NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (09/21):
BUTTER: Grade AA closed at $1.8900. The weekly average for Grade AA is $1.8700 (+.0280).
CHEESE: Barrels closed at $1.9600 and 40# blocks at $2.0000. The weekly average for barrels is $1.9045 (+.1075) and blocks, $1.9490 (+.1035).

BUTTER HIGHLIGHTS: The CME cash butter price continues to strengthen and the current price of $1.8900 is the highest cash price in over a year. The current cash price compares to $1.8500 last Friday and $1.8000 a month and year ago. Churning schedules are seasonally active. Cream supplies are generally more available to butter operations as Class II needs have eased and standardized cream volumes increase. Although cream supplies are more available, some butter producers continue to seek additional cream volumes for current and future butter needs. Many butter producers are aligning butter inventories and future churning schedules with end of year needs. Most butter producers and handlers are indicating that end of year needs are developing positively. Current retail orders are seasonally strong and good orders are being placed. Suppliers and handlers are stating that it appears that some buyers may be procuring a little heavier at this time and carrying an inventory versus coming up short later in the year. Food service orders are steady, but future orders are being booked for upcoming holiday needs. Cooperatives Working Together continues to extend assistance with butter exports. The most recent announcement indicated that assistance was awarded for 357,149 pounds of butter for delivery now through February. According to FAS, quota imports of butter for the period of January - August of this year totaled 4.90 million pounds, 1.3% less than the same period in 2011. These imports accounted for 31.9% of the total quota for 2012.

CHEESE HIGHLIGHTS: Cheese prices moved sharply higher this week at the CME Group. Sales activity was moderate with buyers looking to take possession of offered supplies. Daily price increases were the norm this week. Cheese production schedules were constrained by tight milk supplies and higher costs for many milk solids. Demand for cheese increased as additional buyers looked to fill holiday needs before any anticipated price increases. Retail and food service sales are good. Demand for mozzarella is reported to be very good as food service and pizza makers increased orders. Contract needs are being filled in an orderly manner in most cases. Export demand is lighter following recent price increases. Sales are being assisted by the Cooperatives Working Together program. As reported in the National Dairy Retail Report, sales of 8 oz. shred cheese was 17 cents lower than two weeks ago at an average of $2.07 per package. The weekly average price for barrels at the CME Group was $1.9045. The weekly average for blocks was $1.9490. Both are highs for the year.

FLUID MILK: Farm milk production is transitional across the country. Southern and Southwestern areas note milk production has crossed the threshold into a new production season. Milk production in other areas is drawing close to the seasonal low point. Fluid milk demand moved higher this week, especially at the front end of the week. A few milk handlers indicated spot milk loads were difficult to find and some fluid orders waited until the end of the week for fulfillment. Supplies of manufacturing milk are light and plants across the country indicate they are operating well below capacity due to the squeeze on milk supplies. Cream supplies are steady, with upticks in demand from cream cheese and dips replacing slowing ice cream and ice cream mix interest. Condensed skim demand is active into all accounts. Milk handlers indicate they are meeting contract demands, but spot loads of condensed skim are less available. A few end users indicate they are digging into their nonfat dry milk inventories to supplement nonfat solids into various manufacturing uses.

DRY PRODUCTS: Dry product prices pinned to dairy protein content noted stronger prices this week in most categories. Low and medium heat nonfat dry milk mostly prices gained in the Central/East while West price gains outpaced modest decreases. In the face of these price trends, buyer interest is somewhat slower for taking positions on nonfat dry milk. Dry buttermilk prices moved strongly higher in the Central/East, gaining 8 cents on the top of the range. West dry buttermilk mostly prices gained 3.5 and 6.5 cents respectively on the bottom and top of that series, with some fallback on the top of the range due to lack of product versus lack of interest.

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

CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 17	TUESDAY SEP 18	WEDNESDAY SEP 19	THURSDAY SEP 20	FRIDAY SEP 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$1.8450	$1.8725	$1.9050	$1.9400	$1.9600		$1.9045
	(+.0175)	(+.0275)	(+.0325)	(+.0350)	(+.0200)	(+.1325)	(+.1075)
40# BLOCKS	$1.8850	$1.9100	$1.9500	$2.0000	$2.0000		$1.9490
	(+.0125)	(+.0250)	(+.0400)	(+.0500)	(N.C.)	(+.1275)	(+.1035)
NONFAT DRY MILK							
EXTRA GRADE	$1.6350	$1.6350	$1.6350	$1.6350	$1.6350		$1.6350
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)
GRADE A	$1.6900	$1.6900	$1.6900	$1.6900	$1.6900		$1.6900
	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(N.C.)	(-.0060)
BUTTER							
GRADE AA	$1.8500	$1.8525	$1.8675	$1.8900	$1.8900		$1.8700
	(N.C.)	(+.0025)	(+.0150)	(+.0225)	(N.C.)	(+.0400)	(+.0280)

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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Whey protein concentrate 34% prices shifted higher as the availability of bargain-priced spot loads tightened. Dry whey prices moved higher in all three regions. Spot market pricing from manufacturers and resellers shows confidence in pricing for the balance of 2012. Production of all dry products is below capacity as milk supplies across the country funnel strongly toward filling bottler and spoonable/fluid cream demands.

ORGANIC DAIRY MARKET NEWS (DMN): The national weighted average advertised price of organic milk half gallons, $3.23, is 24 cents lower than two weeks ago and 68 cents lower than 4 weeks ago. The price range is $3.99 to $2.49, significantly lower on both ends of the range with upper end of the range declining $1.00, while the low end of the range declined 50 cents. The weighted average advertised price for non-organic half gallons is $2.41, which results in an organic-conventional half-gallon milk advertised price spread of $0.82, down 22 cents from two weeks ago and 83 cents from 4 weeks ago. This period the concentration of advertised organic half gallon brands shifted predominately to store brands with store brands outpacing national brands nearly 5 to 1. Ads for 8 ounce containers of organic milk listed a price ranged from $0.79 to $1.25. The national weighted average advertised price is $0.98, up from $0.97 last period. The volume of ads this period is down from the previous period, but is the second highest total for this year. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 82 cents, up 17 cents from two weeks ago. The price range was $1.00 to $.60. National organic grain and feedstuffs were lightly tested due to new crop harvest beginning in the near future for many in the Midwest. Corn and soybeans were mostly steady with light to moderate demand, as many are doing all they can to hold off purchasing grain until new crop, when supplies are more plentiful. Many are anticipating that prices will be at levels that are financially more sound than prices as of late, however, some farmers are reportedly hesitant to sign contracts until they are in the fields and have an idea of their yields.

INTERNATIONAL UPDATE (DMN): At the September 18 g/DT session #76, prices for all products traded and contracting periods were mixed, ranging from a decline of 10.6% for January 2013 anhydrous milk fat to a 7.2% gain in February 2013 skim milk powder when compared to the previous contracting periods. Average prices for all contracting periods and individual products were 9.8% lower to a positive 4.7%. The various products price average (per MT) and percentage change from the previous average are: anhydrous milk fat, $3,199, -9.8%; buttermilk powder, $3,029, -2.0%; cheddar cheese, $3,589, +1.0%; milk protein concentrate, $5,953, -3.4%; rennet casein, $8,145, +4.2%; skim milk powder, $3,339, +4.7%; and whole milk powder, $3,036, +2.0%.

NATIONAL DAIRY RETAIL REPORT (DMN): The big shift in dairy advertising during this reporting period is the decline in cheese ad numbers and increase in yogurt ad numbers, the second and third largest categories. Ice cream ads rebounded even though Labor Day has passed and fall has almost arrived. The most advertised cheese category, 8 ounce shredded, has a national weighted average advertised price of $2.07, a 7.6% price decrease from last cycle. The weighted average price for 8-ounce blocks, $2.08, is a 9.6% price decrease from the last cycle. The weighted average advertised price of 4-6 ounce yogurt is $.52, unchanged from two weeks ago, and for 4-6 ounce Greek yogurt $1.00, also unchanged. The weighted average advertised price for 48-64 ounce ice cream containers is $3.11, up 1% from two weeks ago. Ice cream in 48-64 ounce containers remains the single most advertised item this survey period. However, if all package sizes of yogurt are totaled, yogurt has more ads than 48-64 ounce ice cream, with cheese in third place. Cheese and yogurt reversed position from two weeks ago, with total cheese ads declining 23.0% and yogurt ads increasing 84.0%. Conventional milk's national weighted average advertised price for half gallons this period, $2.41, is 2 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, $3.23, is down 24 cents, after declining 44 cents two weeks ago. This results in an organic-conventional half-gallon milk advertised price spread of $0.82, down from $1.04 two weeks ago and $1.65 four weeks ago.

AUGUST MILK PRODUCTION (NASS): Milk production in the 23 major States during August totaled 15.3 billion pounds, down 0.2% from August 2011. This is the first time since January 2010 when monthly milk production fell below year ago volumes. Production per cow averaged 1,803 pounds for August, 10 pounds below August 2011. The number of milk cows on farms was 8.50 million head, 32,000 head more than August 2011, but 4,000 head less than July 2012.

FEDERAL MILK ORDER ADVANCE PRICE HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base Class I price for October 2012 is $18.88. This price is derived from the advanced Class III skim milk pricing factor of $12.31 and the advanced butterfat pricing factor of $2.0008. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to September 2012, the base Class I price increased $1.29 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), $1.25 per cwt., $0.107 per gallon; reduced fat milk (2%), $1.06 per cwt., $0.091 per gallon; fat-free (skim milk), $0.82 per cwt., $0.071 per gallon. The advanced Class IV skim milk pricing factor is $10.72. Thus, the Class II skim milk price for October is $11.42 per cwt., and the Class II nonfat solids price is $1.2689. The two-week product price averages for October are: butter $1.8237, nonfat dry milk $1.3708, cheese $1.8542, and dry whey $0.5804.

JULY FLUID MILK SALES (AMS): During July, 4.1 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 1.4% lower than July 2011. After adjusting for calendar composition, sales in July 2012 were 1.8% lower than July 2011. Estimated sales of total conventional fluid milk products decreased 1.4% from July 2011 and estimated sales of total organic fluid milk products decreased 1.4**%** from a year earlier.

CME GROUP

MONDAY, SEPTEMBER 17, 2012
CHEESE -- SALES: 3 CARS BARRELS @ $1.8475; 3 CARS 40# BLOCKS: 1 @ $1.8850, 2 @ $1.8975; LAST BID UNFILLED: 2 CARS BARRELS @ $1.8300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.8450; 1 CAR 40# BLOCKS @ $1.8850
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, SEPTEMBER 18, 2012
CHEESE -- SALES: 1 CAR 40# BLOCKS @ $1.8850; LAST BID UNFILLED: 5 CARS BARRELS @ $1.8725; 2 CARS 40# BLOCKS @ $1.9100; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.8525; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8800

WEDNESDAY, SEPTEMBER 19, 2012
CHEESE -- SALES: 1 CAR BARRELS @ $1.9050; 2 CARS 40# BLOCKS @ $1.9500; LAST BID UNFILLED: 1 CAR BARRELS @ $1.9000; 2 CARS 40# BLOCKS @ $1.9500; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.9100; 1 CAR 40# BLOCKS @ $1.9600
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.8675; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 20, 2012
CHEESE -- SALES: 1 CAR BARRELS @ $1.9250; 5 CARS 40# BLOCKS @ $2.0000; LAST BID UNFILLED: 1 CAR BARRELS @ $1.9400; 2 CARS 40# BLOCKS @ $2.0000; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 1 CAR GRADE AA @ $1.8900; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.8750; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 21, 2012
CHEESE -- SALES: 3 CARS BARRELS: 2 @ $1.9625, 1 @ $1.9600; 11 CARS 40# BLOCKS: 1 @ $2.0075, 1 @ $2.0100, 9 @ $2.0000; LAST BID UNFILLED: 1 CAR BARRELS @ $1.9550; 2 CARS 40# BLOCKS @ $2.0000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $1.9700; 1 CAR 40# BLOCKS @ $2.0050
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $2.0000

