According to the latest NASS Cold Storage report, butter in storage on June 30, totaled 242.7 million pounds, 18.9 million pounds less (-7%) than the prior month stocks, but 52.4 million pounds more (+28%) than June 2011 stocks.

CENTRAL

The CME cash butter price continues to firm and settled at \$1.6600 at midweek. Within the past 10 trading sessions, the cash price has increased 12 cents, basically adjusting higher on a daily basis. Churning activity in the Central part of the country continues to be challenged by cream availability. Reports of declining milk production and butterfat levels are causing cream supplies to be very competitive. Class II operations continue to absorb a significant volume of available cream with declining volumes clearing to churns. In many instances, butter producers are generally only working with cream supplies from regular and ongoing suppliers, with these suppliers sometimes scrambling to fulfill commitments. Overall, churning schedules are often not keeping pace with demand, thus inventoried stocks

are being used to fulfill demand. Retail orders are holding up quite well. Advertised butter prices at major retail supermarkets during the past two week range \$1.99 - 2.49 in the Central part of the country. Seasonal sweet corn ads are also appearing which are occasionally accompanied by butter promotions. Food service orders are holding quite steady. Hot temperatures in the Central part of the country may be slowing away from home eating patterns, but for the most part, restaurant and food service traffic flows have maintained steady levels. The CWT program continues to assist with butter exports. Last week, 220,462 pounds (100 MT) of butter received export assistance. This butter will be delivered now through the end of 2012. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western wholesale butter prices continue to show higher trending pricing. Butter production has slowed following lower farm milk intakes. Milk component levels are also seasonally lower and reducing yields. Retail butter sales are good with some buyers looking to increase orders where possible. Bulk buyers are also increasing orders in some cases. Inventoried butter stocks are being used to fill current orders. Manufacturers are mostly content with stored inventories for third and fourth quarter needs. 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. Advertised butter prices from the National Dairy Retail Report showed a weighted average price of \$2.34 per pound compared to \$2.52 two weeks ago. Butter advertising was reduced from two weeks ago. Western advertised prices ranged from \$2.29-3.29 per pound. The weighted average for butter in the Northwest was \$2.29, while the average in the Southwest was \$3.09. Wednesday's close on the CME Group exchange for butter is up \$.0375 to \$1.6600. The butter market has been higher in each of the last five trading sessions. Last Wednesday the market closed at \$1.5800. Trading for the week has been moderate with five loads sold so far this week. According to the NASS Cold Storage report, stocks of butter as of June 30, 2012, total 242.7 million pounds, +28% or 52.4 million pounds more than June of last year. Stocks were 7% lower or 18.9 million pounds less than end of May 2012.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
July 21, 2012	1.5487 2,790,639	1.6488 12,043,935	1.6895 8,882,984	0.5102 9,889,653	1.1759 17,275,087

CHEESE MARKETS

NORTHEAST

Tuesday's CME Group cheese prices were unchanged Tuesday with barrels closing at \$1.6950 and blocks at \$1.7175. Prices for barrels and blocks have been unchanged in the last three trading sessions. Declines in cheese production have occurred at most plants, due to declines in milk production. Cheese going into aging programs has declined, which is typical for this time of year, and some cheese inventories are being worked lower. Cheese makers are purchasing additional loads of condensed skim to fortify their cheese making as butterfat levels of incoming milk have declined due to the heat. The National Dairy Retail Report quoted the price range for 8 ounce packages of cheese in the Northeast from \$1.33-\$3.00. The weighted average price declined 5 cents, compared to the previous report, to \$2.20. Cooperatives Working Together (CWT) announced July 23 the acceptance of requests for export assistance to sell various quantities of Cheddar, Monterey Jack and Gouda cheese. 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 70.1 million pounds. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of June 30, 2012 totaled 1,049.3 million pounds, 2% more compared to one month ago, but unchanged from one year ago. A majority of the holdings are in the form of American cheese (60.0%) totaling 629.9 million pounds, 2% more than the amount one month ago and 2% more than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (37.1%) totaling 389.0 million pounds, 4% more than one month ago, but 2% less from one year ago. Swiss cheese accounts for 2.9% of holdings at 30.5 million pounds, 3% more than one month ago, but 11% less than one year ago.

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

Cheddar 40# Block	:	2.1175-2.4025
Process 5# Sliced	:	1.9200-2.0400
Muenster	:	2.1375-2.4975
Grade A Swiss Cuts 10 - 14#	:	3.2000-3.5225

MIDWEST

After last week's up and down price movements, CME cheese prices through this Wednesday have not changed over four trading sessions. There is a sentiment that last week's early trading price increases reflected renewed widespread attention to futures price activity for crops such as corn and soybeans, but the resulting cheese trading exuberance subsided and traders are now not greatly motivated to move prices for today, so to speak. A related factor is cheese in cold storage. NASS reports total natural stocks in refrigerated warehouses on June 30, 2012 were up 2% from the previous month but down slightly from June 30, 2011. Stocks are up more in the East North Central Region (Wisconsin, Illinois, Indiana, Michigan and Ohio), with "Other" cheese being up 3% from the previous month and up 8% from June 30, 2011. Regional American cheese storage is up 2% from the prior month but up 9% from June 30, 2011. More on reasons for this later in the article. The increase over month earlier inventories was explained by a cheese buyer as reflecting "holding inventories with confidence". Sellers are reported as not being terribly eager to discount prices to move inventory. The current weather factors of heat and dry conditions

in many areas are only reinforcing the confidence of firms holding cheese, that the sales climate later in the year appears to favor higher prices rather than lower prices. Retail cheese advertising numbers have declined for the last six weeks. The Dairy Market News National Dairy Retail Report for this period found a -15.0% decrease in the number of cheese ads, following a -2.3% decrease two weeks ago and a -10.5% decrease four weeks ago. An observer noted the logic of retailers who see increasing cheese prices as not being terribly motivated to discount cheese and advertise it now. Returning to the Midwest cheese cold storage stock increase over month earlier, also being up more than the national average from a year earlier as well as from a month earlier for "Other", there are various contributing factors. A significant number of the big converting plants which convert bulk cheese into retail sizes, are located in Wisconsin, leading to more storage in Wisconsin, near these plants. This includes cheese manufactured in both Wisconsin, as well as other areas. The converting plants are described as acting like a "magnet", drawing cheese into Wisconsin. Another factor is that the cost of cold storage in the Midwest over recent history tends to be lower than some other areas, due to average weather conditions. Another factor in the Midwest is the rapidly expanding manufacturing of hard Italian varieties of cheese, relative to other varieties, which require shorter storage times. Italian varieties require storage ten months or so. Some cold storage facilities have increased the volume of Italian varieties stored by 25% over the last two years, to accommodate increased manufacturing volume. Moreover a number of Italian cheese manufacturers increased production earlier this year when milk was plentiful and relatively less expensive, putting cheese into storage to age for sale later this year when prices were anticipated to be higher. All of this has increased regional storage above national levels. Cooperatives Working Together (CWT) has accepted 18 requests for export assistance to sell 4.548 million pounds (2,063 metric tons) of Cheddar and Monterey Jack cheese. 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 70.1 million pounds.

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

Process American 5# Loaf	:	1.8925-2.5975
Brick And/Or Muenster 5#	:	2.1050-2.6650
Cheddar 40# Block	:	2.1050-3.0900
Monterey Jack 10#	:	2.0750-3.0900
Blue 5#	:	2.3700-3.3550
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9500-3.1900
Grade A Swiss Cuts 6 - 9#	:	2.6100-2.9275

WEST

Western wholesale cheese prices are higher, reflecting higher weekly average prices at the CME Group. Lower farm milk intakes and lower seasonally expected component levels are causing cheesemakers to look to NDM and condensed skim milk to fortify vats. Demand is good at the retail level with buyers taking contract orders and often times inquiring about additional spot orders. Barrel cheese demand is also showing strength as buyers look to add to

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CHEESE MARKETS

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their inventories. Current cheese inventories are mostly described as good for needs. Advertised cheese prices as reported in the National Dairy Retail Report showed prices for most cheese categories were lower. The most heavily advertised category of 8 oz. shred cheese was slightly lower from two weeks ago at \$2.16 per package. Prices for 2 lb. block cheese in the West ranged from \$4.99-6.99 per package with the weighted average in the Southwest at \$4.99 and Northwest at \$6.94. Barrel trading at the CME Group on Wednesday was unchanged at \$1.6950. Blocks were also unchanged at \$1.7175. Cheese markets have been unchanged all week as of Wednesday. There have been sales of three loads of blocks for the week, with no sales reported for barrels. According to NASS, *Cold Storage* stocks of cheese (total) at the end of June 2012 are 1,049.3 million pounds, nearly unchanged or 2.1 million pounds less than June 2011. American stocks were 2% higher, and Other Natural stocks were 2% lower than last year. Swiss stocks at the end of June total 30.5 million pounds, down 11% or 3.9 million pounds less than June 2011. June Swiss stocks in storage are up 0.9 million pounds compared with last month.

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

Process 5# Loaf	:	1.8250-2.0825
Cheddar 40# Block	:	1.8425-2.1950
Cheddar 10# Cuts	:	2.0225-2.2425
Monterey Jack 10#	:	2.0325-2.1925
Grade A Swiss Cuts 6 - 9#	:	2.7775-3.2075

FOREIGN

The CME Group weekly average block price increased and advanced domestic wholesale cheese prices by \$0.0625. Domestic wholesale Swiss cuts and imported cheese varieties were unchanged. Importers indicate that most Italian type cheeses are readily available and because of the strong US dollar, compared to the Euro, offer price advantages over domestic cheeses. The continuing hot dry weather covering much of the nation is lowering domestic Swiss cheese yields.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2575-3.7450*
Gorgonzola	: 3.6900-6.3900	: 2.7600-3.0200*
Parmesan (Italy)	: -0-	: 3.3800-3.9350*
Provolone (Italy)	: 3.4400-6.1800	: 2.3000-2.4575*
Romano (Cows Milk)	: -0-	: 3.4475-5.5975*
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-	: 3.2925-3.6150
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
		:	
07/23/12	12,315	:	132,526
07/01/12	11,983	:	130,832
CHANGE	332	:	1,694
% CHANGE	3	:	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	28	0	39	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in New England and upstate New York has remained at more than adequate levels for dairy manufacturing, despite the recent spells of hot dry weather. The southern portions of the Northeast and also the Mid-Atlantic region have suffered from a prolonged heat wave, which has significantly lowered milk production. Some manufacturing plants are having difficulty meeting their fluid contracts. Crop conditions in both regions are deteriorating quickly with New York reporting 85% of the top soil being very short or short of moisture. Pennsylvania is reporting 63% of its pastures in very poor or poor condition. Rains over much of Florida last week moderated temperatures and improved cow comfort levels, which limited milk production declines. Class I demand is steady compared to last week. Producers have begun to dry off cows, which is typical for this time of year. Some producers have indicated their desire to add on cows this fall, due to the improved hay and pasture conditions. Milk production in the Southeast region continues to decline. Incoming milk supplies are in balance with the steady Class I demand. The continuing heat wave has increased milk load rejections due to temperature issues. Good cream demand and declining availability, due to lower butterfat levels and milk production, have combined to increase multiples this week. Multiples range mostly in the 143-149 range with some transactions below and above the range depending on day of week and location. Ice cream and cream cheese production account for the strongest demand for cream. Retail promotions for ice cream and cream cheese are numerous as reported by the National Dairy Retail Report with over 15,000 ads for ice cream and over 6,000 ads for cream cheese. According to the report, weighted average prices for both products declined with ice cream at \$3.03 and cream cheese at \$1.41. Demand for condensed skim milk is very good with ice cream manufacturers pulling additional loads due to the current price advantage that condensed skim has over nonfat dry milk. Cheese makers are also picking up spot loads of condensed skim for fortification purposes. According to NASS, milk production for June 2012 in the 23 reported states totaled 15.5 billion pounds, up 1.0% from June 2011. Milk production increased in 3 of the 5 listed states in the Eastern region with 1 state declining and 1 state unchanged. Eastern region production increased 0.4% over the same month last year to 2,513 million pounds. The 5 states showed the following percentage changes in milk production from June 2011 to June 2012 and total milk production this June: Florida, +5.2%, 204 million pounds; New York, +1.4%, 1,095 million pounds; Pennsylvania, -1.9, 861 million pounds; Vermont, +0.9%, 214 million pounds; and Virginia, unchanged at 139 million pounds. Milk cow numbers for June 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 4,000 head (-0.3%) less compared to the same period last year. Individual state cow numbers compared to June 2011 and cows remaining as of this June are: Florida, 4,000 increase, 123,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 7,000 decrease, 535,000

remaining; Vermont, 1,000 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 - 2.2565-2.3512
 F.O.B. producing plants: Upper Midwest - 1.9883-2.1776