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group increased $0.0025 Tuesday to close at $1.8525. In the last 5 trading sessions, the butter price has increased $0.0325. Cream continues to be readily available as standardized cream from bottling plants adds to cream supplies. Some butter makers have been opportunity buyers on the spot market as they look to increase inventories ahead of the holiday season. Current production is filling orders and adding to inventories. Domestic demand is generally steady for this time of year. Export interest continues to be fairly good. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 357,149 pounds (162 metric tons) of butter. The products will be delivered from September through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 57.4 million pounds and anhydrous milk fat totaling 123,459 pounds. According to the National Dairy Retail Report, retail butter ads in the Northeast totaled 1,540, 34.2% of the total national ad count of 4,506 and the highest number for any region. The weighted average price for a 1 lb. package of butter in the Northeast was $2.85, 22 cents more than the national weighted average price, but 8 cents less than the previous reporting period. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

The butter market tone remains firm with higher prices noted at the CME Group. The Wednesday close was $1.8675, up 2.75 cents from a week ago. Butter churning is active in the region. Cream supplies are available with some upticks in fat levels of farm milk, increased standardized cream from bottlers, and lighter demand from the Class II buyers. Milk supplies in the region are generally flat to occasionally slightly higher. Buying interest for print butter is fair to good. Buyers are seeking coverage for current and future needs. There are concerns about how tight the market could be around the holidays and buyers are planning for contingencies. Some buyers are looking for butter in other areas. There have been some declines in food service ordering. According to the National Dairy Retail Report, advertised features during the current period of September 10-21 showed weighted average butter prices for the Midwest region at $2.65 and the South Central region at $2.51, while the U.S. price was $2.63. Price changes from the prior two-week period were up $.54, $.08, and $.01 respectively. Demand for bulk butter is fair to good. There is some unmet demand as buyers secure needs for future usage. Non-Grade AA butter offerings are more readily available. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices continue to show strength. Prices are returning to levels seen a year ago. The market tone is firm as butter supplies are adequate to short of needs. Manufacturers continue to pull from stored inventories. Butter manufacturers are churning available cream supplies and looking for additional supplies. Retail sales are reported to be good. Demand from end users is increasing as they prepare for holiday 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 U.S. weighted average price of $2.63 per pound compared to $2.62 two weeks ago. Western advertised prices ranged from $1.99-2.50 per pound. The weighted average for butter in the Northwest was $2.06, while the average in the Southwest was $2.07. Wednesday's close on the CME Group exchange for butter is up $.0150 to close at $1.8675. Prices are higher on bids for both Tuesday and Wednesday. No sales have been reported at the exchange so far this week. According to the FAS, quota imports of butter for January-August 2012 total 4.90 million pounds, 1.3% less than the same period in 2011. Imports account for 31.9% of the total quota for 2012.

2012 U.S. Butter Imports (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Aug Quota Imports	1.16	+ 147.3	7.5
Jan. – Aug.			
High Tier	.20	- 69.9	N.A.
Quota Imports	4.90	- 1.3	31.9

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
September 15, 2012					
	1.8569	1.8515	1.8190	0.5853	1.3809
	2,877,134	11,657,162	10,429,969	7,935,067	12,820,303

Further data and revisions may be found on the internet at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group increased Tuesday with barrels advancing $0.0275 to close at $1.8725 and blocks up $0.0250 to close at 1.9100. In the last 5 trading sessions barrels have advanced $0.1025 on 14 sales, while blocks advanced $0.0800 on 22 sales. Cheese production declined this week due to a combination of limited manufacturing milk supplies, because of strong Class I demand, and a plant restricting production for a maintenance project. Demand for mozzarella continues to be very good with good orders from food service and pizza makers. Most cheddar cheese makers continue to be comfortable with their current inventories. Export interest has improved compared to recent weeks. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 3.32 million pounds (1,506 metric tons) of Cheddar and Monterey Jack cheese. The products will be delivered from September through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 85.7 million pounds.
According to the National Dairy Retail Report, retail cheese ads for 8 oz. block cheese in the Northeast totaled 2,729, 49.7% of the total national ad count of 5,486 and was the highest ad count for any region. Retail cheese ads for 8 oz. shredded cheese in the Northeast totaled 3,195, 33.1% of the total national ad count of 9,667 and was the highest number of ads for any region. The weighted average price for 8 oz. cheese blocks in the Northeast was $2.17, 9 cents more than the national weighted average price, but 18 cents less than the previous reporting period. The weighted average price for 8 oz. shredded cheese in the Northeast was $2.15, 8 cents more than the national weighted average price, but 35 cents less than the previous reporting period.

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

Cheddar 40# Block	:	2.2500-2.5350
Process 5# Sliced	:	2.0125-2.1325
Muenster	:	2.2700-2.6300
Grade A Swiss Cuts 10 - 14#	:	3.3650-3.6875

MIDWEST

Cheese price strength has shown recent traction. By this Tuesday, cheese prices had increased for five consecutive days on CME trading, with no daily increase being less than 1 cent and an increase even as high as 3 cents. Cheese production has slowed as the milk supplies coming into plants have declined. Cheese retail advertising volume reported in the National Dairy Retail Report has decreased 23.0% from two weeks ago, which was up 1.7% from the previous period. Over the span of the last seven two week periods, cheese ad volume increased during two periods and decreased during five periods. The cheese category with the largest number of ads for the current survey period is 8 ounce shredded cheese with 48.1% of the total cheese ads. The next highest at 27.3%, is 8 ounce block, followed by 1 pound block, 11.9%; 1 pound shredded, 9.3%; and 2 pound block, 3.4%. The weighted average advertised price of 8 ounce shredded decreased 7.6% to $2.07; 8 ounce blocks decreased 9.6% to $2.08; 1 pound blocks increased 4.4% to $3.54; 2 pound blocks decreased 12.9% to $5.28; and 1 pound shreds increased 0.5%, to $3.67. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 3.320 million pounds (1,506 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered September 2012 through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 85.7 million pounds.

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

Process American 5# Loaf	:	1.9850-2.6900
Brick And/Or Muenster 5#	:	2.2375-2.7975
Cheddar 40# Block	:	2.2375-3.2225
Monterey Jack 10#	:	2.2075-3.2225
Blue 5#	:	2.5025-3.4875
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0825-3.3225
Grade A Swiss Cuts 6 - 9#	:	2.8850-3.0025

WEST

Western cheese prices are higher. Buyers are often looking for additional cheese deliveries when possible to try to stay ahead of price increases. Retail and food service sales are good. Additional demand is coming from seasonal buyers for the upcoming holidays. Cheese production schedules are busy, but not to capacity in many cases. Higher prices for milk solids are tempering usage in the cheese vats. Stocks are currently adequate to short to meet trade needs. Advertised cheese prices as reported in the National Dairy Retail Report showed prices are both higher and lower in the various cheese categories. Nationally, featuring of cheese in the weekly flyers was reduced from both two weeks ago and a month ago. The most heavily advertised category of 8 oz. shred cheese was 17 cents lower than two weeks ago at $2.07 per package. Advertising for the 2 lb. block cheese in the West was sharply lower and prices ranged from $3.99-5.99 per package with the weighted average in the Southwest at $5.99 and the Northwest at $4.19. Cheese prices at the CME Group continue to move higher. The price of barrels and blocks has gone higher for each of the last six trading sessions. Barrels at the CME Group on Wednesday closed up $.0325 at $1.9050. Blocks are up $.0400 at $1.9500. Trading has been moderate this week with four loads of barrels and six loads of blocks sold. According to FAS, quota imports of cheese for January-August 2012 total 103.6 million pounds, up 1.3% from a year ago. The imports stand at 34.7% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 17.1 million pounds, up 7.3% compared to imports for January-August of 2011. Imports of quota Swiss cheese for January-August 2012 total 27.8 million pounds, down 6.0% from last year. The two main countries for Swiss cheese imports are Norway and Finland, and they accounted for 17.8 million pounds or 63.8% of the total.

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

Process 5# Loaf	:	1.9175-2.1750
Cheddar 40# Block	:	1.9725-2.3250
Cheddar 10# Cuts	:	2.1525-2.3725
Monterey Jack 10#	:	2.1625-2.3225
Grade A Swiss Cuts 6 - 9#	:	2.9425-3.3725

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CHEESE MARKETS

CONTINUED FROM PAGE 3

FOREIGN

The CME Group weekly average block price moved higher, increasing domestic wholesale cheese prices by $0.0175. Domestic Swiss and imported cheese prices were unchanged. Importers have significantly increased their purchases of Italian type cheeses, primarily Sardo Romano and Reggianito, from Argentina. Purchases for the January-August 2012 are 93% higher than for the same period last year. According to FAS, imports of high tier and quota Italian-type cheese from January through August this year totaled 19.5 million pounds, up 10.3% for the same period last year. Imports of quota Italian-type cheese January through August totaled 10.3 million pounds, 41.7% above the same period last year and 34.6% of the annual quota. Imports of high tier Italian-type cheese January through August totaled 9.2 million pounds, down 11.5% from the same period in 2011. Quota imports of Swiss/Emmenthaler varieties from January through August 2012 totaled 27.8 million pounds, 6.0% less than the same period last year. Norway and Finland, the two top sources, account for 63.8% of Swiss/Emmenthaler imports January through August 2012.

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

VARIETY	NEW YORK IMPORTED	NEW YORK DOMESTIC
Blue	2.6400-5.2200	2.3900-3.8775*
Gorgonzola	3.6900-6.1900	2.8925-3.3475*
Parmesan (Italy)	-0-	3.7800-5.8700*
Provolone (Italy)	3.4400-5.5800	2.4325-2.5900*
Romano (Cows Milk)	-0-	3.5800-5.7300*
Sardo Romano (Argentine)	2.8500-3.9800	-0-
Reggianito (Argentine)	3.2900-4.2900	-0-
Jarlsberg-(Brand)	2.9500-5.2900	-0-
Swiss Cuts Switzerland	-0-	3.4575-3.7800
Swiss Cuts Finnish	2.5900-2.8500	-0-

* = Price change.

2012 U.S. Cheese Imports (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly
Quota			
Aug. Quota Imports	16.0	+ 23.4	5.4
Jan. – Aug.			
High Tier	17.1	+ 7.3	N.A.
Quota Imports	103.6	+ 1.3	34.7

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

	BUTTER	CHEESE
09/17/12	10,900	124,355
09/01/12	11,404	124,789
CHANGE	-504	-434
% CHANGE	-4	0

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	120	0	96	0	38	0
SOUTHEAST STATES	65	0	47	0	0	0

Strong pulls from Class I and II plants continue to limit manufacturing milk supplies in the Northeast and Mid-Atlantic regions. Milk production is beginning to show slight increases as cooler weather is improving cow comfort levels and corn silage and hay harvests are being added to feed rations. Dry cooler weather over both regions has stepped up harvest activities with the pace of this year's harvest well ahead of last year's. Milk production in Florida remains near the seasonal low point, but there are indications that production may begin to increase as cows begin to freshen and as cow comfort levels improve with the onset of cooler weather. Class I demand remains very strong, prompting 120 spot loads to be imported this week. Some producers are adjusting their feed rations to include more forage and less grain, due to high grain prices. Frequent rains and warm temperatures have promoted good pasture and hay regrowth. Milk production in the Southeast region has also shown some marginal increases. Class I demand remains very strong and is greater than available supplies can meet, prompting 65 spot loads to be imported this week. Compounding the tight supply problem is the increased number of loads being rejected due to aflatoxin. Most bottling plants are being held to their contracted volumes, even though additional loads have been requested. Efforts are being made to supply bottling plants with additional loads. Milk shipments to manufacturing facilities are being held to their contract minimums. Cream supplies continue to be readily available as standardized cream from bottling plants adds to the overall supply. Supplies are more than adequate to meet demand with some butter plants securing additional loads on the spot market. Some balancing plants continue to purchase spot loads to cover their contract needs as manufacturing milk and cream volumes are limited coming into their plants. Demand for cream is gradually increasing with strong pulls from cream cheese makers with the increase in cream based dip manufacturing offsetting declines in ice cream and ice cream mix production. Cream multiples ranged from 128-136 this week. Condensed skim milk supplies are very tight in the East as manufacturing milk supplies have been reduced due to the combination of strong Class I demand and increased yogurt production. Some manufacturers looking for additional loads have to go out of region and pay premiums to fill their needs. The tight manufacturing milk supplies continue to concern balancing plant managers and their ability to meet their future nonfat dry milk commitments.

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 -	2.3578-2.5051
F.O.B. producing plants: Upper Midwest -	2.2841-2.4314

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.29 - 1.40
Northeast - Class III - spot prices -	1.44 - 1.49

MIDWEST

Farm milk availability in the Central region is steady to lower for the week. Some milk processors within the region report finding milk loads for Class I and II is surprisingly difficult, even with the price incentives attached to those Classes. Finding sufficient loads of milk often requires moving beyond usual suppliers. Central milk loads are clearing into the South/Southeast to help meet fluid demand in that area. Cooperatives with multiple end products indicate plants are operating below capacity. Standing orders for end products as well as milk transportation costs are affecting how farm milk is being allocated among plants. Cream demand is easing as the call for cream into Class II plants is declining. Various Class II manufacturers indicate their production schedules are slowing, with shifts or full days discontinued for the near term as the ice cream season winds down. Cream multiples are both lower and higher for the week, ranging from the mid 1.20's to low 1.30's, depending on location and time of sale. Interest in condensed skim milk is active and various manufacturers indicate demand exceeds availability for the week. August 2012 milk production increased compared to August 2011 in nine of the ten Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production increases ranged from 2.5% in Minnesota to 5.4% in Michigan. August 2012 milk production in Texas decreased by 1.9% compared to one year ago. On a regional basis, August 2012 milk production showed a 3.3% increase over one year ago. Regional cow numbers grew by 31,000 animals compared to August 2011. Michigan gained the most dairy cows in the region, 10,000 cows, compared to one year ago. Minnesota and Missouri each lost 2,000 cows compared to August 2011.

WEST

CALIFORNIA milk production is steady to trending slightly higher and is regaining some of the recent losses caused by weather conditions and feed factors across the state. The most recent milk production report confirms what people knew - that milk output is running well below year ago levels because of the various weather, financial and feeding factors. Milk suppliers continue to find it difficult to adequately and efficiently run their own operations after supplying the milk needs of others. Class 1 interest is steady to established accounts. Western CREAM prices are mixed. The butter price and averages are moving higher; whereas some cream multiples are trending slightly lower. Prior weeks' trends are continuing as cream demand is declining from ice cream production, yet is good from both butter makers and other higher-class product producers. The Grade AA butter price increased to $1.8675 on Wednesday, September 19, up $.0275 from a week earlier. Cream multiples moved lower in the range of 120 to 136, and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST is below year ago levels. A combination of fewer cows and less production per cow, have milk handlers with tighter supplies going into manufacturing plants. Available supplies are being moved into plants with best returns and other plants are seeing some reduced schedules. Dry, cool weather along the coast and favorable weather in the high desert areas are making cow comfort issues moot. Dairy farmers are working to finish forage operations and to take stock of supplies for the winter. UTAH and

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

IDAHO milk supplies are also reduced. Idaho milk supplies are below year ago levels as dairy farms have reduced cow numbers through harder culling of lower producing animals. Feed costs remain high and dairies are not willing to expand until milk prices can cover the cost of production. Farm lenders are cautious about extending loans to dairies that are experiencing financial difficulties. According to NASS, August *Milk Production* for the 23 surveyed states totals 15.3 billion pounds, down 0.2% (29 million pounds) from last year. August milk production changes from a year ago for selected Western states are as follows: Arizona -3.8%, California -5.8%, Colorado +6.2%; Idaho -0.2%, New Mexico -2.9%, Oregon -0.5%, Utah +2.5%, and Washington -3.3%. Monthly milk production per cow for the 23 surveyed states was 1,803 pounds -0.6% from August 2011. Compared to August 2011, the Arizona herd is down 3,000 head, California +10,000, Colorado +4,000, Idaho -4,000, New Mexico -2,000, Oregon unchanged, Utah +1,000, and Washington -4,000. These 8 states are up 2,000 cows and the 23 surveyed states are up 32,000. August cow numbers in these 8 states were 3,000 less than the previous month.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region are steady to higher on the low/medium heat mostly price series. While contract pricing based on variable indices moved higher, spot prices are mostly unchanged from the previous week. Some market participants indicate their buyers are still interested in nonfat dry milk single spot loads, but interest in taking a position on NDM is on hold as buyers/end users weigh price and production information. Some reports indicate buyers resisted efforts to notch NDM prices higher and did not move forward on product offers that built in strong market premiums. Overall demand for milk in the Central region is very active. Fluid plants throughout the Central region and into parts of the Southeast kicked up demand early this week. Some fluid demand could not be filled until later in the week. Demand for condensed skim is very strong into Class II and Class III operations. Several end users indicated they were unable to obtain sufficient condensed skim loads on a spot basis from either Central or West suppliers. In some instances, operations switched to nonfat dry milk use to compensate for the shortfall in condensed skim loads. Nonfat dry milk production is mostly lower in the Central region as farm milk production trends seasonally lower and processors allocate intakes among bottlers, Class II, and Class III ahead of butter/ powder production. Nonfat dry milk inventories in the Central region are steady to lower. A few operations indicate spot sale activity may resume in November.
EAST: Transactions based on price indices moved nonfat dry milk prices higher on the low end of the full range. Manufacturing milk supplies continue to be tight, caused by strong Class I pulls and increased yogurt production. Some plants with limited milk volumes are focusing on high heat nonfat dry milk production. The tight milk supply and limited drying schedules have delayed some contract deliveries. Demand has declined somewhat as a number of end users have built up inventories and are no longer in the market. Current production is moving through contracts with little available for the spot market. The tight manufacturing milk supplies continue to concern plant managers and their ability to meet their future nonfat dry milk commitments. The market undertone remains firm.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.4325 - 1.8000	MOSTLY:	1.4500 - 1.6500
HIGH HEAT:			1.4825 - 1.9000

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are moving higher off the bottom end of the range. Pricing levels at the top end of the range are lower because higher prices of last week were not replicated. The lower ends of the range and mostly are working higher as indices move higher after periods of higher pricing works into those index calculations. The market undertone remains firm. Buyer interest is being underserved in some areas. Producer offers are light to moderate and mainly filling existing orders. Production schedules are often lighter than planned because of lower milk supplies and processors filling fluid milk supply contracts first. Resale offerings are indicated to be increasing and some buyer pushback is noted when prices are quoted near the top end of the range. Export demand is light to fair, depending on location. Existing business is moving along projected plans. Buyers are cautious about current pricing levels and the ability to make sales work. Western high heat prices continue to trend higher. The market tone is firm, yet untested because of the limited offerings available. Some additional demand is showing up because of seasonal baking and mix manufacturing interest. Production of high heat is sporadic and often below projected levels. Holdings are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.3400 - 1.7000	MOSTLY:	1.3800 - 1.6500
HIGH HEAT:			1.3800 - 1.7500

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are higher as this market firms in response to higher nonfat and butterfat solids market pricing. Milk handlers report that spot milk load availability tightened sharply this week. A few bottlers indicated they are unable to obtain all the milk needed to satisfy current fluid needs despite the offer of higher pay prices to milk suppliers. Cheese plants and butter/powder plants are also actively seeking milk spot loads, but to little effect. Churning is steady to intermittent at various locations as butterfat content in farm milk declines seasonally. Manufacturers indicate they are drying buttermilk as it comes off the churns, however their dry buttermilk inventories are mostly holding steady. Contract fulfillment is active right now, and manufacturers anticipate the opportunities for making dry buttermilk in the near future will decrease through the month of October.
EAST: Transactions based on price indices and limited spot sales activity moved dry buttermilk prices higher on both ends of the range this week. Butter and dry buttermilk production marginally increased again this week as cream became available due to increased volumes of standardized cream. Current production is moving through contracts with very little, if any, being added to inventories. Dry buttermilk supplies are very tight. Buyers are having difficulty locating available loads with little success either in or out of region. Resale activity has all but disappeared. Demand continues to be good with interest from baking manufacturers. The market undertone remains firm.

F.O.B. CENTRAL/EAST: 1.3300 - 1.4500

DRY BUTTERMILK - WEST

The dry buttermilk market in the West is tight and untested. Pricing levels are mixed. Some higher priced sales could not be replicated because of the lack of product, not necessarily due to the lack of demand. The mostly price series is sharply higher. Direct, producer offerings are on the light side. Buying interest is fair to good for the current limited offerings. Buyers are looking into the resale market and for product in other regions with limited results. Plant output is often mainly steady. More cream is moving to butter plants, but some producers are selling condensed buttermilk. Dryer times are open for processing the available buttermilk solids. Stocks are light to moderate and held with confidence.

F.O.B. WEST: 1.3000 - 1.5500 MOSTLY: 1.3600 - 1.4400

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 WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to higher. The market is firm, with active interest for limited spot load availability from manufacturers and resellers. Production is steady at some plants as inventories are rebuilding ahead of upcoming contract fulfillment.

F.O.B. PRODUCING PLANT: 1.5800 - 1.7000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 14	$1.3013	8,650,299	0
September 7	$1.2874	7,500,804	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Prices on Central dry whey are higher on a firm market. Milk availability within the region is tight at several locations. Most cheese plant operators indicate their plants are operating below capacity, as has been the case in the last few weeks. Also, compared to just a week or two ago, weekly cheese production is lower. Dry whey inventories at manufacturers are light to moderate as contract fulfillment is drawing steadily on current holdings. With the retreat in dry whey holdings, Central manufacturers returned to confident dry whey pricing for new monthly and quarterly contracts. Resale prices are also factoring in the firm market tone.

F.O.B. CENTRAL: .5450 - .6250 MOSTLY: .5650 - .6000
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4250 - .5600

DRY WHEY - NORTHEAST

Dry whey transactions based on price indices moved both ends of the price range higher. Dry whey production declined again this week as strong Class I demand limited manufacturing milk supplies and a cheese plant restricted production due to maintenance projects. Current production is moving through contracts with little being added to inventories. Supplies are becoming tight and, as a result, there were no spot sales or resale activity reported within the region this week. Demand for dry whey has moderated slightly as ice cream production has declined in some areas. Buyers looking outside the region for additional loads have had limited success. The market undertone continues to be firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6050 - .6200

DRY WHEY - WEST

Western dry whey prices are higher, following a trend that began in mid-June. The market remains firm with higher prices as various indices move upward. Whey production is mostly steady with recent weeks. Demand for whey is increasing with seasonal interests beginning to prepare for upcoming holidays. Buyers without contracts in place are looking to brokers to fill spot needs. Export demand is good as prices for both domestic and export markets are similar.

NONHYGROSCOPIC: .5800 - .6250 MOSTLY: .5900 - .6125

EVAPORATED MILK - NATIONAL

The Kansas City Commodity Office issued Bid Invitation Number 2000001338 on September 18, 2012 for evaporated milk packaged in 24/12 fluid ounce cans totaling 223,074 pounds. Deliveries are during November 2012. Offers are due September 25, 2012. Award notifications are scheduled to be announced on September 26, 2012, with public release currently scheduled for September 27, 2012. More information on offer specifications may be obtained at: http://www.fsa.usda.gov/FSA/

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices on the low end of the whey protein concentrate 34% range and both ends of the mostly series moved higher this week. Interest is steady to higher into both manufacturers and resellers, depending on established supply lines. Traditional market plus pricing is intact for these sales. Manufacturers' inventories are steady to lower. Manufacturers indicate they expect near term spot load availability of WPC 34% will decrease as Class III/cheese manufacturing milk supplies come under increasing pressure from fluid demand as well as the steady to higher contract and spot interest in condensed WPC 34%.