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices - 1.10 - 1.25
 Northeast - Class III - spot prices - 1.34 - 1.39

MIDWEST

Cream prices moderated slightly this week. Several market participants relate this reversal in the direction of butterfat pricing multiples to short term maintenance shut downs at one or two Central Class II plants. Interest in cream is active from several manufacturing lines, including ice cream, frozen specialties, dips, and sour cream. Farm milk butterfat components are trending seasonally lower. A few churn operators indicate butter orders waiting for fulfillment are growing while butterfat intake volumes shrink. For these manufacturers, cream intakes beyond contract commitments are heading to in-house churns. Interest in spot milk loads is brisk, but supplies are tight. Most spot sales reportedly occurred within confined areas. Prices on a few local sales reached the \$2.00 - \$2.50 over Class range. Plants are currently planning for pooling on Federal Milk Marketing Orders, thus, knowing the milk volumes that can be counted on becomes a top priority. Various milk handlers indicate competition by plant operators for milk on the farm level is heating up once again. In some cases, plant operators are offering premiums for producer milk, and that tends to create stiff competition among plant managers in areas with limited near-by farm milk sources. Dairy farmers continue to reevaluate herd sizes for successful carryover into spring of 2013. The cost of feed is one part of the equation. Recognizing that many areas of the nation are suffering from varying degrees of drought, Secretary of Agriculture Tom Vilsack announced the release of many acres enrolled in Conservation Reserve and Wetland Reserve programs for haying and grazing. Some State governments also made State-owned land available for production of hay as well as for livestock grazing.

WEST

CALIFORNIA milk production is trending lower seasonally on a week-to-week basis, but holding up rather well. Plant receipts are varied. Some locations are up compared to a year ago, whereas others are lower. Plants are running along planned schedules. Milk supplies are adequate for current needs and plant capacity is available. Some shifting of milk supplies is noted for plant maintenance and to maximize efficiencies. Contacts are stating that feed costs and other financials are playing a bigger role in the current market for dairy producers. The fat and protein levels in the milk are declining seasonally along expected levels. Summertime conditions have been managed well. Class 1 demand is light and along expected, summertime levels. The CDFA announced, effective on and after August 1, the following adoption to the Stabilization Plans: "Increase the cap on the whey factor value in the Class 4b formula from \$0.65/cwt. to \$0.75/cwt., while

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

maintaining the current floor of \$0.25/cwt. For each five cent 'step' in the dry whey commodity price, the corresponding whey factor will increase in \$0.0625/cwt. increments." June 2012 POOL RECEIPTS of milk in CALIFORNIA total 3.42 billion pounds, 1.8% higher than last year, according to CDFA. Year to date receipts, unadjusted for leap year in 2012, are running 6.1% higher than a year earlier. The June blend price, at a fat test of 3.62%, is \$14.60, \$0.33 higher than May, but \$5.66 less than June 2011. The percentage of receipts used in Class 1 products is 12.2%. The June quota price is \$15.67 and the over quota price is \$13.97. These prices are \$0.32 higher than May, but \$5.52 lower than a year ago. ARIZONA milk production is trending lower. The milking herds are feeling the impact of the prolonged hot weather, but the biggest factor is the humid conditions. Heat abatement measures are in place to mitigate losses. Processing plants are running along planned schedules with only limited issues. CREAM markets are steady to firm. There is fair to good demand in local and out of region markets. Multiples and overages appear to have topped out and were backing off as the week progressed. Basing points are moving higher, so total cream costs are increasing. Demand is noted from ice cream and cheese producers. Freight costs remain high, although finding tankers has eased. The Grade AA butter price at the CME Group closed at \$1.6600 on Wednesday, July 24, up 8 cents from a week ago. Cream multiples are mostly unchanged, but lower on the top of the range, at 120 to 137 and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST is said to be declining seasonally. Temperatures have been ideal in most cases for optimum milk production. Short spells of hot weather are being balanced by cool nights. Milk supplies are being handled within the region. Hard quotas for producers are expected to be dropped soon as local processing capacity is able to handle current supplies. Favorable weather in UTAH and IDAHO continues to keep milk production at or above year ago levels. With production declines in other parts of the country from hot weather, processors are welcoming the continued production. Rising feed costs, due to drought and heat in the South and Midwest, are rapidly changing breakevens for dairy farmers in the West. Increased feed costs are blamed for lower prices for dairy replacement heifers at recent auctions in Idaho. According to NASS, June *Milk Production* for the 23 surveyed states totals 15.5 billion pounds, up 1.0% (.1 billion pounds) from last year. June milk production changes from a year ago for selected Western states are as follows: Arizona +2.7%, California +0.3%, Colorado +5.5%; Idaho +1.5%, New Mexico -1.9%, Oregon +0.9%, Utah +5.1%, and Washington unchanged. Monthly milk production per cow for the 23 surveyed states was 1,827 pounds (+0.4%) more than June 2011. Compared to June 2011, the Arizona herd is up 2,000 head, California +14,000, Colorado +6,000; Idaho unchanged, New Mexico +4,000, Oregon +1,000, Utah +2,000, and Washington unchanged. These 8 states are up 29,000 cows and the 23 surveyed states are up 57,000. June cow numbers in these 8 states were 15,000 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 are steady on the mostly price series, but both higher and lower on the range. Some index based contract prices moved lower, following their respective indices, but spot market sales cleared to higher prices. Many brokers and traders are dealing with questions from their customers regarding the perceived current tightness in NDM supplies. January – May national NDM production compared to 2011 surged ahead by 40%, but May month ending manufacturers' stocks were about 5% lower than one year ago. Some market participants speculate that in addition to the large volume exports that reportedly occurred near the recent market low point, some domestic and multinational end users may have struck agreements for NDM quantities that will carry them through to the end of the year instead of buying incrementally throughout the second half of the year. The recent switch to an upward price trend caught the attention of end users with unfilled demand, and brokers report that requests for NDM spot loads increased this week. While F.O.B. spot offerings to the market were tight last week, a few additional low heat NDM spot loads cleared through the market to good interest this week. NDM production is generally steady to lower. Cheese production continues to claim volumes of internally produced condensed skim and other cheese plants are also purchasing condensed skim to fortify or standardize cheese vats. In some locations, a short term Class II plant shut down resulted in increased availability of condensed skim loads for a two week period. NDM manufacturers indicate Class III interests are absorbing those loads readily. Low heat NDM production continues at several Central region facilities. Toll drying is intermittent. Central nonfat dry milk inventories are comfortable at most locations.

EAST: Nonfat dry milk prices for the low heat mostly range and the high heat range were unchanged this week. Increased demand for condensed skim in combination with lower milk production levels has limited milk volumes going to dryers. Some plant managers are taking advantage of the reduced milk volumes to schedule high heat nonfat dry milk runs as needed. Spot sales activity has turned very light as supplies have tightened. Buyers wanting to secure additional loads have to go out of region and/or look to resale opportunities. Low heat nonfat dry milk resale activity has increased with prices above the mostly range. Demand remains good with product moving to ice cream manufacturers, cheese makers, cultured products and health food manufacturers. Inventories are held in firm hands as the market has a firm undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2275 - 1.4000 MOSTLY: 1.2300 - 1.2800
 HIGH HEAT: 1.2800 - 1.4200

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices continue to trend higher. The market undertone is firm. Buyer interest is fair to good to domestic and export accounts with concerns about coverage in the short and longer terms. The trade is noting incremental price increases as the week progressed. Many buyers are unclear as to what extent the current situations of drought and hot weather are having on the dairy markets and further to what extent the "weather markets" are having on current and future feed input costs. International markets are unsettled with a weaker Euro making EU sourced powders less expensive for international buyers. Many spot

U.S. pricing levels are surpassing the recent gDT auction price averages. The low/medium heat price increases are being tempered by the state and national indices. Producers are moving contracted loads and selling some extra NDM on the spot market. Drying schedules are trending lower and matching the milk supplies. High heat prices are moving slightly higher with a firm tone. Production is steady to lower and occasionally being shifted around to match milk supplies against needs. Current demand is fair with contracted volumes moving on a regular basis. Any additional spot needs are on the light side and paying a premium. Producers' holdings are adequate for near term commitments.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1450 - 1.3500 MOSTLY: 1.2000 - 1.3000
 HIGH HEAT: 1.2100 - 1.3500

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The Central dry buttermilk moved higher as F.O.B. spot market offers cleared readily despite higher pricing. Interest in dry buttermilk is active. Butterfat components are seasonally lower in farm milk intakes. Various managers of churning facilities indicate near term butter ordering is brisk, boosted by steadily increasing prices this week. Because of lower butterfat intakes and good butter interest, some managers feel there is a need to conserve butterfat intakes and limit cream spot sales. A few facility managers indicate spot sales of cream are on hold for the near term, except for some LTL's to regional specialty ice cream shops with longstanding relationships. Butter churning is active. Dry buttermilk production is steady to lower and continuing to compete with condensed buttermilk sales into active ice cream production. Dry buttermilk inventories are generally steady to lower as contract fulfillment advances and replenishment capacity is limited by current production activity.

EAST: Dry buttermilk prices are again higher this week. Churning schedules have slowed as butterfat and milk production levels have declined, lowering dry buttermilk production. Supplies are moving through contracts with light spot sales activity. Inventories are held in firm hands as manufacturers and brokers with product see a firming dry buttermilk market. The recent increases in the nonfat dry milk market support the firm market undertone for dry buttermilk. Demand remains good with good pulls from ice cream manufacturers and as some buyers of nonfat dry milk look to dry buttermilk as a lower priced alternative.