F.O.B. EXTRA GRADE 34% PROTEIN:1.1700 - 1.3200 MOSTLY: 1.1800 - 1.2050

LACTOSE - CENTRAL AND WEST

Prices for spot loads of lactose were steady to slightly higher. Prices of variable basis contract loads are steady this week. Fourth quarter contract discussions for lactose continue towards finalization between many manufacturers and end users/distributors. Lactose spot loads are more readily available than has been typical at the end of a quarter, and a few manufacturers indicate contract shipments to some end users were pushed back recently. This encouraged active offers to the spot market as well as to other contract holders. A separate push to expedite exports of lactose and other products arose recently due to concerns about possible labor delays at ports. Recent reports indicate one or more federal mediators are involved in discussions between dockworkers and shippers in the East and Gulf coast areas where contracts are set to expire on October 1. Support from various labor organizations in the West may impact shipping timetables for rerouted loads. A few manufacturers report they coordinated efforts with their off shore customers to assure current purchases would be on the water as soon as possible.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .6600 - .9575 MOSTLY: .7800 - .8700

CASEIN - NATIONAL

Casein markets and prices are unsettled. Traders and handlers are reporting that offerings are heavier although prices are firmer. Traders have mixed opinions on the prolonged strength of this trend, but feel that this will carry through the balance of the calendar year. 2013 is still four months away, but it appears that suppliers are less willing to talk or extend themselves beyond 4th quarter 2012. The European casein production season has basically shut down for the year. Milk volumes are declining to the point that casein is often not the product of best return or need, thus late season milk is being cleared to other manufactured dairy products. The Oceania casein production season is in the early stages of development for the year. Early reports indicate that milk volumes are building to the point that some casein operations are up and running, while others are still shuttered or running at minimal levels.

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:	4.3500 - 4.7500

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
09/01/2012	62.7	2,041.3	53.8	1,923.7

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

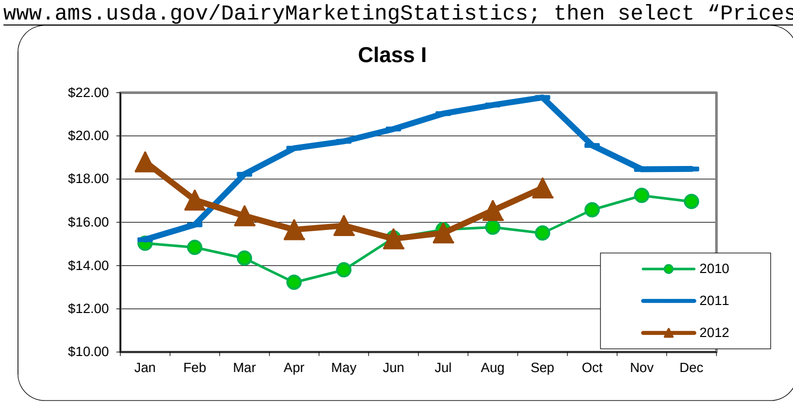
CLASS IV MILK PRICES (3.5% BF)

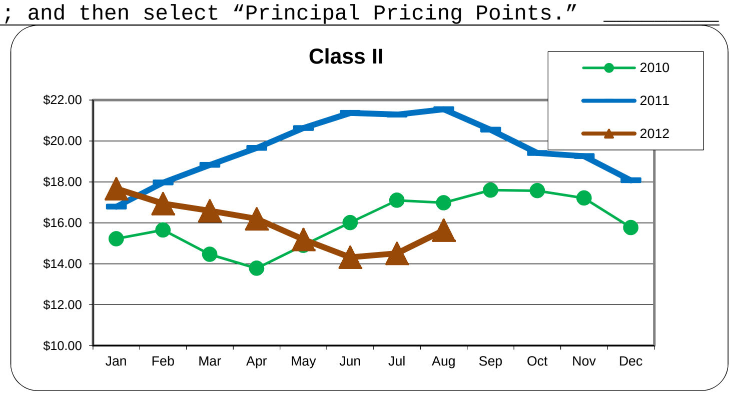
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

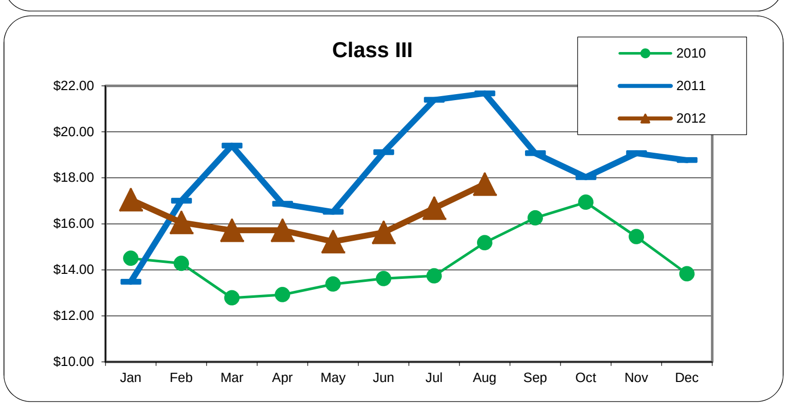
FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

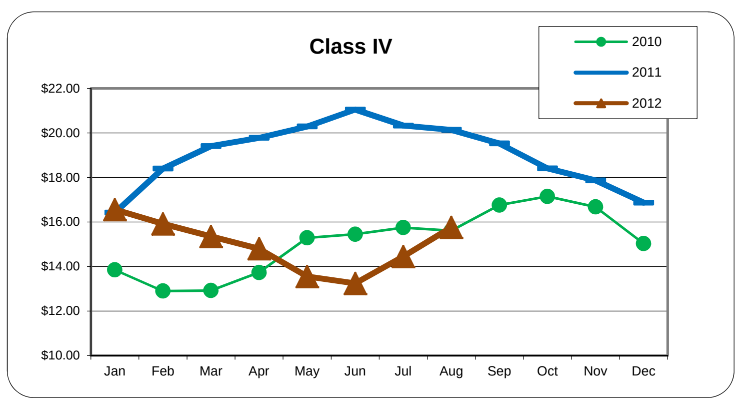
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55				
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64				
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73				
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76				

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 September 10 - 21, 2012

ORGANIC DAIRY FLUID OVERVIEW

Organic milk production in the Northeast has begun to increase marginally as cooler weather is improving cow comfort levels and corn silage and hay harvests are being added to feed rations. The dry, cooler weather over the region has stepped up harvest activities with the pace of this year's harvest well ahead of last year's.

Dairy Market News surveyed where half gallon organic milk in Washington, D.C. outlets of two national natural food stores, during this survey period, is bottled. No organic half gallons identified in the survey are bottled in the District, Maryland or Virginia. Each of the natural food chains stocked its own store brand of organic half gallons and two other brands are also offered. Each of the two store brands are bottled in the same plant in Connecticut, 334 miles distant, but offered under each store's separate brand. One store has a shelf price for Connecticut bottled organic half gallons of $3.29, while the other has a price of $3.79. Another brand available is bottled 378 miles away in New York State, priced $4.49. The remaining brand is bottled 159 miles away in Pennsylvania and is priced $4.39. Thus, the reality this period is that there is no strict correlation between the distance organic half gallons travel to DC stores from bottling plants, and shelf prices.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

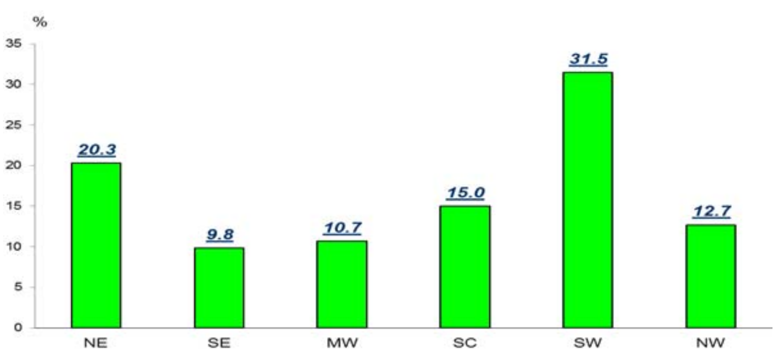
Organic Dairy Overview. This is the latest in a series of record-setting retail organic dairy advertising periods occurring during 2012. This period's survey found the record largest number of ads for organic butter, since the data series began during the fall of 2009. Total ads for 8 ounce milk declined from last report's all-time high, but were the second highest total in the history of this survey.

Organic milk ads comprise 64.8% of all organic dairy ads this period, followed by organic butter with 24.8%, organic yogurt 9.9%, and organic ice cream, 0.5%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period September 8, 2012, to September 21, 2012, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

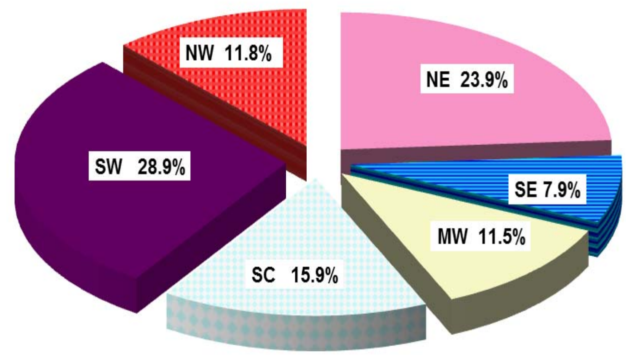
Regional Organic Dairy Ad Trends – Current Period. The Southwest continued to lead all regions in organic dairy advertising, with 31.5% of all organic ads. The other regions include the Northeast, 20.3%; the South Central, 15.0%; the Northwest, 12.7%; the Midwest, 10.7%; and the Southeast, 9.8%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 38, 2012



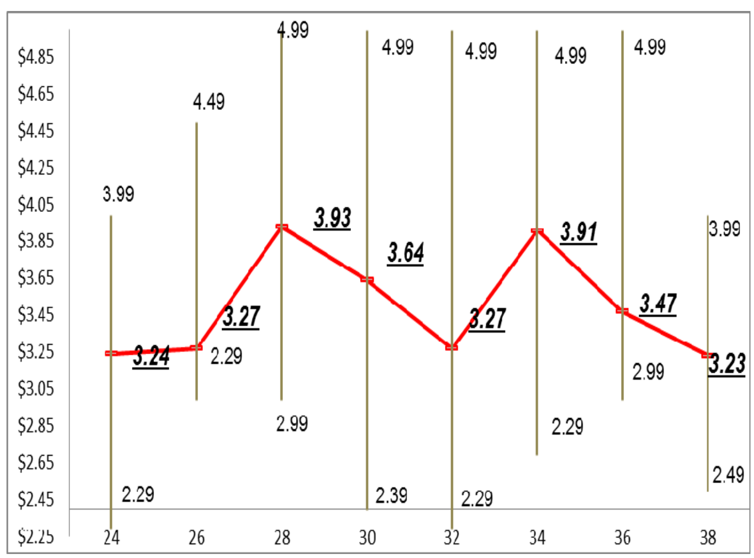
Organic Milk. Organic milk ads comprise 64.6% of all organic ads this reporting period, a marginally lower percentage than the previous report. The highest percentage of organic milk ads appear in the Southwest, 28.9%. Other regions include the Northeast, 23.9%; South Central, 15.9%; Northwest, 11.8%; Midwest, 11.5%; and the Southeast, 7.9%.

ORGANIC MILK FEATURES
Regional % of Surveyed Supermarket Ads
Week 38, 2012



Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, $3.23, is 24 cents lower than two weeks ago and 68 cents lower than 4 weeks ago. The price range is $3.99 to $2.49, significantly lower on both ends of the range with upper end of the range declining $1.00, while the low end of the range declined 50 cents. This period, the concentration of advertised organic half gallon brands shifted predominately to store brands with store brands outpacing national brands nearly 5 to 1.

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



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ORGANIC DAIRY MARKET NEWS

Information gathered September 10 - 21, 2012

CONTINUED FROM PAGE 8

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

REGION	%	WTD. AV. ADV. PRICE $
NE	22.0	3.52
SE	03.0	3.82
MW	09.2	3.71
SC	17.2	3.11
SW	31.6	3.01
NW	17.1	3.02
US		3.23

The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of $3.23, also determined the weighted average advertised price for non-organic half gallons as $2.41, an organic-conventional half-gallon milk advertised price spread of $0.82, down 22 cents from two weeks ago and 83 cents from 4 weeks ago. During 2012, the price spread has ranged from $0.78 to $2.46.

Advertising volume for organic half gallon containers of milk is the third highest for the year.

Organic Milk 8 Ounce. Ads for 8 ounce containers of organic milk listed a price range from $0.79 to $1.25. The national weighted average advertised price is $0.98, up from $0.97 last period. The volume of ads this period is down from the previous period, but is the second highest total for this year.

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

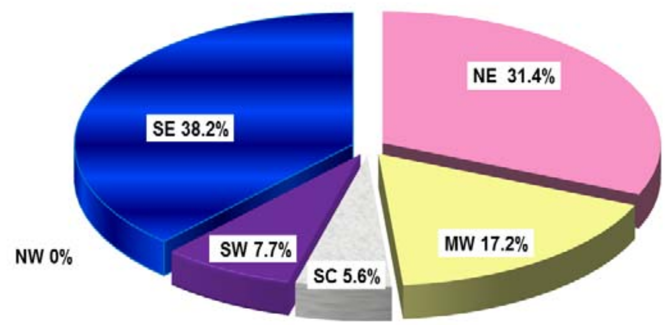
REGION	%	WTD. AV. ADV. PRICE $
NE	26.8	0.95
SE	15.4	0.98
MW	15.1	1.00
SC	14.0	1.00
SW	24.9	0.97
NW	03.9	1.00
US		0.98

Organic Milk Gallons. There were no ads for organic milk gallons this reporting period. The previous reported national weighted average advertised price was $5.43, with a price spread of $5.99 to $4.99.

Organic Yogurt. Total organic yogurt ad numbers decreased by over 38% from two weeks ago. The greatest number of yogurt ads is for 4-6 ounce organic yogurt, narrowly surpassing 4-6 ounce organic Greek yogurt, trailed by ads for 32 ounce organic yogurt.

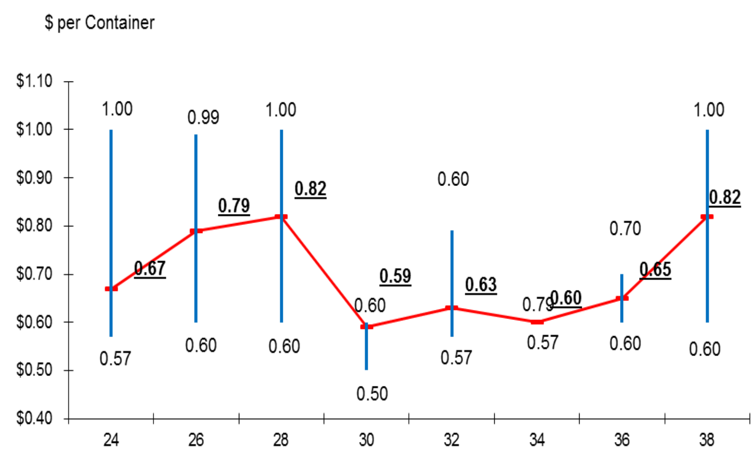
The Southeast led all regions in total organic yogurt advertising, surpassing the Northeast, which has been the leader for most of 2012. Regional percentages of organic yogurt ads this period include the Southeast, 38.2%; Northeast, 31.4%; Midwest, 17.2%; Southwest, 7.7%; and South Central, 5.6%. No organic yogurt ads appeared in the Northwest.

ORGANIC YOGURT FEATURES
Regional % of Surveyed Newspaper Ads
Report Week 38, 2012



4-6 Ounce Organic Yogurt. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 82 cents, up 17 cents, from two weeks ago. The price range was $1.00 to $.60. All ads are for national brands. The ads were listed in the Midwest, Northeast and Southeast, with the Midwest having the highest number of ads.

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



4-6 Ounce Organic Greek Yogurt. Ads for 4-6 ounce organic Greek yogurt appeared in three of six regions. The current weighted average advertised price, $1.12, is 7 cents higher than two weeks ago. Prices range from $1.25 to $1.00. All the ads surveyed were for national brands.

CONTINUED ON PAGE 8 B

ORGANIC DAIRY MARKET NEWS

Information gathered September 10 - 21, 2012

CONTINUED FRM PAGE 8 A

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

REGION	%	WTD. AV. ADV. PRICE $
NE	37.7	1.25
SE	49.5	1.05
MW	00.0	----
SC	12.8	1.00
SW	00.0	----
NW	00.0	----
US		1.12

Organic Butter. Organic butter advertising jumped to its highest level of the year and to the highest level in the history of this survey, recording 2929 ads. The Southwest region significantly outpaced all other regions with 48.1% of the organic butter ads. Butter ads appeared in all regions and all ads were store brands. The organic butter price range throughout all regions was $3.99 to $4.49, with a national weighted average advertised price of $4.31.

1 POUND ORGANIC BUTTER ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE $
NE	05.1	4.49
SE	03.5	4.29
MW	06.3	4.49
SC	16.9	4.21
SW	48.1	4.30
NW	20.1	4.29
US		4.31

32 Ounce Organic Yogurt. All ads for 32 ounce organic yogurt ran in the Southwest. All ads were for store brand and all were priced $2.99.

Organic Ice Cream. All ads for organic ice cream are for national brands and all priced $5.99 in the Northeast.

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 36

	MADISON, WISCONSIN LOW (in Dollars)	HIGH	RANGE
FLUID MILK			
MILK - gallon			
Whole	5.49	6.79	1.30
Nonfat (Skim)	5.49	6.79	1.30
Low fat (1%)	5.49	6.79	1.30
Reduced fat (2%)	5.49	6.79	1.30
MILK - half gallon			
Whole	3.00	4.49	1.49
Nonfat (Skim)	3.00	4.49	1.49
Reduced fat (2%)	3.00	4.49	1.49
Low fat (1%)	3.00	4.49	1.49
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

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuffs were lightly tested due to new crop harvest beginning in the near future for many in the Midwest. Corn and soybeans were mostly steady with light to moderate demand, as many are doing all they can to hold off purchasing grain until new crop, when supplies are more plentiful. Many are anticipating that prices will be at levels that are financially more sound than prices as of late, however, some farmers are reportedly hesitant to sign contracts until they are in the fields and have an idea of their yields. As of September 18, a minimal amount of farmers in Minnesota, Iowa and Missouri had begun shelling corn, but no yield or quality information was reported. Wheat trade was very active this period, with lower quality wheat bringing a greater premium than high quality. While most food grade wheat was reported with a 1.00-$1.50 premium over the protein point, feed grade wheat was $2.00 over the protein point given the high corn market. It is becoming extremely common for wheat to be used in rations for organic livestock and poultry, as producers are avoiding purchasing corn as much as possible. In Nebraska, organic alfalfa pellets, 17% protein, were reportedly 430.00/ton this period, while no hay prices were reported. Additional information is available at:
http://www.ams.usda.gov/mnreports/lsbnof.pdf

AUGUST MILK PRODUCTION

Milk production in the 23 major States during August totaled 15.3 billion pounds, down 0.2 percent from August 2011. July revised production at 15.5 billion pounds, was up 0.7 percent from July 2011. The July revision represented a decrease of 24 million pounds or less than 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,803 pounds for August, 10 pounds below August 2011.

The number of milk cows on farms in the 23 major States was 8.50 million head, 32,000 head more than August 2011, but 4,000 head less than July 2012.

AUGUST 2012 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2011	2012	2011	2012	2011	2012	% CHANGE FROM 2011
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	187	184	1,815	1,770	339	326	-3.8
CA	1,773	1,783	1,975	1,850	3,502	3,299	-5.8
CO	129	133	2,000	2,060	258	274	6.2
FL	119	123	1,400	1,410	167	173	3.6
ID	582	578	2,030	2,040	1,181	1,179	-0.2
IL	98	100	1,530	1,560	150	156	4.0
IN	173	176	1,690	1,725	292	304	4.1
IA	200	203	1,770	1,790	354	363	2.5
KS	123	124	1,750	1,790	215	222	3.3
MI	366	376	1,940	1,990	710	748	5.4
MN	467	465	1,570	1,620	733	753	2.7
MO	95	94	1,105	1,120	105	105	0.0
NM	330	328	2,065	2,015	681	661	-2.9
NY	610	610	1,785	1,820	1,089	1,110	1.9
OH	267	270	1,590	1,620	425	437	2.8
OR	123	123	1,760	1,750	216	215	-0.5
PA	539	535	1,640	1,625	884	869	-1.7
TX	435	440	1,795	1,740	781	766	-1.9
UT	88	89	1,830	1,850	161	165	2.5
VT	134	133	1,580	1,610	212	214	0.9
VA	96	96	1,460	1,440	140	138	-1.4
WA	265	261	2,040	2,005	541	523	-3.3
WI	1,264	1,271	1,745	1,820	2,206	2,313	4.9
23 STATE TOTAL	8,463	8,495	1,813	1,803	15,342	15,313	-0.2

1/ Includes dry cows. Excludes heifers not yet fresh.
2/ Excludes milk sucked by calves.

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

FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

Base Class I Price. Under the Federal milk order pricing system, the base Class I price for October 2012 is $18.88 per cwt. This price is derived from the advanced Class III skim milk pricing factor of $12.31 and the advanced butterfat pricing factor of $2.0008. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price.**Comparison to Previous Month**. Compared to September 2012, the base Class I price increased $1.29 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), $1.25 per cwt., $0.107 per gallon; reduced fat milk (2%), $1.06 per cwt., $0.091 per gallon; fat-free (skim milk), $0.82 per cwt., $0.071 per gallon. **Class II Price Information**. The advanced Class IV skim milk pricing factor is $10.72. Thus, the Class II skim milk price for October is $11.42 per cwt., and the Class II nonfat solids price is $1.2689.**Product Price Averages**. The two-week product price averages for October are: butter $1.8237, nonfat dry milk $1.3708, cheese $1.8542, and dry whey $0.5804.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/

Federal Milk Order Marketing Area 3/	Order Number	October 2012		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		$ per cwt.	$ per cwt.	$ per pound
Northeast (Boston) 4/	001	22.13	15.56	2.0333
Appalachian (Charlotte) 5/ 6/	005	22.28	15.71	2.0348
Southeast (Atlanta) 6/ 7/	007	22.68	16.11	2.0388
Florida (Tampa) 6/ 8/	006	24.28	17.71	2.0548
Mideast (Cleveland) 9/	033	20.88	14.31	2.0208
Upper Midwest (Chicago) 10/	030	20.68	14.11	2.0188
Central (Kansas City) 11/	032	20.88	14.31	2.0208
Southwest (Dallas) 12/	126	21.88	15.31	2.0308
Arizona (Phoenix)	131	21.23	14.66	2.0243
Pacific Northwest (Seattle) 13/	124	20.78	14.21	2.0198
All-Market Average		21.77	15.20	2.0297

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

JULY FLUID MILK SALES

During July, 4.1 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 1.4 percent lower than July 2011. After adjusting for calendar composition, sales in July 2012 were 1.8 percent lower than July 2011. Estimated sales of total conventional fluid milk products decreased 1.4 percent from July 2011 and estimated sales of total organic fluid milk products decreased 1.4 percent from a year earlier.