F.O.B. CENTRAL/EAST: 1.1375 - 1.3000

DRY BUTTERMILK - WEST

Western dry buttermilk prices continue to trend higher. The market undertone is firming, yet at a slower pace than the low heat NDM market. The impact of the higher trending NDM markets continues to bolster the dry buttermilk complex. Production of dry buttermilk remains on the light side as butter production has been trending lower. Lower milk intakes, lower fat content in the milk, improved cream sales, and seasonal demand for condensed buttermilk, are all factors working against dry buttermilk production. Dryer times are available to process available solids. Dry buttermilk demand is fair to good with some buyers looking for future coverage as both a

CONTINUED ON PAGE 5A

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.

CONTINUED FROM PAGE 5**DRY BUTTERMILK - WEST (CONTINUED)**

price and physical hedge. Producer offerings are lower as sales have been made and producers are more comfortable with holdings. Recent exports have also helped to clear stocks.

F.O.B. WEST: 1.0700 - 1.2100 MOSTLY: 1.1200 - 1.1500

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are steady. Market participants note tightening farm milk availability is limiting dry whole milk production this week compared to just a few weeks ago. Dry whole milk inventories are reported as in balance with near term demand.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 20	\$1.1240	10,628,543	0
July 13	\$1.1406	9,067,808	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

Dry whey prices in the Central region are unchanged to fractionally higher. Dry whey spot interest is steady for the week into human food applications, variable into livestock feed operations. Dry whey spot pricing ranges between modest discounting and steady regaining of market and market-plus pricing. Index based contract prices are steady to higher. Market participants indicate most dry whey needs can be filled readily. There is some concern by contacts as to why dry whey prices are firming when supply, as evidenced by rapid fulfillment of contract and spot sale orders, is adequate and not deterring sales fulfillment. ANIMAL FEED DRY WHEY prices increased on each end of the range as spot sales cleared this week with brand specific pricing models intact.

F.O.B. CENTRAL: .4200 - .5450 MOSTLY: .4600 - .5300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3675 - .4925

DRY WHEY - NORTHEAST

Dry whey prices again moved higher this week as prices based on indices advanced. Spot sales activity has turned very light with a majority of supplies moving through contracts. Buyers looking for additional loads have to look outside the region and/or for resale opportunities. Resale activity has increased with prices above the range. Dry whey production is steady at lower seasonal levels, due to the declines in milk production and also because most cheese makers have adequate inventories. Dry whey inventories are held in firm hands. Demand remains good with strong pulls from ice cream makers and whey based health product manufacturers. The market undertone remains firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5250 - .5450

DRY WHEY - WEST

Western dry whey prices are higher across both the range and mostly series. Markets moved higher following contract indices. Spot sales from manufacturers are very limited with the bulk of production committed to contracting buyers. The market is firming as ice cream and other users look to build their inventories. Buyers are noting higher whey futures contracts for upcoming months and are looking for additional product to be a physical hedge for future needs. Cheese production in the West is steady and whey production levels are mostly steady. Export whey prices moved higher in trading this week. Spot loads of whey are available in most cases from resellers, but at prices that are above the current ranges.

NONHYGROSCOPIC: .4900 - .5500 MOSTLY: .5000 - .5275

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The range price series contracted for whey protein concentrate 34% with a decrease at the top of the range as buyers steer away from spot loads carrying hefty market premiums. Buyers note while the WPC 34% market lacks a firm price trend, availability is limited for some types of packaging. In some cases, buyers imported WPC 34% to fulfill customers' WPC 34% packaging needs. Imported WPC 34% prices are in line with U.S. spot WPC 34% prices. WPC 34% production is unchanged to lower as several operations have limited access to milk sources outside of supply contracts or patron milk. Fluid WPC 34% loads continue to move to higher protein dry products and snack industry uses.

F.O.B. EXTRA GRADE 34% PROTEIN: .9500 - 1.2850 MOSTLY: 1.0900 - 1.1525

LACTOSE - CENTRAL AND WEST

Lactose prices shifted fractionally, moving down on the low ends of the range and mostly price series. Unground lactose spot load availability and interest is mixed. Spot availability of higher mesh size lactose is infrequent and clearing to good interest when the loads are available. A few manufacturers note their current farm milk intakes forced cutbacks on quantities of cheese/lactose produced and they don't have spot loads of lactose available. Other manufacturers report unground lactose spot loads are available from time to time as inventories and upcoming contract fulfillment needs are reevaluated. Currently, a few buyers are looking for additional loads under existing contracts, and some fixed price, market-plus contracts are under consideration. Manufacturers continue to look for opportunities for their lactose production to gain approved supplier status, which could provide a path to use in higher priced end products. Approved supplier status may also translate into higher contract and spot sale prices to those end users throughout the contract period.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .7100 - .9500 MOSTLY: .7800 - .8700

CASEIN - NATIONAL

Casein markets and prices are generally steady, although an unsettled undertone prevails. Uncertainty of European sourced casein from some suppliers continues to concern U.S. buyers. The milk production season is on the down side in Europe and in some regions, excessive moisture and wet conditions are greatly reducing milk production trends causing some manufacturers to divert milk volumes away from casein output. For much of the current season, casein output has been running at or often above projections, but this recent turn around in milk logistics is greatly impacting late season casein production for some suppliers. Oceania milk production remains at seasonally low levels, although noticeable increases are due to appear within the next 4 - 6 weeks. Casein production will resume once other manufactured dairy product production is up and running well, about 8 - 10 weeks out.

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: 3.7500 - 4.4000
ACID: 4.1500 - 4.7000

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
07/07/2012	44.8	1,568.1	41.1	1,512.2

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

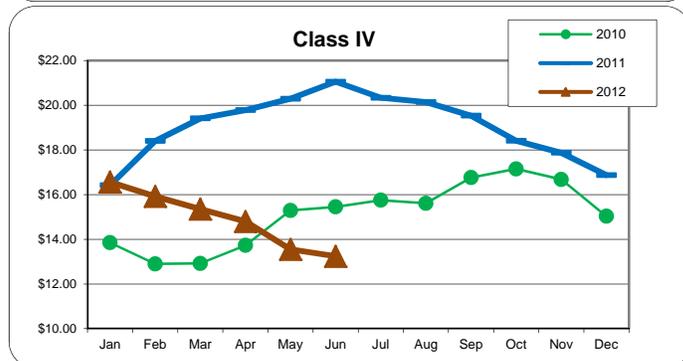
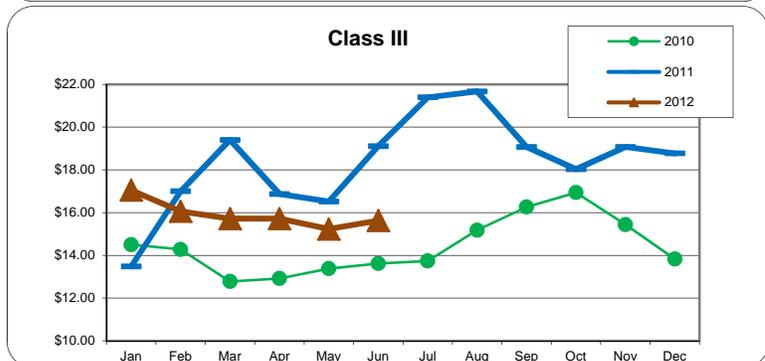
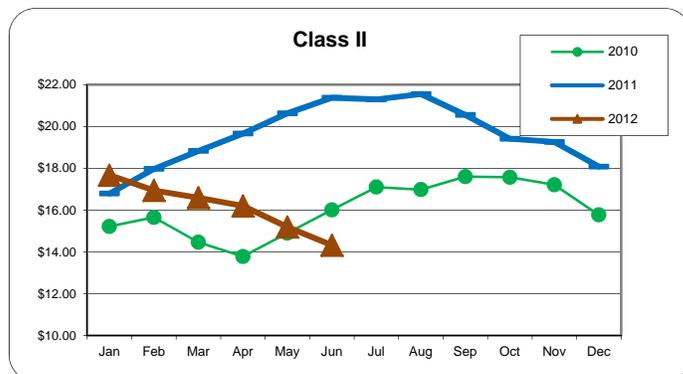
CLASS IV MILK PRICES (3.5% BF)

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	14.32						
III	17.05	16.06	15.72	15.72	15.23	15.63						
IV	16.56	15.92	15.35	14.80	13.55	13.24						

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



ORGANIC DAIRY MARKET NEWS

Information gathered July 16 - 27, 2012

ORGANIC DAIRY FLUID OVERVIEW

The unusually dry and hot conditions in parts of the country this summer are affecting milk generated by pasturing organic cows. Some specialty organic cheese manufacturers report color variations from what is normal. In some regions, the solids in organic milk are lower than normal. There are also reports from some cold storage facilities that stocks of organic cheese in cold storage are lower than desirable, presumably reflecting reduced manufacturing output.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

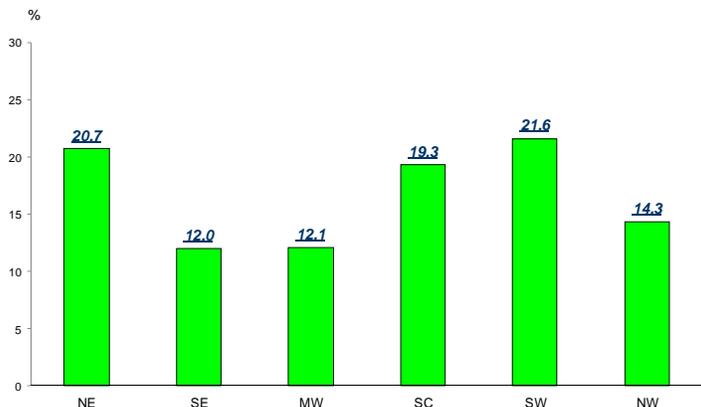
Organic Dairy Overview. Organic dairy advertising volume set a number of records, even as record setting drought conditions weighed heavily over the agricultural sector. Due significantly to historically high retail organic half gallon milk ad volume in the Southwest and South Central regions, this period’s organic retail ad numbers are higher than any period since this data series began during fall 2009. This is true for organic milk, organic half gallons, and total organic dairy ads. Organic dairy advertising volume increased by 183% from two weeks ago, organic half gallons increased by 249%, organic milk ads overall increased by 170%, and organic yogurt ads by 217%.

Organic milk ads comprise 73% of all organic dairy ads this period, followed by organic yogurt with 19%; organic butter, 6%; organic sour cream, 1%; and organic cheese, 1%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period July 14, 2012, to July 27, 2012, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

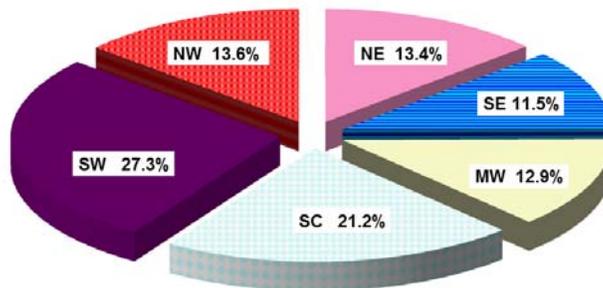
Regional Organic Dairy Ad Trends – Current Period. The Southwest leads all regions in organic dairy advertising with 21.6% of all organic ads. The other regions include the Northeast, 20.7%; the South Central, 19.3%; the Northwest, 14.3%; Midwest, 12.1%, and the Southeast, 12.0%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 30, 2012



Organic Milk. Organic milk ads comprise nearly three of every four organic dairy ads. The highest percentage of organic milk ads appear in the Southwest, 27.3%. Other regions include the South Central, 21.2%; Northwest, 13.6%; Northeast, 13.4%; Midwest, 12.9%; and Southeast, 11.5%.

ORGANIC MILK FEATURES
Regional % of Surveyed Supermarket Ads
Week 30, 2012



Paradoxically, there were three times as many ads for organic half gallons than conventional milk half gallons reported in this period’s National Dairy Retail Report, even though there were ten times as many total conventional dairy ads than organic dairy ads.

The record setting volume of ads for organic half gallons represents the convergence of three national supermarket chains each advertising their respective store brands of organic half gallons, as well as a national discount chain which sells food, advertising a national brand of organic milk.

While the agricultural sector is coping with drought and heat, which is also challenging to grazing organic cows in some regions, there have not been reports of shortages of organic milk such as occurred earlier in the year. Thus, the apparent paradox of record high ad levels for organic half gallons at this stressful time for the entire dairy economy “may be more a reflection of food retailers using advertised prices to draw consumers to stores, than any comment on production volumes”.

On an average advertised price basis, the organic half gallon average for the region with the most organic milk ads, the Southwest, \$3.80, is higher than the national average, \$3.64. The second ranking region, the South Central, has a regional average of \$3.39. Thus, with the two most heavily regions having an average price slightly higher and lower than the national average, even with high ad levels in those regions, there is not significant discounted pricing compared with the national average.

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.64, is 29 cents lower than two weeks ago. The price range is \$4.99 to \$2.39, unchanged at the top but 60 cents lower at the bottom. This price spread is the greatest for organic half gallons by 50 cents since this data series began during fall 2009.

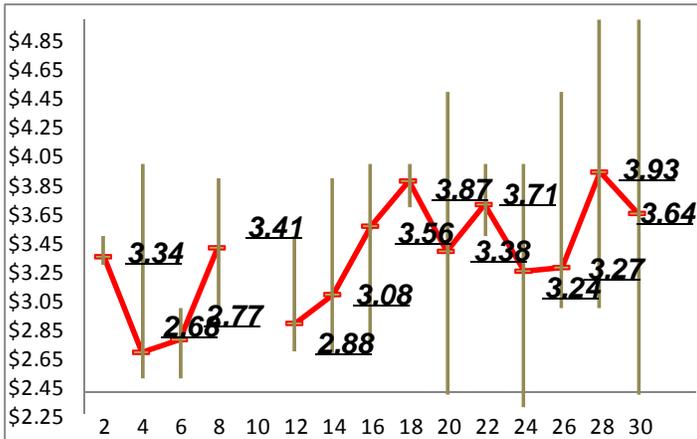
ORGANIC DAIRY MARKET NEWS

Information gathered July 16 - 27, 2012

CONTINUED FROM PAGE 8

The following graph states the bi-weekly weighted average advertised price for organic half gallons for each period of 2012, and the vertical blue lines show the corresponding price range for the period.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2012 Week



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

REGION	%	WTD. AV. ADV. PRICE \$
NE	16.7	3.44
SE	05.0	3.95
MW	04.0	4.49
SC	26.5	3.39
SW	31.0	3.80
NW	16.9	3.65
US		3.64

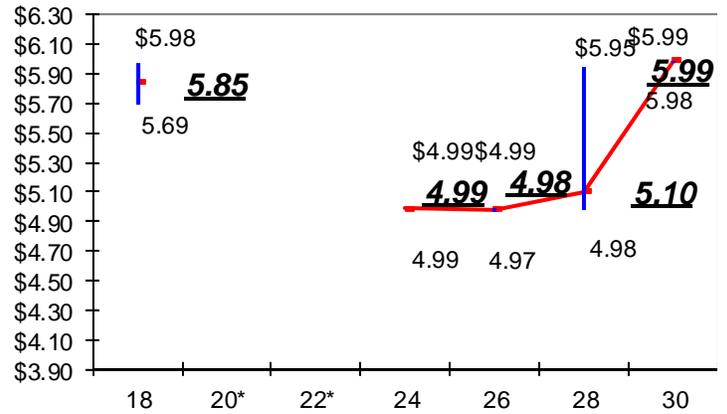
The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of \$3.64, also determined the weighted average advertised price for non-organic half gallons as \$1.81, an organic-conventional half-gallon milk advertised price spread of \$1.83. During 2012 the spread has ranged from \$0.78 to \$2.46.

Organic Milk Gallons. Ads for organic gallons appeared for the fourth consecutive reporting period, the first time this has occurred during 2012. Ads listed a high price of \$5.99 and a low of \$5.98, a 1 cent price spread. The weighted average advertised price is \$5.99.

Ad volume this period is narrowly the highest volume of 2012 and was exceeded during only three periods of 2011. A relative decline in advertising organic gallons began during the second half of 2011 and thus, the resurgence of organic gallon ads during the current four period stretch is noteworthy.

Previously, the last stretch of ads over four consecutive periods ended the first week of 2012, but the cumulative total of ads for all four periods totaled only about two-thirds of ads for the current period alone.

Advertised Organic Milk Gallon Range and Weighted Average Advertised Price by 2012 Week



ORGANIC MILK GALLON ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	53.6	5.99
SC	00.0	----
SW	46.4	5.98
NW	00.0	----
US		5.99

Organic Milk 8 Ounce. All Ads for 8 ounce containers of organic milk listed a price of \$1.00, which has become typical. All ads are for a national brand.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	52.0	1.00
MW	48.0	1.00
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		1.00

Organic Yogurt. Current organic yogurt ad numbers increased 217% from two weeks ago, after declining by 66.0% four weeks ago. The leading organic yogurt category is 4-6 ounce organic yogurt, followed closely by 4-6 ounce organic Greek yogurt, each of which is about double 32 ounce organic yogurt ads.

The Northeast led all regions in organic yogurt advertising, which has been the case during all but two of fifteen periods of 2012. Regional percentages of organic yogurt ads this period include the Northeast, 37.5%; Southeast, 18.3%; Midwest, 13.3%; Northwest, 13.1%; South Central, 10.1%; and Southwest, 7.7%.

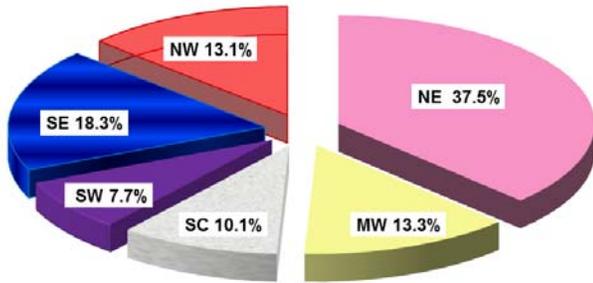
CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered July 16 - 27, 2012

CONTINUED FROM PAGE 8-A

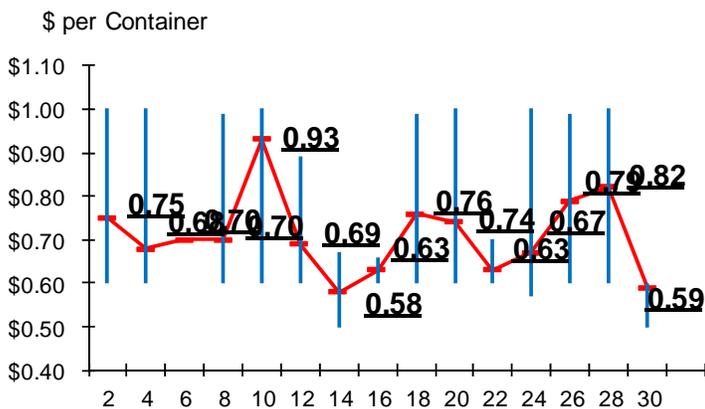
ORGANIC YOGURT FEATURES
Regional % of Surveyed Newspaper Ads
Report Week 30, 2012



4-6 Ounce Organic Yogurt. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 59 cents, down 23 cents, from two weeks ago. This is not the lowest recorded weighted average advertised price noted by this survey, but is 1 cent above the low and among the lowest since fall 2009. The top of the price range, 60 cents, has only been lower one time since fall 2009, during late January 2010. The range low price, 50 cents, has only been lower two other periods, 49 cents one time and 45 cents the other. There have been a number of periods with a range bottom price of 50 cents, but relatively few.

The following graph states the bi-weekly weighted average advertised price for 4-6 organic yogurt for each period of 2012, and the vertical blue lines show the corresponding price range for the period.

Advertised 4-6 Oz. Organic Yogurt Price Range and Weighted Average Advertised Price by 2012 Week



4-6 OUNCE ORGANIC YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	53.2	0.60
SE	32.4	0.60
MW	00.0	----
SC	14.5	0.50
SW	00.0	----
NW	00.0	----
US		0.59

4-6 Ounce Organic Greek Yogurt. Unlike ads for 4-6 ounce yogurt, ads for 4-6 ounce organic Greek yogurt appeared in all six regions. The current weighted average advertised price, \$1.14, is 11 cents below two weeks ago and 17 cents below four weeks ago.

4-6 OUNCE ORGANIC GREEK YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	20.8	1.25
SE	14.0	1.00
MW	34.2	1.25
SC	11.1	1.00
SW	19.9	1.00
NW	00.0	----
US		1.14

Organic Butter. Ads for organic ice cream ran in the Northeast and South Central regions. All Northeast ads stated a price of \$4.99 and in the South Central region, \$3.99. About two-thirds of ads are for a store brand and one third for a national brand

Organic Sour Cream. All ads for organic sour cream in 16 ounce containers ran in the Northeast at a price of \$4.49. This is the same situation as two weeks ago.

Organic Cheese. All ads for 8 ounce organic cheese appeared in the Northeast, with ads for 8 ounce blocks priced \$3.00 and 8 ounce shreds priced \$2.50. The ads for blocks are for a national brand while the ads for shreds are for a store brand.