Editor's Note: Additional data can be found at http://www.ams.usda.gov/AMSv1.0/FluidMilkSalesDataMonthlyandYeartoDate.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, JULY 2012, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,119	7,776	-1.3	-2.0
Flavored Whole Milk	42	284	3.7	-5.9
Reduced Fat Milk (2%)	1,482	10,340	-0.8	-1.8
Low Fat Milk (1%)	525	4,135	-0.5	2.5
Fat-Free Milk (Skim)	572	4,267	-7.3	-5.1
Flavored Fat-Reduced Milk	146	2,095	10.1	-1.6
Buttermilk	39	273	5.1	1.3
Total Conventional Milk Products 5/	3,927	29,195	-1.4	-1.7
Organic Whole Milk	43	311	5.7	8.9
Organic Reduced Fat Milk	46	360	-5.7	8.1
Organic Low Fat Milk	36	265	4.5	10.6
Organic Fat-Free Milk (Skim)	34	255	-6.5	-4.8
Organic Flavored Milk	5	41	-19.1	-28.2
Organic Fat-Reduced Milk 3/	121	926	-3.7	0.5
Total Organic Milk Products	164	1,237	-1.4	2.4
Total Fluid Milk Products 4/	4,091	30,432	-1.4	-1.5
Total Fluid Milk Products Adjusted 4/ 5/	4,136	30,481	-1.8	-1.7

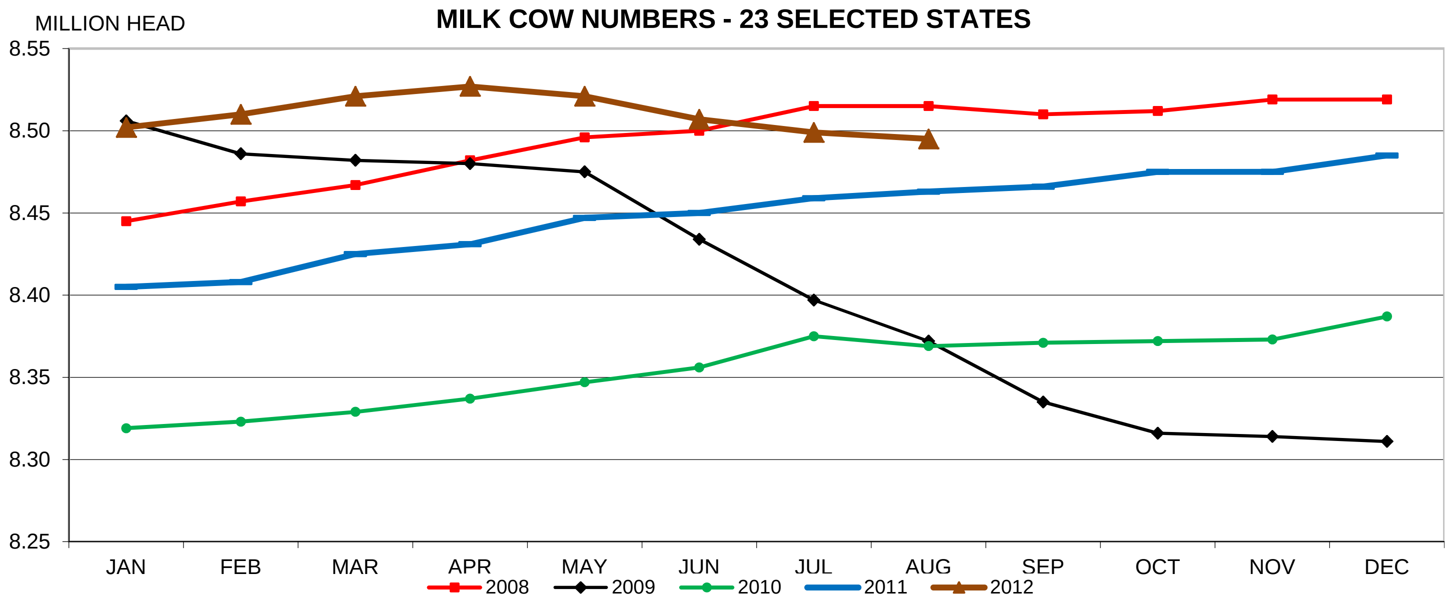
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELDEV3023272 Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JULY 2012, WITH COMPARISONS 1/

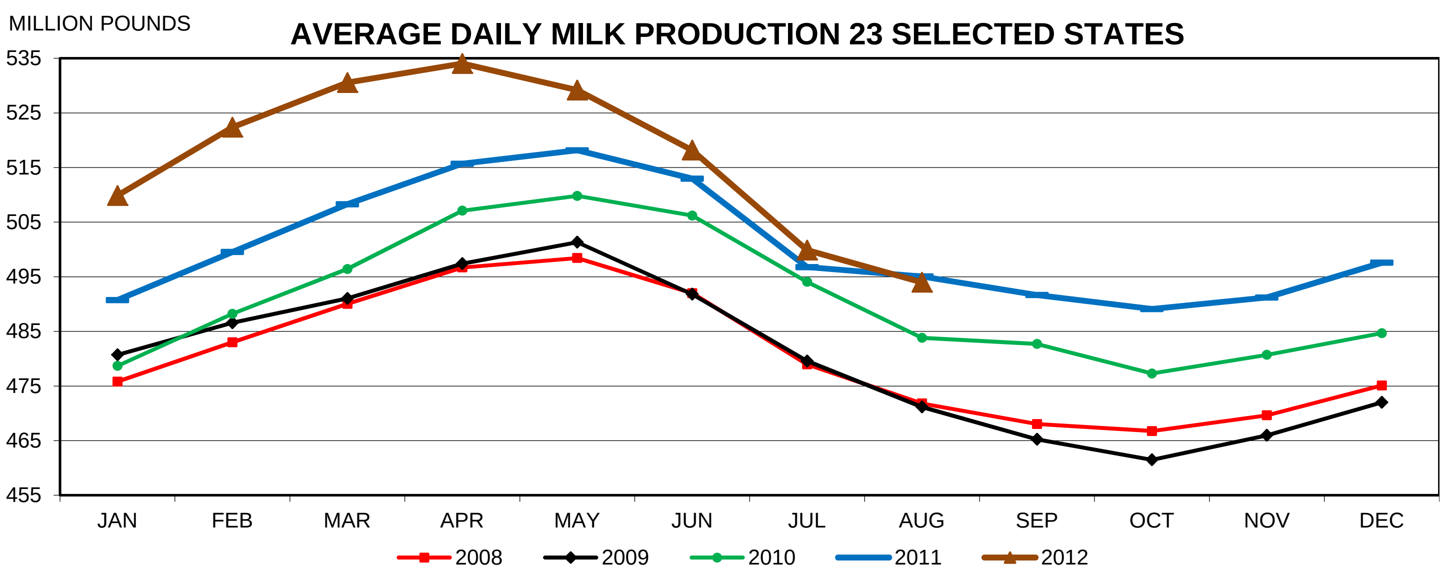
Area (Order Number)	Sales		Change from: 2/	
	July	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	704	5,202	-1.0	-0.7
Appalachian (005)	278	2,021	-1.5	-1.8
Southeast (007)	369	2,739	-1.1	-2.5
Florida (006)	220	1,665	-3.4	-1.4
Mideast (033)	454	3,367	-0.7	-1.9
Upper Midwest (030)	316	2,374	-1.5	-2.7
Central (032)	346	2,587	-0.3	-0.2
Southwest (126)	336	2,551	-0.5	-0.5
Arizona (131)	89	668	-4.4	-1.9
Pacific Northwest (124)	165	1,262	-5.4	-1.1
California (---)	488	3,563	-1.3	-2.3

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

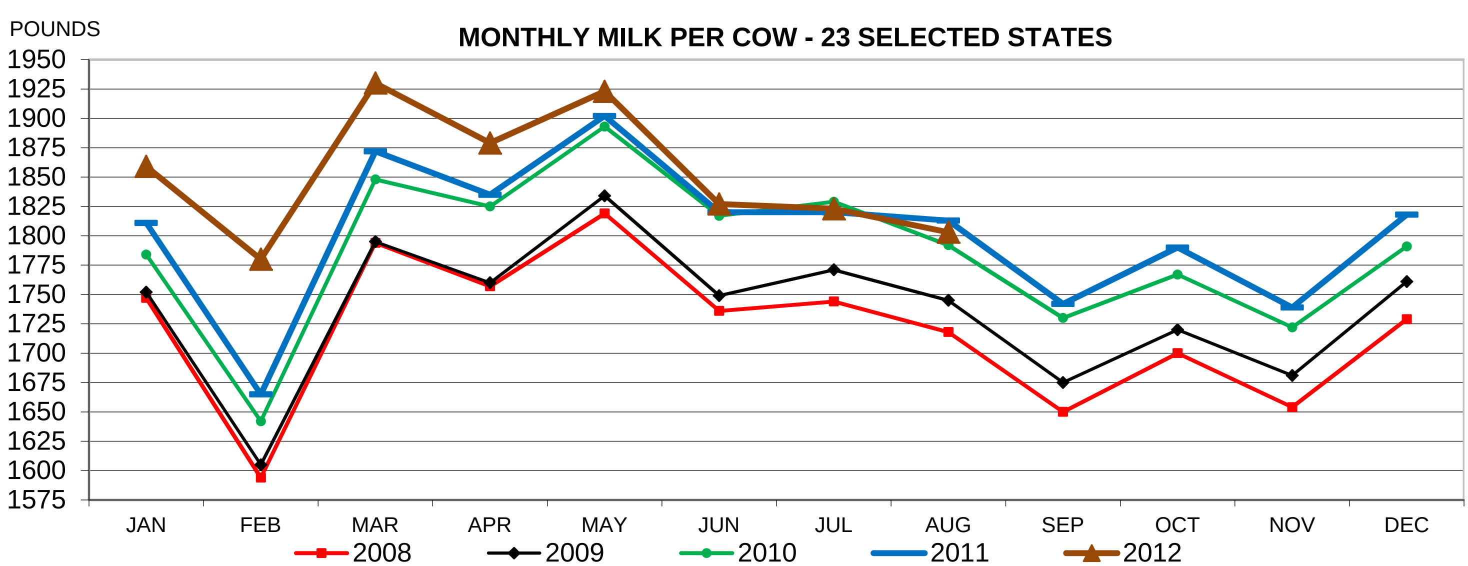
Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin, July 2012*.



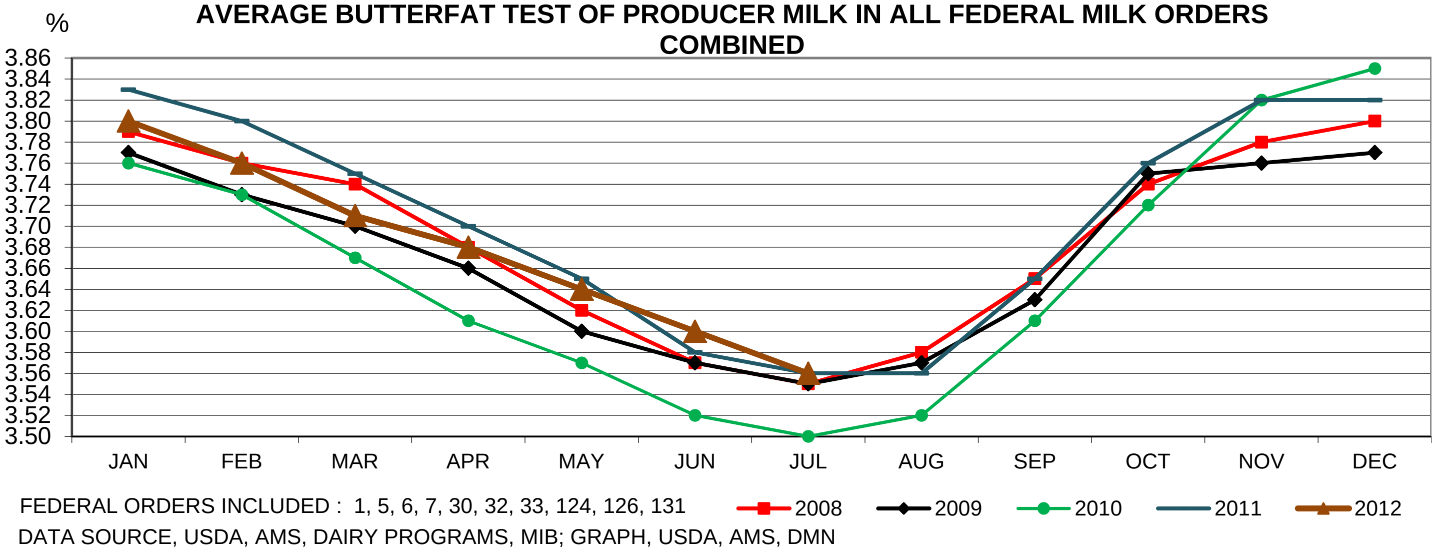
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