SUPERMARKET PRICE COMPARISON:

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

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

Organic milk available in Madison stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

A table summarizing the survey results follows:

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2012 REPORTING WEEK 30

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
	(in Dollars)		
FLUID MILK			
MILK - gallon			
Whole	5.49	6.79	1.70
Nonfat (Skim)	5.49	6.79	1.70
Low fat (1%)	5.49	6.79	1.70
Reduced fat (2%)	5.49	6.79	1.70
MILK - half gallon			
Whole	3.49*	4.49	1.04*
Nonfat (Skim)	3.49*	4.49	1.04*
Reduced fat (2%)	3.49*	4.49	1.04*
Low fat (1%)	3.49*	4.49	1.04*

CONTINUED ON PAGE 8-C

ORGANIC DAIRY MARKET NEWS

Information gathered July 16 - 27, 2012

CONTINUED FROM PAGE 8-B

	LOW	HIGH	RANGE
	(in Dollars)		
FLAVMILK - half gallon			
All fat tests	3.09	5.69	2.60
YOGURT			
Yogurt - 4-6 oz			
Yogurt	0.79	1.29	0.50
CHEESE			
Cheese - 8 oz block			
Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10
Cheese - 6 oz string			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10
BUTTER			
Butter - 1 Pound	3.99	6.19	2.20

* = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFFS MARKETS :

National organic grain and feedstuffs were mixed, with light to moderate demand and light offerings. Corn averaged a slightly lower price, while beans averaged a higher price. Much of the corn movement this period was comprised of partial loads, because the supplies in most areas are very sparse. Drought concerns have halted new crop contracting for some farmers, who are reportedly waiting to see what their harvest will look like this fall before taking further steps to market new crop grain. Concern over market prices is on the minds of many, with some feeling as though the market should and will go higher. Others are very concerned that higher prices could later result in detriment to feed ingredient markets similar to that of the wheat market after the price spikes of 2008. Time will tell in these matters, but there is significant concern as to how these prices can continue in current economic conditions. Feed grade rye was lower on a light test, while movement on wheat increased somewhat this period due to new crop harvest in progress. Additional livestock and grain market news information is available at: <http://www.ams.usda.gov/mnreports/lbfnof.pdf>

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

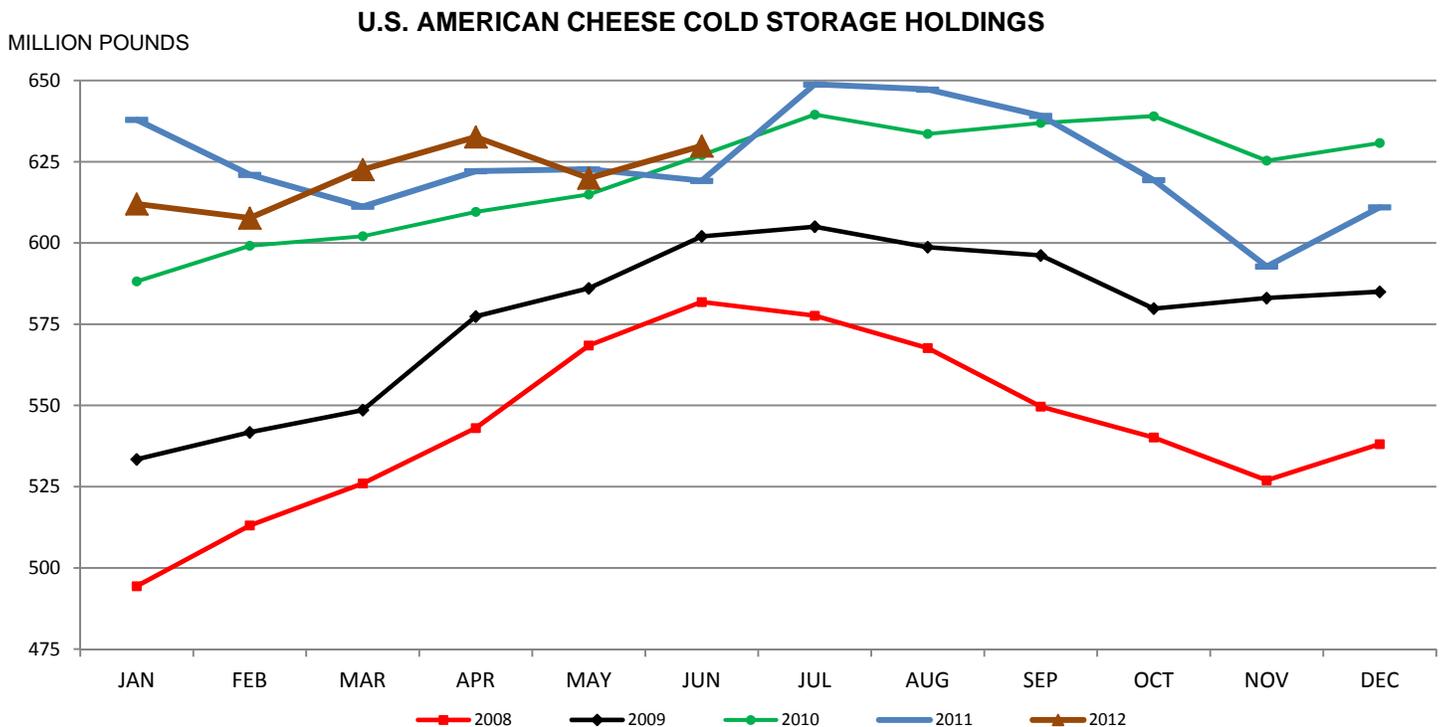
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under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

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAY 31, 2010	MAY 31, 2011	REVISED MAY 31, 2012	JUNE 30, 2010	JUNE 30, 2011	JUNE 30, 2012
Butter	212,488	170,095	261,586	197,601	190,310	242,689
Cheese, Natural American	614,935	622,672	619,971	627,053	619,147	629,869
Cheese, Swiss	27,339	33,702	29,576	26,978	34,363	30,470
Cheese, Other Natural	384,533	392,811	375,037	383,788	397,914	388,982
Total Cheese	1,026,807	1,049,185	1,024,584	1,037,819	1,051,424	1,049,321

JUNE STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
New England	37,233	39,185	39,402	---	---	---	507	821	801
Middle Atlantic	46,053	54,331	51,365	---	---	---	21,200	21,869	17,851
East North Central	267,637	259,310	283,501	---	---	---	259,363	270,431	290,957
West North Central	103,143	104,259	95,676	---	---	---	71,169	68,847	37,185
South Atlantic	2,912	62	39	---	---	---	311	6,690	6,596
East South Central	1,783	1,770	1,822	---	---	---	192	214	268
West South Central	3,103	4,879	7,042	---	---	---	1,475	1,223	1,086
Mountain	56,220	53,069	49,631	---	---	---	7,345	6,638	7,127
Pacific	108,969	102,282	101,391	---	---	---	22,226	21,181	27,111
TOTAL	627,053	619,147	629,869	197,601	190,310	242,689	383,788	397,914	388,982

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



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

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	633	622	226	147	226	147	0	0
May	262	170	620	623	215	163	215	163	0	0
June	243	190	630	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, May 2012*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, July 2012*.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
AUGUST 2012, WITH COMPARISONS 1/**

For August 2012, the all-city average announced cooperative Class I price was \$21.59 per cwt., \$2.42 higher than the Federal milk order (FMO) Class I price average for these cities. The August 2012 Cooperative Class I price was \$1.01 higher than the July 2012 price. The August 2012 Federal order Class I price was \$1.04 higher than the July 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$0.50 in Phoenix, AZ, to \$4.13 in Miami, FL. For August 2011, the all-city average announced cooperative Class I price was \$26.60, \$2.53 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

City	AUGUST 2012		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	23.57	20.35	3.22
Baltimore, MD	21.22	19.55	1.67
Boston, MA	21.60	19.80	1.80
Charlotte, NC	23.24	19.95	3.29
Chicago, IL	21.95	18.35	3.60
Cincinnati, OH	21.63	18.75	2.88
Cleveland, OH	21.43	18.55	2.88
Dallas, TX	20.23	19.55	0.68
Denver, CO	20.50	19.10	1.40
Des Moines, IA	21.08	18.35	2.73
Detroit, MI	21.20	18.35	2.85
Hartford, CT	21.50	19.70	1.80
Houston, TX	21.48	20.15	1.33
Indianapolis, IN	21.43	18.55	2.88
Kansas City, MO	20.77	18.55	2.22
Louisville, KY	21.94	18.85	3.09
Memphis, TN	22.54	19.45	3.09
Miami, FL	26.68	22.55	4.13
Milwaukee, WI	21.90	18.30	3.60
Minneapolis, MN	20.81	18.25	2.56
New Orleans, LA	22.44	20.35	2.09
Oklahoma City, OK	21.23	19.15	2.08
Omaha, NE	20.83	18.40	2.43
Philadelphia, PA	22.69	19.60	3.09
Phoenix, AZ	19.40	18.90	0.50
Pittsburgh, PA	22.34	18.65	3.69
St. Louis, MO	20.92	18.55	2.37
Seattle, WA	19.27	18.45	0.82
Springfield, MO	21.53	18.95	2.58
Washington, DC	21.22	19.55	1.67
Wichita, KS	20.65	18.75	1.90
Simple Average	21.59	19.17	2.42

1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

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

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, JUNE 2012

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for June have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During June, more than 9.7 billion pounds of milk were received from producers. This volume of milk is 9.5 percent lower than the June 2011 volume. In June 2011 and June 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.3 billion pounds of producer milk were used in Class I products, 1.3 percent lower than the previous year. The all-market average Class utilization percentages were: Class I = 35%, Class II = 15%, Class III = 37% and Class IV = 13%. The weighted average statistical uniform price was \$16.13 per cwt., \$0.02 lower than last month and \$4.91 lower than last year.

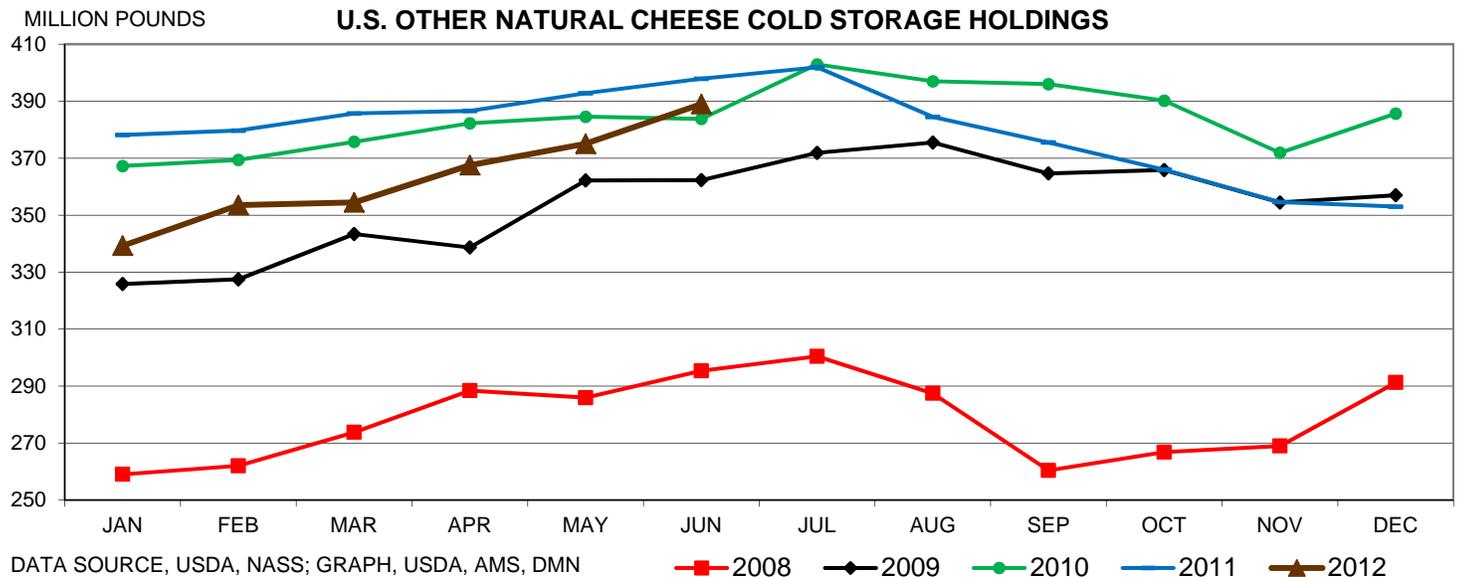
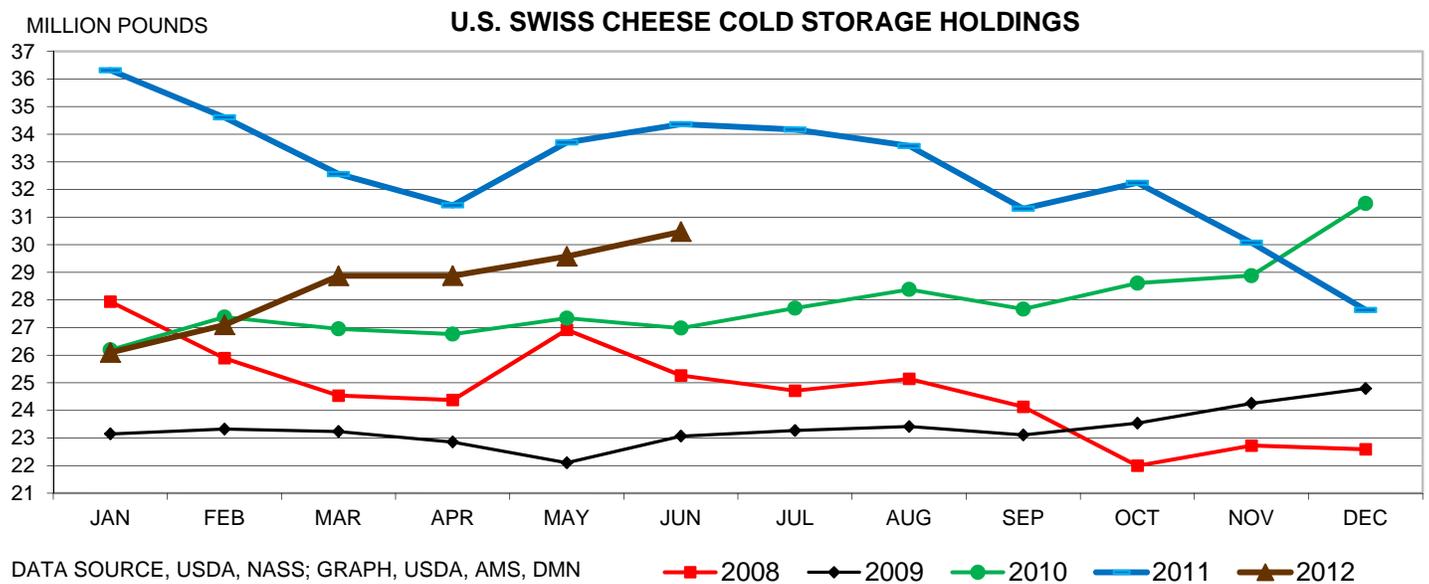
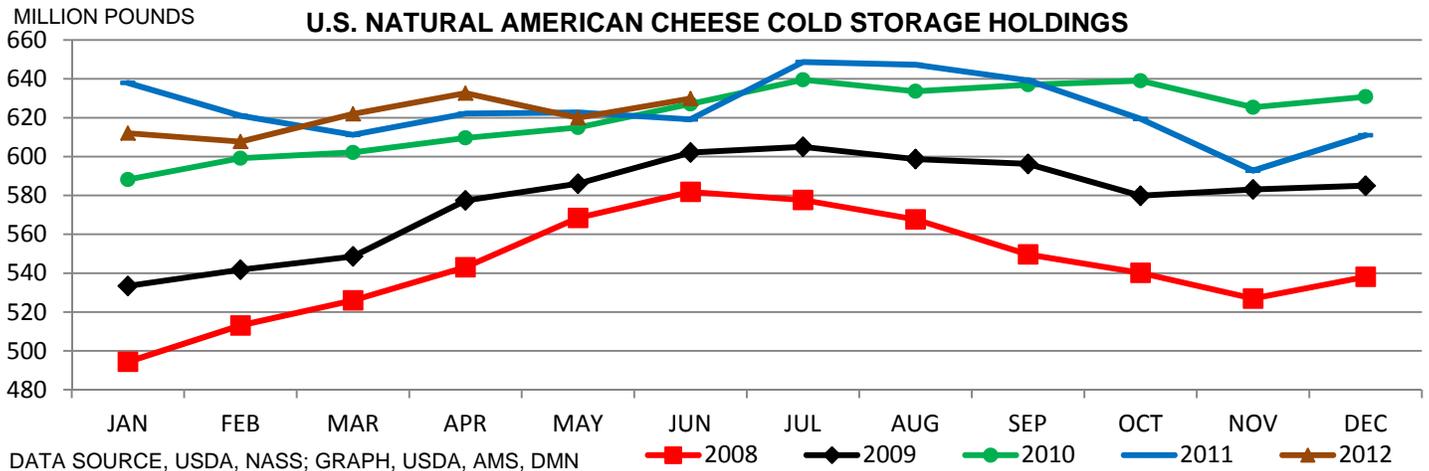
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 2012										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	2,024.9	1.4	772.5	-0.7	38	27	24	11	16.58
Appalachian (Charlotte)	005	474.2	-9.9	306.2	-8.5	65	15	10	10	17.45
Florida (Tampa)	006	227.0	0.0	185.4	-0.9	82	8	6	4	19.73
Southeast (Atlanta)	007	550.1	-3.1	345.7	-1.3	63	10	15	12	17.86
Upper Midwest (Chicago)	030 3/	2,582.1	-7.1	293.6	-8.9	11	7	79	3	15.70
Central (Kansas City)	032 3/	1,026.5	-17.0	371.1	10.1	36	16	29	19	15.38
Mideast (Cleveland)	033 3/	1,414.4	10.2	464.0	-0.5	33	20	31	16	15.53
Pacific Northwest (Seattle)	124 3/	451.9	-35.9	177.3	0.0	39	9	12	40	15.06
Southwest (Dallas)	126 3/	544.1	-46.0	321.2	-1.4	59	18	6	17	16.67
Arizona (Phoenix)	131	391.6	3.1	105.4	-1.0	27	8	27	38	15.18
ALL MARKET AVERAGE OR TOTAL	3/	9,686.9	-9.5	3,342.3	-1.3	35	15	37	13	16.13

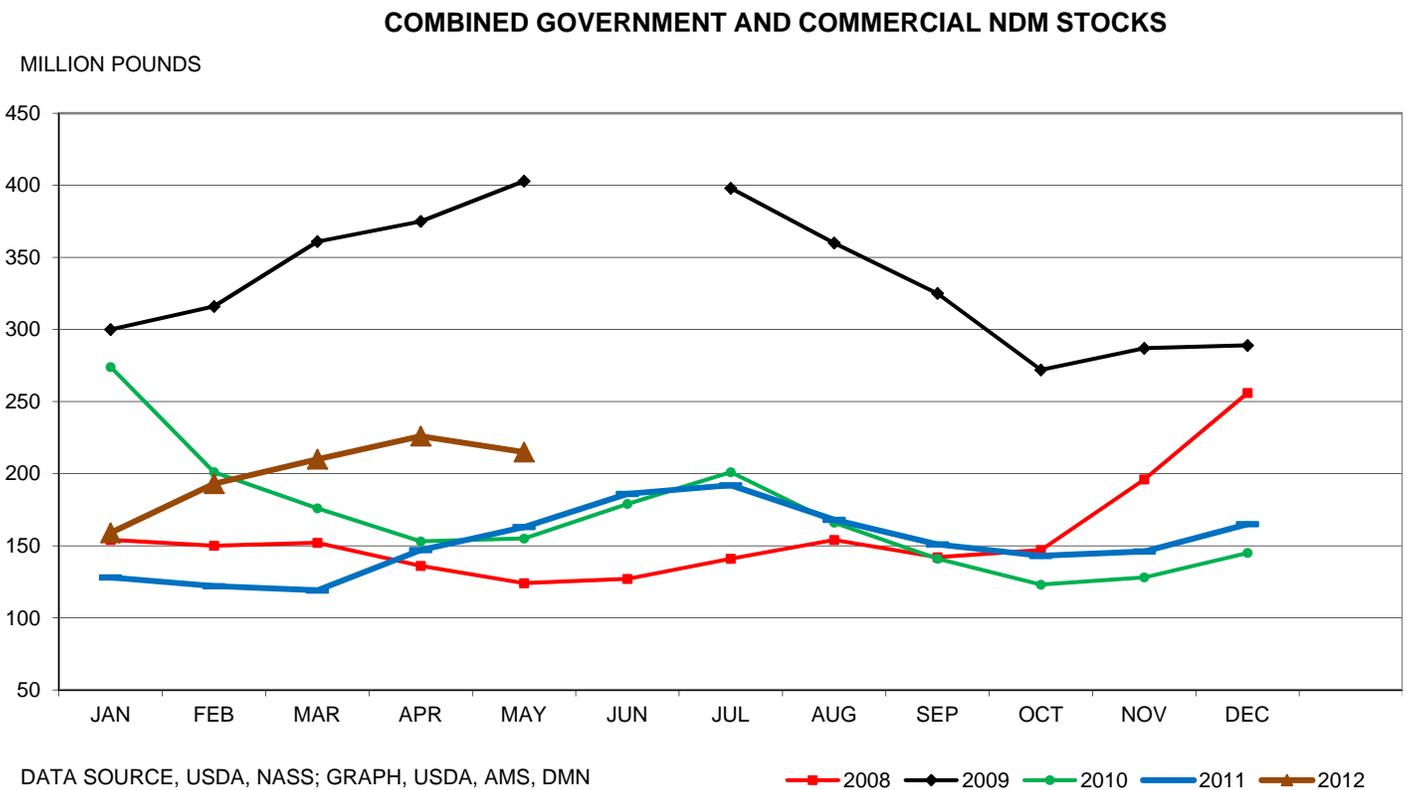
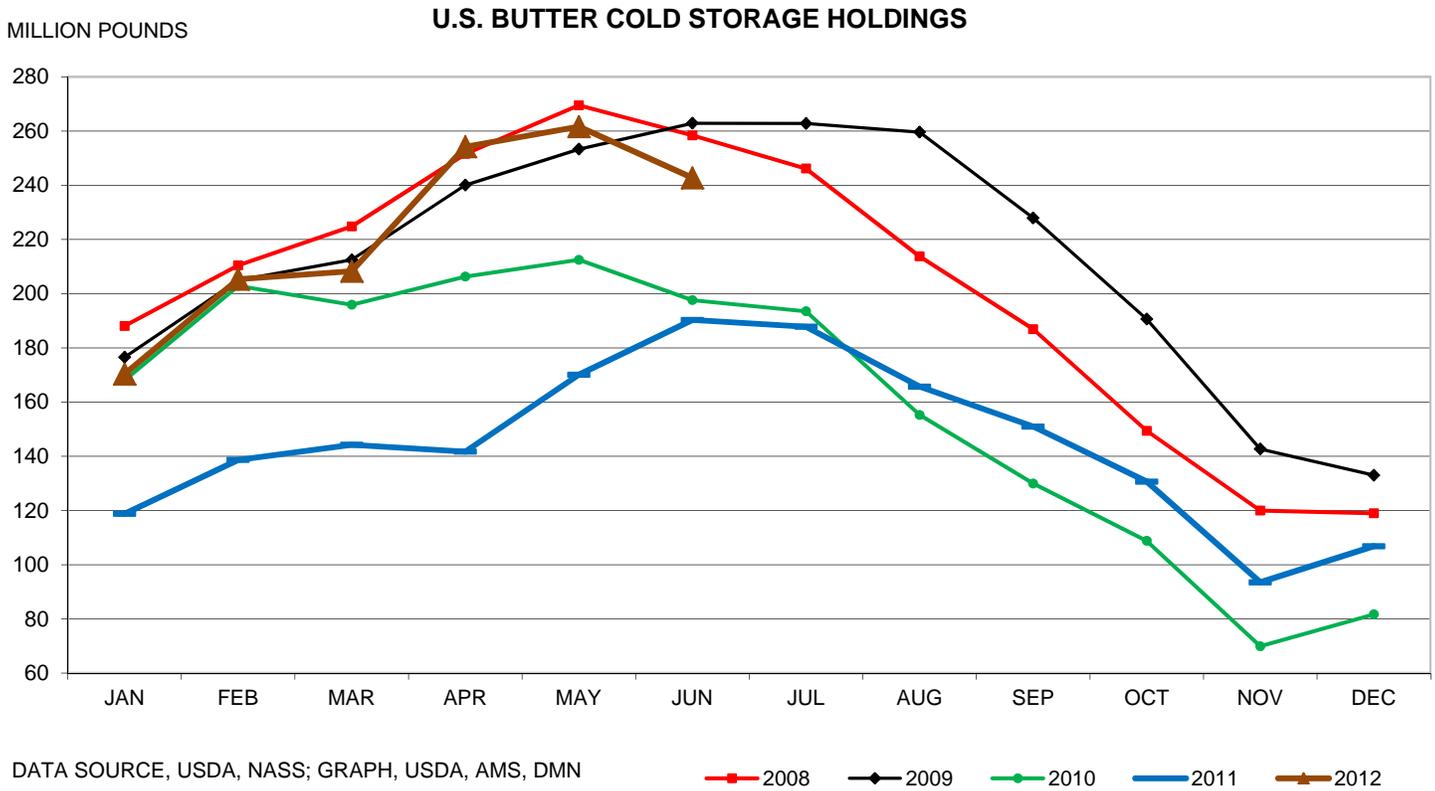
1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 1.417 billion pounds of milk that normally would have been associated with these markets. In June 2011, the estimated not pooled volume of milk was 408 million pounds, occurring in order numbers 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is -0.1%.