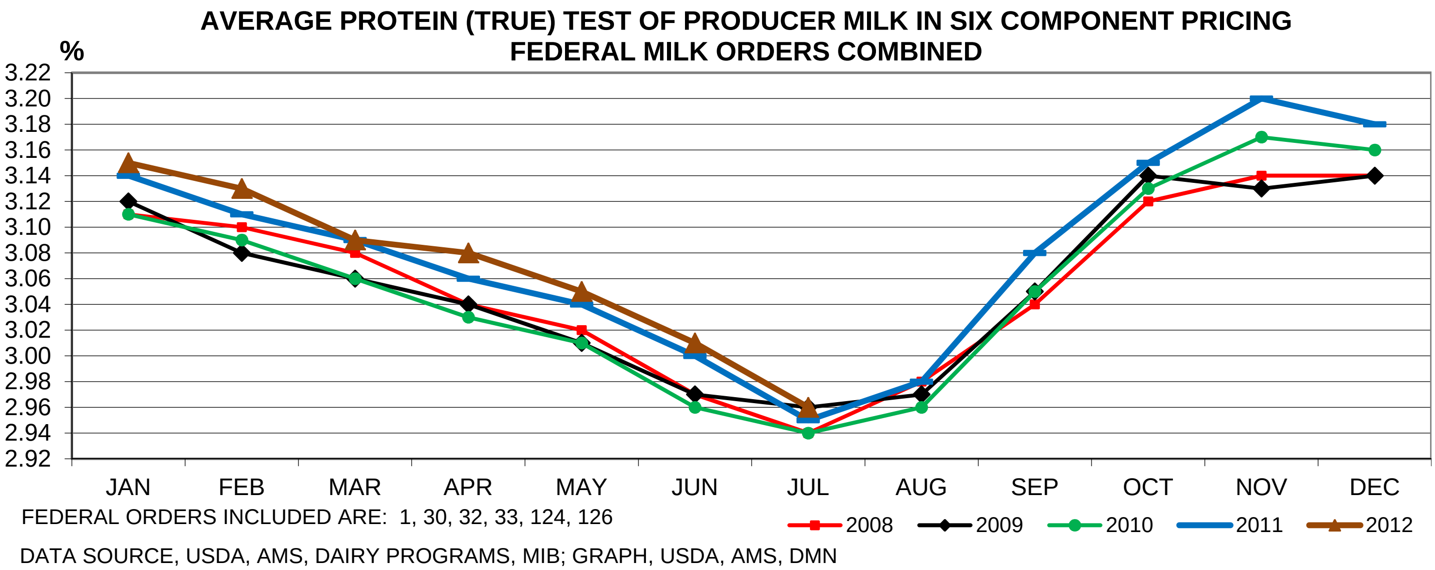


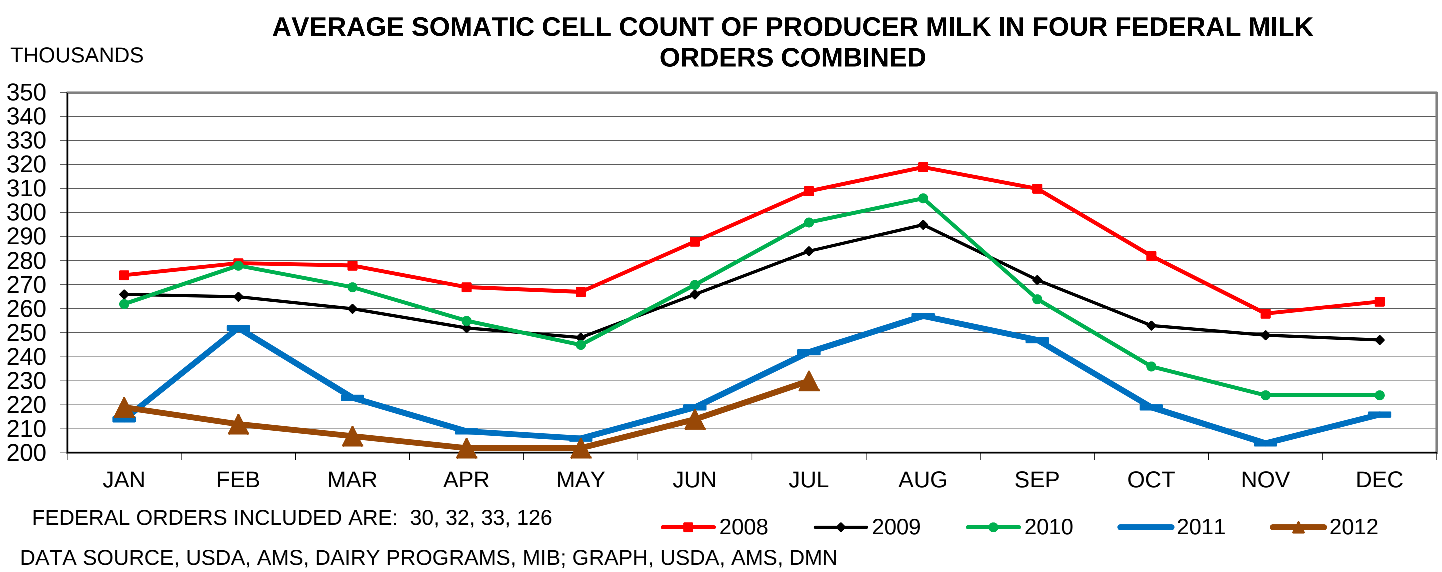
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



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


%
AVERAGE BUTTERFAT TEST OF PRODUCER MILK IN ALL FEDERAL MILK ORDERS COMBINED
3.86
3.84
3.82
3.80
3.78
3.76
3.74
3.72
3.70
3.68
3.66
3.64
3.62
3.60
3.58
3.56
3.54
3.52
3.50
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
FEDERAL ORDERS INCLUDED : 1, 5, 6, 7, 30, 32, 33, 124, 126, 131
2008 2009 2010 2011 2012
DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN


AVERAGE PROTEIN (TRUE) TEST OF PRODUCER MILK IN SIX COMPONENT PRICING FEDERAL MILK ORDERS COMBINED
%
3.22
3.20
3.18
3.16
3.14
3.12
3.10
3.08
3.06
3.04
3.02
3.00
2.98
2.96
2.94
2.92
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
FEDERAL ORDERS INCLUDED ARE: 1, 30, 32, 33, 124, 126
2008 2009 2010 2011 2012
DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN


AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FOUR FEDERAL MILK ORDERS COMBINED
THOUSANDS
350
340
330
320
310
300
290
280
270
260
250
240
230
220
210
200
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
FEDERAL ORDERS INCLUDED ARE: 30, 32, 33, 126
2008 2009 2010 2011 2012
DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN

Dairy Market News Branch

National Dairy Retail Report

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

Agricultural Marketing Service

Volume 79- Number 38 | Issued Biweekly | Thursday, September 20, 2012

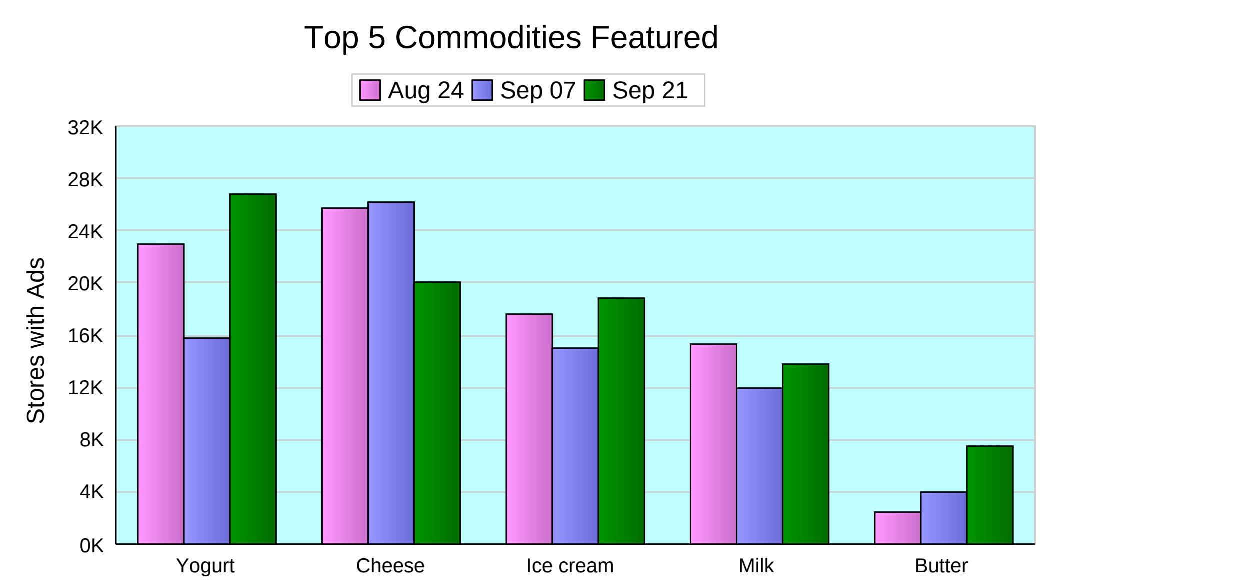
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 09/10 to 09/21

The big shift in dairy advertising during this reporting period is the decline in cheese ad numbers and increase in yogurt ad numbers, the second and third largest categories. Ice cream ads rebounded even though Labor Day has passed and fall has almost arrived.

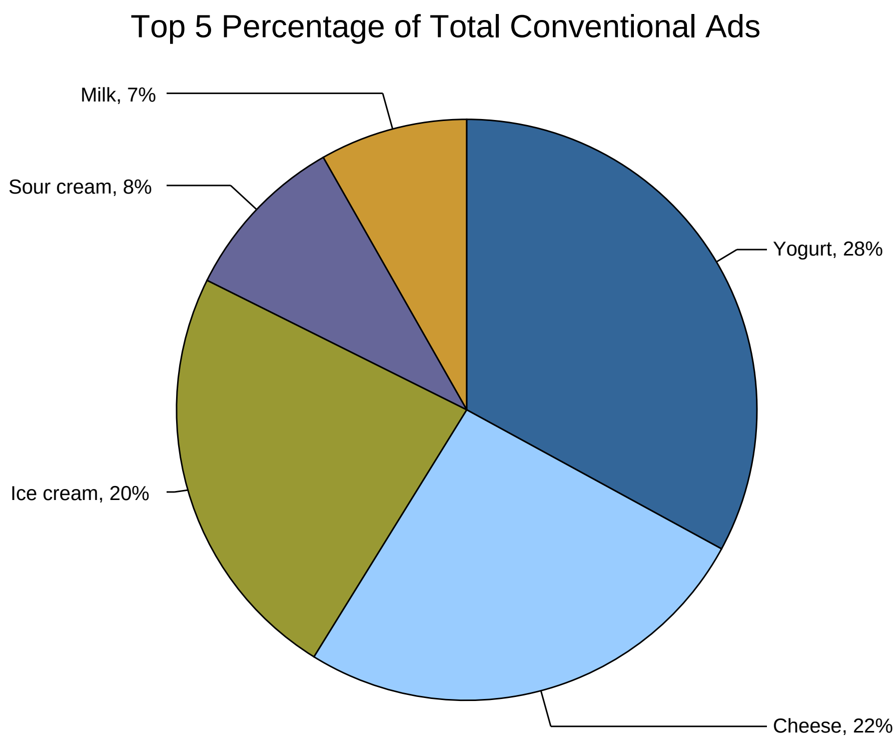
The most advertised cheese category, 8 ounce shredded, has a national weighted average advertised price of $2.07, a 7.6% price decrease from last cycle. The weighted average price for 8-ounce blocks, $2.08, is a 9.6% price decrease from the last cycle. The weighted average advertised price of 4-6 ounce yogurt is $.52, unchanged from two weeks ago, and for 4-6 ounce Greek yogurt $1.00, also unchanged. The weighted average advertised price for 48-64 ounce ice cream containers is $3.11, up 1% from two weeks ago.