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DAIRY MARKET NEWS

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Dairy Market News Branch

Agricultural
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National Dairy Retail Report

Websites: <http://www.marketnews.usda.gov/portal/da> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

Volume 79- Number 30

Issued Biweekly

Thursday, July 26, 2012

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 07/16 to 07/27

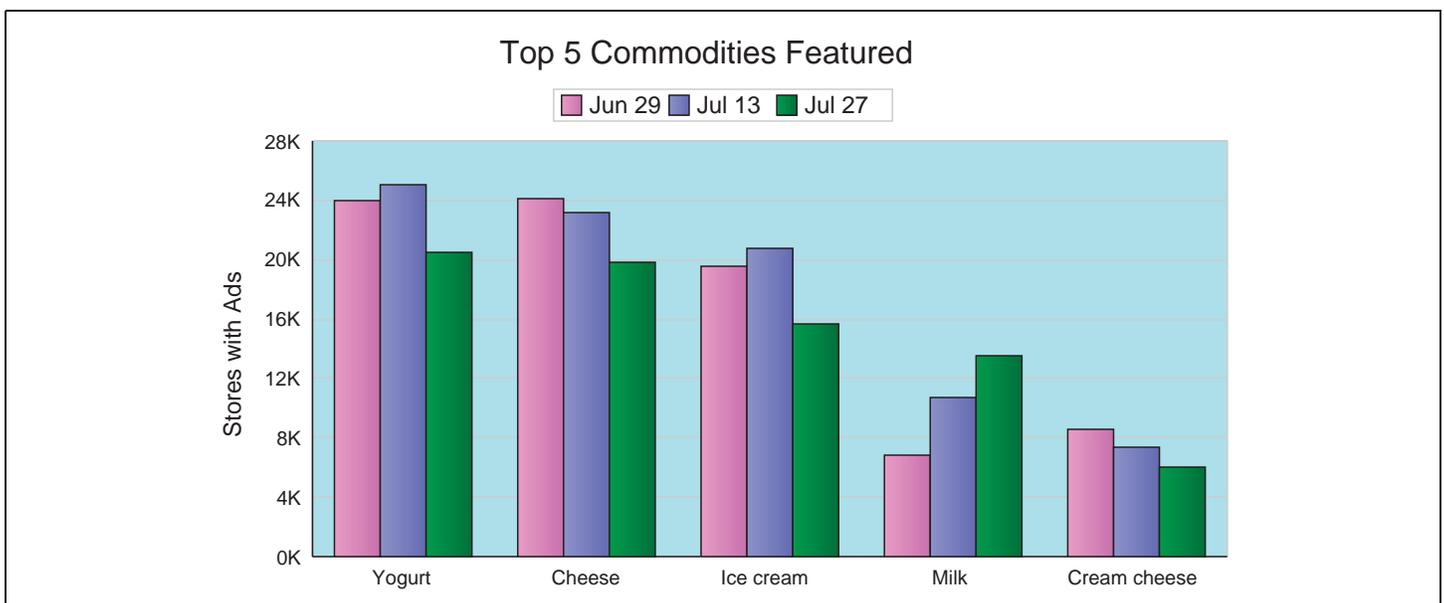
Total dairy retail ads declined significantly this week, showing a 20.1% decline compared to the previous reporting period. Conventional dairy ads heavily influenced the decline as all but 3 of the 18 dairy commodities reported fewer ads. Only cheese in 1# blocks, milk in gallons and yogurt in 32 ounce containers showed increases in the number of retail ads. In contrast to the conventional ads, organic ads showed a 183.1% increase in ads compared to the previous reporting period. Only cream cheese and ice cream showed less organic ads than the previous reporting period.

The weighted average advertised price for 48-64 ounce ice cream containers is \$3.03, down 5.9%. Ice cream remained the most advertised category. Ice cream ads may have peaked for the season the previous reporting period as July Ice cream Month promotions begin to wind down. Ice cream ads declined 24.0% this reporting period.

The weighted average advertised price of 4-6 ounce yogurt is \$.50 and is \$1.00 for 4-6 ounce Greek yogurt. The weighted average advertised price of each is unchanged from the last survey period. Ad numbers for 4-6 ounce yogurt and 4-6 ounce Greek yogurt declined by over 5,000 ads, but combined, continue to make up the majority of yogurt ads. Yogurt ad numbers decreased 20.1% from two weeks ago.

The most advertised cheese category, 8 ounce shreds, has a weighted average advertised price of \$2.16, down 2 cents from last cycle. The average price for 8 ounce blocks, \$2.20, decreased 7 cents from the last cycle. Cheese ad numbers declined 15.0% from the last survey period.

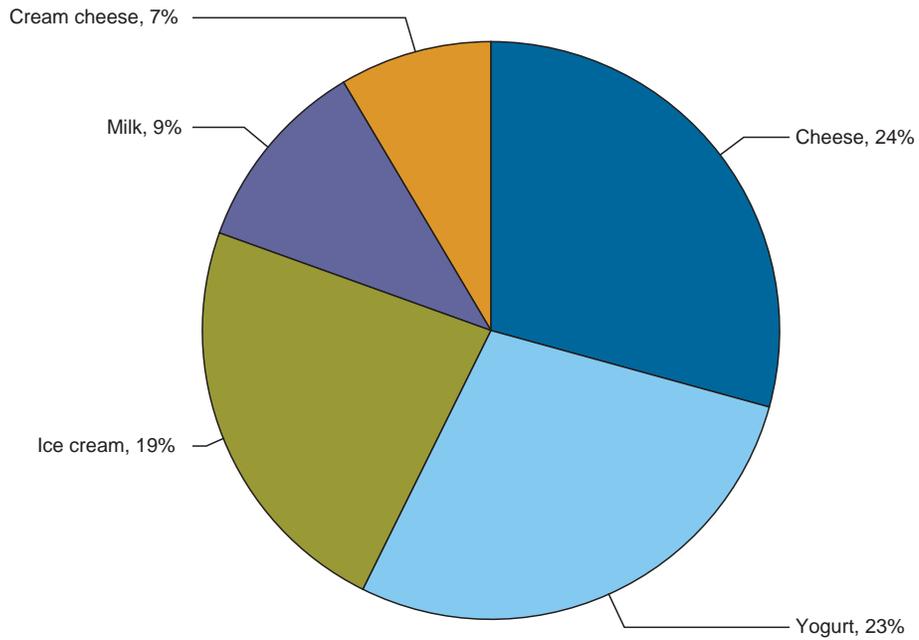
Conventional milk's national weighted average advertised price for half gallons this period, \$1.81, is 16 cents below two weeks ago. Ads for store brands greatly outnumbered national brands with 81.1% of the total milk ads, while national brands comprised the remaining 18.9%. Organic milk's national weighted average advertised price for half gallons, \$3.64, is down 29 cents from last period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.83, down from \$1.96 two weeks ago. More ads for half gallons of organic milk appeared for national brands than store brands.



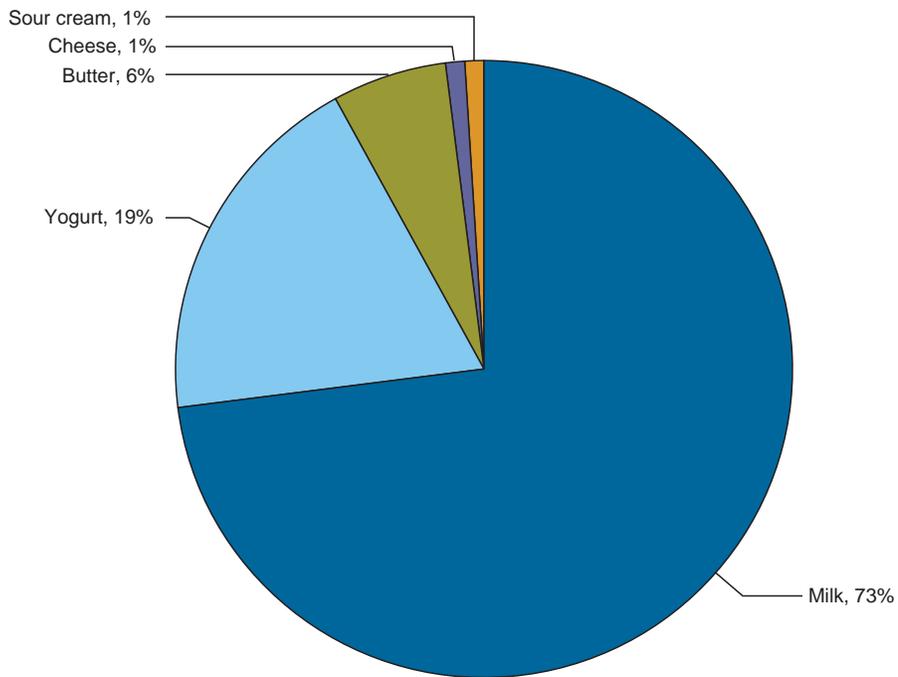
1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.