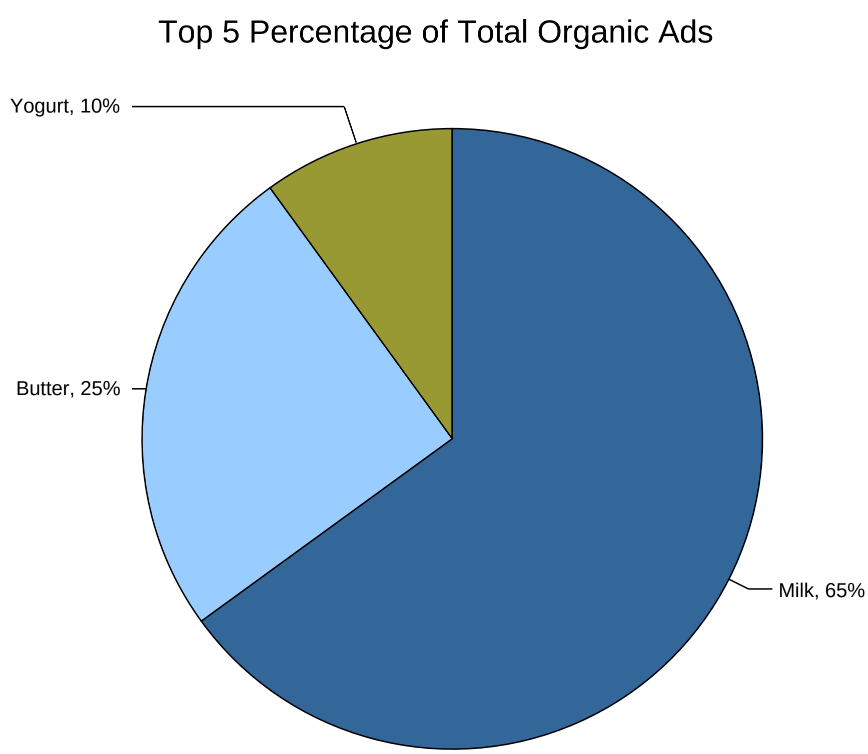
Ice cream in 48-64 ounce containers remains the single most advertised item this survey period. However, if all package sizes of yogurt are totaled, yogurt has more ads than 48-64 ounce ice cream, with cheese in third place. Cheese and yogurt reversed position from two weeks ago, with total cheese ads declining 23.0% and yogurt ads increasing 84.0%.

Conventional milk's national weighted average advertised price for half gallons this period, $2.41, is 2 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, $3.23, is down 24 cents, after declining 44 cents two weeks ago. This results in an organic-conventional half-gallon milk advertised price spread of $0.82, down from $1.04 two weeks ago and $1.65 four weeks ago.



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.





Wtd Avg - Simple weighted average

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 #	4506	2.63	3915	2.62
Cheese	Natural Varieties	8 oz block	5486	2.08	9528	2.30
Cheese	Natural Varieties	1 # block	2393	3.54	3169	3.39
Cheese	Natural Varieties	2 # block	677	5.28	2834	6.06
Cheese	Natural Varieties	8 oz shred	9667	2.07	10375	2.24
Cheese	Natural Varieties	1 # shred	1878	3.67	214	3.65
Cottage cheese		16 oz	2582	1.70	3283	1.58
Cream cheese		8 oz	5067	1.57	6668	1.57
Flavored milk	All fat tests	half gallon	788	2.63	1113	2.15
Flavored milk	All fat tests	gallon	83	2.99	408	3.19
Ice cream		48-64oz	18816	3.11	14838	3.08
Milk	All fat tests	half gallon	1524	2.41	2700	2.43
Milk	All fat tests	gallon	4638	2.39	3208	2.82
Sour cream		16 oz	7399	1.60	12688	1.75
Yogurt	Greek	4-6 oz	13702	1.00	6599	1.00
Yogurt	Greek	32 oz	248	3.98		
Yogurt	Yogurt	4-6 oz	9714	.52	6086	.52
Yogurt	Yogurt	32 oz	1890	2.23	1201	2.37

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 #	1.98-3.49	1540	2.85	2.79-3.00	895	2.94	1.88-3.99	797	2.65
Cheese	Natural Varieties	8 oz block	1.67-2.99	2729	2.17	1.67-2.50	993	2.21	1.18-2.50	1192	1.85
Cheese	Natural Varieties	1 # block	2.99-3.99	1008	3.23	2.99-3.49	139	3.37	2.99-4.99	206	4.70
Cheese	Natural Varieties	2 # block				4.99	103	4.99			
Cheese	Natural Varieties	8 oz shred	0.99-3.00	3195	2.15	1.67-2.50	2349	2.06	1.18-3.59	949	2.00
Cheese	Natural Varieties	1 # shred	3.99	484	3.99	3.99	124	3.99	2.99-5.47	354	4.30
Cottage cheese		16 oz	1.67-2.99	1026	2.21	1.00-2.39	503	1.29	1.00-2.50	743	1.41
Cream cheese		8 oz	1.00-2.00	2120	1.59	0.93-2.00	930	1.68	1.27-2.00	613	1.55
Flavored milk	All fat tests	half gallon	2.00-2.50	174	2.13	1.99-2.50	237	2.27	1.25-4.49	348	3.17
Flavored milk	All fat tests	gallon							2.99	83	2.99
Ice cream		48-64oz	1.99-3.99	4214	2.99	1.99-4.99	1767	3.66	1.88-3.99	3026	2.98
Milk	All fat tests	half gallon	2.50-3.49	878	2.80	1.77-2.99	300	2.20	1.25-1.33	119	1.27
Milk	All fat tests	gallon	1.77-3.33	231	2.15	2.78-3.89	1363	3.03	0.99-2.99	611	2.45
Sour cream		16 oz	1.19-2.00	2136	1.59	1.00-2.00	2289	1.66	0.99-1.66	1041	1.21
Yogurt	Greek	4-6 oz	0.89-1.25	2360	1.04	0.88-1.00	5531	.99	0.88-1.00	2233	.99
Yogurt	Greek	32 oz	3.99	46	3.99	3.98	202	3.98			
Yogurt	Yogurt	4-6 oz	0.34-0.88	3378	.51	0.45-1.00	952	.55	0.33-0.60	1045	.52

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
Yogurt	Yogurt	32 oz	1.99-3.00	1129	2.23				2.00-2.99	328	2.08

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 #	1.88-3.00	224	2.51	1.99-2.50	823	2.07	1.99-2.49	227	2.06
Cheese	Natural Varieties	8 oz block	1.88-2.00	454	1.94				1.67	118	1.67
Cheese	Natural Varieties	1 # block	3.34-3.89	184	3.49	2.98-3.99	856	3.66			
Cheese	Natural Varieties	2 # block	4.99-5.99	359	5.68	5.99	68	5.99	3.99-4.98	147	4.19
Cheese	Natural Varieties	8 oz shred	1.88-2.99	512	2.44	1.67-2.50	1927	1.97	1.67-2.50	735	1.80
Cheese	Natural Varieties	1 # shred	2.99-3.99	488	3.40	2.98-2.99	348	2.98	2.99	80	2.99
Cottage cheese		16 oz				1.25-1.79	192	1.61	0.99	118	.99
Cream cheese		8 oz	1.19-2.00	506	1.49	1.29-1.50	818	1.44	1.49	80	1.49
Flavored milk	All fat tests	half gallon	2.00	29	2.00						
Ice cream		48-64oz	1.99-4.99	2557	3.24	2.50-3.99	4906	3.02	2.50-3.99	2346	3.17
Milk	All fat tests	half gallon							1.25-2.50	227	1.79
Milk	All fat tests	gallon	1.97-2.58	402	2.14	1.77-2.99	1443	2.03	1.97	588	1.97
Sour cream		16 oz	1.29-2.50	392	1.70	0.99-1.99	1241	1.85	0.99-1.99	300	1.40
Yogurt	Greek	4-6 oz	0.88-1.00	832	.99	0.99-1.00	1758	1.00	1.00	988	1.00
Yogurt	Yogurt	4-6 oz	0.28-1.25	863	.59	0.39-0.60	2648	.50	0.50-0.60	828	.50
Yogurt	Yogurt	32 oz	2.28-2.50	137	2.44	2.00-2.50	187	2.38	2.00-2.49	109	2.13

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 #	2929	4.31		
Cheese	Natural Varieties	8 oz shred			26	3.59
Ice cream		48-64oz	56	5.99	192	4.63
Milk	All fat tests	half gallon	4553	3.23	1274	3.47
Milk	All fat tests	gallon			396	5.43
Milk	All fat tests	8 oz UHT	3103	.98	4362	.97
Yogurt	Greek	4-6 oz	507	1.12	787	1.05
Yogurt	Yogurt	4-6 oz	572	.82	683	.65
Yogurt	Yogurt	32 oz	90	2.99	429	2.99

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.	SOUTHEAST U.S.	MIDWEST U.S.

Wtd Avg - Simple weighted average

			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 #	4.49	149	4.49	4.29	103	4.29	4.49	185	4.49
Ice cream		48-64oz	5.99	56	5.99						
Milk	All fat tests	half gallon	3.29-3.99	1001	3.52	3.29-3.99	137	3.82	3.38-3.99	418	3.71
Milk	All fat tests	8 oz UHT	0.83-1.25	807	.95	0.83-1.00	464	.98	1.00	543	1.00
Yogurt	Greek	4-6 oz	1.25	191	1.25	1.00-1.25	251	1.05			
Yogurt	Yogurt	4-6 oz	0.60-0.67	176	.65	1.00	195	1.00	0.80	201	.80

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 #	3.99-4.29	494	4.21	3.99-4.49	1410	4.30	4.29	588	4.29
Milk	All fat tests	half gallon	2.49-3.79	781	3.11	2.69-3.29	1439	3.01	2.99-3.69	777	3.02
Milk	All fat tests	8 oz UHT	1.00	421	1.00	0.79-1.00	750	.97	1.00	118	1.00
Yogurt	Greek	4-6 oz	1.00	65	1.00						
Yogurt	Yogurt	32 oz				2.99	90	2.99			

NATIONAL -- CONVENTIONAL 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 #	2.00	3.49	1766	2.81	1.88	3.99	2740	2.52
Cheese	Natural Varieties	8 oz block	1.88	2.99	1722	2.44	1.18	2.50	3764	1.91
Cheese	Natural Varieties	1 # block	2.99	4.99	358	4.41	2.98	3.99	2035	3.38
Cheese	Natural Varieties	2 # block	5.99	5.99	68	5.99	3.99	5.99	609	5.20
Cheese	Natural Varieties	8 oz shred	1.88	3.00	4483	2.30	.99	3.59	5184	1.86
Cheese	Natural Varieties	1 # shred	5.47	5.47	176	5.47	2.98	3.99	1702	3.48
Cottage cheese		16 oz	1.49	2.50	619	2.31	.99	2.99	1963	1.51
Cream cheese		8 oz	1.19	2.00	2188	1.57	.93	2.00	2879	1.57
Flavored milk	All fat tests	half gallon	2.49	4.49	379	3.55	1.25	2.00	409	1.77
Flavored milk	All fat tests	gallon	2.99	2.99	54	2.99	2.99	2.99	29	2.99
Ice cream		48-64oz	1.88	4.99	8234	3.13	1.99	4.99	10582	3.10
Milk	All fat tests	half gallon	2.50	3.49	958	2.77	1.25	2.99	566	1.79
Milk	All fat tests	gallon					.99	3.89	4638	2.39
Sour cream		16 oz	1.25	2.50	4020	1.78	.99	1.99	3379	1.39
Yogurt	Greek	4-6 oz	.88	1.25	10302	1.01	.88	1.00	3400	.98
Yogurt	Greek	32 oz	3.99	3.99	46	3.99	3.98	3.98	202	3.98
Yogurt	Yogurt	4-6 oz	.39	1.25	7838	.54	.28	.50	1876	.42
Yogurt	Yogurt	32 oz	2.00	3.00	867	2.33	1.99	2.99	1023	2.15

Wtd Avg - Simple weighted average

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 #					3.99	4.49	2929	4.31
Ice cream		48-64oz	5.99	5.99	56	5.99				
Milk	All fat tests	half gallon	3.50	3.99	800	3.78	2.49	3.99	3753	3.11
Milk	All fat tests	8 oz UHT	.79	1.25	3103	.98				
Yogurt	Greek	4-6 oz	1.00	1.25	507	1.12				
Yogurt	Yogurt	4-6 oz	.60	1.00	572	.82				
Yogurt	Yogurt	32 oz					2.99	2.99	90	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

Wtd Avg - Simple weighted average

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