2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3653	2.34	5245	2.52
Cheese	Natural Varieties	8 oz block	8085	2.20	8739	2.27
Cheese	Natural Varieties	1 # block	1793	3.94	1475	4.28
Cheese	Natural Varieties	2 # block	355	5.39	1113	5.93
Cheese	Natural Varieties	8 oz shred	9021	2.16	11027	2.18
Cheese	Natural Varieties	1 # shred	493	4.12	881	4.60
Cottage cheese		16 oz	2397	1.85	2948	1.97
Cream cheese		8 oz	6006	1.41	7285	1.46
Flavored milk	All fat tests	half gallon	390	1.82	797	2.23
Flavored milk	All fat tests	gallon	813	4.41	1030	3.82
Ice cream		48-64oz	15698	3.03	20663	3.22
Milk	All fat tests	half gallon	1542	1.81	3028	1.97
Milk	All fat tests	gallon	6255	2.82	5536	2.67
Sour cream		16 oz	4859	1.45	6162	1.50
Yogurt	Greek	4-6 oz	8868	1.00	11483	1.00
Yogurt	Greek	32 oz	99	3.46	546	3.34
Yogurt	Yogurt	4-6 oz	9016	.50	11840	.50
Yogurt	Yogurt	32 oz	975	2.15	722	2.44

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.49-3.49	1796	2.14	2.00-3.00	888	2.56	1.99-2.49	452	2.05
Cheese	Natural Varieties	8 oz block	1.33-3.00	2664	2.20	2.00-4.99	1347	2.54	1.50-2.50	1323	1.93
Cheese	Natural Varieties	1 # block	2.69-3.99	783	3.39	3.99	132	3.99	4.49-4.99	202	4.93
Cheese	Natural Varieties	2 # block				4.99	214	4.99			
Cheese	Natural Varieties	8 oz shred	1.49-3.29	3332	2.34	1.67-3.29	1577	2.17	1.25-2.29	1652	1.88
Cheese	Natural Varieties	1 # shred	3.00-3.99	145	3.53				3.99-4.99	230	4.81
Cottage cheese		16 oz	1.99-2.99	1113	2.26	1.00-2.49	285	1.65	1.00-1.99	768	1.34
Cream cheese		8 oz	0.88-2.50	1326	1.36	0.99-1.97	2215	1.50	0.99-2.50	1085	1.39
Flavored milk	All fat tests	half gallon	1.99-2.25	182	2.07	2.99	30	2.99	1.00-2.00	178	1.38
Flavored milk	All fat tests	gallon	4.49	516	4.49	2.79-4.49	96	3.83	4.49	201	4.49
Ice cream		48-64oz	1.99-3.50	4157	2.70	1.99-5.50	1948	3.11	2.00-4.88	1894	3.06
Milk	All fat tests	half gallon	2.19-2.99	300	2.69	1.25-2.19	192	1.57	1.25-2.00	272	1.68
Milk	All fat tests	gallon	2.99-3.99	936	3.36	2.79-3.79	1756	3.02	1.99-3.50	713	2.76
Sour cream		16 oz	0.99-2.49	1460	1.51	1.00-1.69	840	1.27	1.00-1.69	1051	1.15
Yogurt	Greek	4-6 oz	0.88-1.25	3573	1.03	0.88-1.25	2160	1.02	0.80-1.00	1734	.99
Yogurt	Yogurt	4-6 oz	0.33-0.75	3173	.51	0.40-0.75	1861	.52	0.38-0.75	1481	.52
Yogurt	Yogurt	32 oz	1.99-2.50	593	2.10				2.00-2.99	277	2.21

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-2.99	277	2.78	2.99-3.29	211	3.09	2.29	29	2.29
Cheese	Natural Varieties	8 oz block	1.34-2.50	710	1.95	1.25-2.50	1373	2.37	1.99-2.00	668	2.00
Cheese	Natural Varieties	1 # block	2.99	43	2.99	2.87-4.99	431	4.05	4.99	202	4.99
Cheese	Natural Varieties	2 # block				4.99	68	4.99	6.89-6.99	73	6.94
Cheese	Natural Varieties	8 oz shred	1.34-3.29	1036	2.36	1.25-2.50	996	1.78	1.50-2.50	428	2.14
Cheese	Natural Varieties	1 # shred				3.50	118	3.50			
Cottage cheese		16 oz				1.25-1.99	231	1.78			
Cream cheese		8 oz	0.99-2.00	566	1.20	0.99-1.49	750	1.35	1.39-2.50	64	1.89
Ice cream		48-64oz	2.50-4.00	2317	3.33	2.49-4.49	3986	3.09	2.00-3.99	1396	3.16
Milk	All fat tests	half gallon	1.58-2.50	99	2.23	1.49	541	1.49	1.00-2.19	138	1.39
Milk	All fat tests	gallon	1.97-2.58	498	2.11	1.57-2.99	1736	2.65	2.49-2.59	616	2.53
Sour cream		16 oz	1.00-1.69	659	1.52	0.99-2.50	740	1.86	1.69	109	1.69
Yogurt	Greek	4-6 oz	0.80-1.00	387	.93	0.80-1.00	986	.89	1.00	28	1.00
Yogurt	Greek	32 oz				3.99	64	3.99	2.50	35	2.50
Yogurt	Yogurt	4-6 oz	0.40-0.69	846	.50	0.34-0.68	1217	.46	0.29-0.50	438	.44
Yogurt	Yogurt	32 oz	1.98	30	1.98	1.99-2.79	75	2.36			

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	500	4.32		
Cheese	Natural Varieties	8 oz block	32	3.00		
Cheese	Natural Varieties	8 oz shred	32	2.50		
Cream cheese		8 oz			32	3.00
Ice cream		48-64oz			87	4.49
Milk	All fat tests	half gallon	4646	3.64	1331	3.93
Milk	All fat tests	gallon	308	5.99	230	5.10
Milk	All fat tests	8 oz UHT	831	1.00	583	1.00
Sour cream		16 oz	56	4.49	56	4.49
Yogurt	Greek	4-6 oz	587	1.14	87	1.25
Yogurt	Yogurt	4-6 oz	602	.59	390	.82
Yogurt	Yogurt	32 oz	321	2.99		

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	167	4.99						

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block	3.00	32	3.00						
Cheese	Natural Varieties	8 oz shred	2.50	32	2.50						
Milk	All fat tests	half gallon	3.29-3.89	774	3.44	3.89-3.99	233	3.95	4.49	185	4.49
Milk	All fat tests	gallon							5.99	165	5.99
Milk	All fat tests	8 oz UHT				1.00	432	1.00	1.00	399	1.00
Sour cream		16 oz	4.49	56	4.49						
Yogurt	Greek	4-6 oz	1.25	122	1.25	1.00	82	1.00	1.25	201	1.25
Yogurt	Yogurt	4-6 oz	0.60	320	.60	0.60	195	.60			
Yogurt	Yogurt	32 oz	2.99	123	2.99						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99	135	3.99				3.99	198	3.99
Milk	All fat tests	half gallon	2.39-4.99	1229	3.39	2.69-3.99	1439	3.80	2.99-3.99	786	3.65
Milk	All fat tests	gallon				5.98	143	5.98			
Yogurt	Greek	4-6 oz	1.00	65	1.00	1.00	117	1.00			
Yogurt	Yogurt	4-6 oz	0.50	87	.50						
Yogurt	Yogurt	32 oz							2.99	198	2.99

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

Commodity	Type	Pack Size	NATIONAL BRANDS				STORE BRANDS			
			Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99	3.49	740	3.00	1.49	3.00	2913	2.17
Cheese	Natural Varieties	8 oz block	1.33	4.99	3296	2.40	1.25	2.50	4789	2.07
Cheese	Natural Varieties	1 # block	2.99	4.99	856	3.93	2.69	4.99	937	3.95
Cheese	Natural Varieties	2 # block	6.89	6.99	73	6.94	4.99	4.99	282	4.99
Cheese	Natural Varieties	8 oz shred	1.66	3.29	5259	2.43	1.25	2.50	3762	1.78
Cheese	Natural Varieties	1 # shred	3.50	4.99	294	4.39	3.00	4.49	199	3.72
Cottage cheese		16 oz	1.69	2.50	847	1.95	1.00	2.99	1550	1.80
Cream cheese		8 oz	.99	2.50	2980	1.52	.88	2.00	3026	1.29
Flavored milk	All fat tests	half gallon	1.50	2.99	189	2.07	1.00	2.25	201	1.59
Flavored milk	All fat tests	gallon	4.49	4.49	776	4.49	2.79	2.79	37	2.79
Ice cream		48-64oz	1.99	5.50	8616	3.07	1.99	4.49	7082	2.98
Milk	All fat tests	half gallon	1.67	2.99	410	2.51	1.00	2.19	1132	1.55
Milk	All fat tests	gallon	2.99	3.79	1066	3.20	1.57	3.99	5189	2.74
Sour cream		16 oz	.99	2.50	1829	1.75	.99	1.99	3030	1.27

Wtd Avg - Simple weighted average



			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Yogurt	Greek	4-6 oz	.89	1.25	7361	1.02	.80	1.00	1507	.87
Yogurt	Greek	32 oz	3.99	3.99	64	3.99	2.50	2.50	35	2.50
Yogurt	Yogurt	4-6 oz	.33	.75	6099	.53	.29	.75	2917	.44
Yogurt	Yogurt	32 oz	2.00	2.50	460	2.23	1.98	2.99	515	2.08

NATIONAL -- ORGANIC DAIRY PRODUCTS
NATIONAL BRANDS vs STORE BRANDS

			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	4.99	167	4.99	3.99	3.99	333	3.99
Cheese	Natural Varieties	8 oz block	3.00	3.00	32	3.00				
Cheese	Natural Varieties	8 oz shred					2.50	2.50	32	2.50
Milk	All fat tests	half gallon	3.49	4.99	3134	3.94	2.39	3.50	1512	3.02
Milk	All fat tests	gallon	5.99	5.99	165	5.99	5.98	5.98	143	5.98
Milk	All fat tests	8 oz UHT	1.00	1.00	831	1.00				
Sour cream		16 oz					4.49	4.49	56	4.49
Yogurt	Greek	4-6 oz	1.00	1.25	587	1.14				
Yogurt	Yogurt	4-6 oz	.50	.60	407	.58	.60	.60	195	.60
Yogurt	Yogurt	32 oz	2.99	2.99	198	2.99	2.99	2.99	123	2.99

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
NATIONAL	Continental United States