

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/16):**

BUTTER: Grade AA closed at \$1.7950. The weekly average for Grade AA is \$1.8660 (-.0170).

CHEESE: Barrels closed at \$1.7225 and 40# blocks at \$1.8250. The weekly average for barrels is \$1.7880 (-.1730) and blocks, \$1.8540 (-.1700).

BUTTER HIGHLIGHTS: The CME cash butter price held steady for much of the week but trended lower by week's end to close at \$1.7950, the lowest cash price since August 20. Butter production across the country remains seasonally active, although many butter producers are closely monitoring fresh production. Yearend butter orders have been very good for upcoming Thanksgiving needs with post-Thanksgiving orders also positive. Many producers and handlers have a pretty good picture of butter needs for the balance of the holiday season, thus they are balancing fresh production with inventoried stocks. In many instances, butter producers are churning with regular sourced cream volumes and are not aggressively seeking additional cream volumes. Butter producers do indicate that some additional cream volumes are available in the marketplace, but for the most part, many are not taking advantage of the offerings unless favorably priced. Retail promotional activities are very prevalent in the marketplace. According to the most recent National Dairy Retail Report, featured butter prices ranged from \$1.98 - \$3.99 per pound in the U.S. with the national average being \$2.71 per pound.

CHEESE HIGHLIGHTS: Cheese prices have been on a topsy-turvy run for the last few weeks. After topping out in late October at \$2.0800 for barrels and \$2.1200 for blocks at the CME Group in Chicago, the market has moved lower to end the week at \$1.7225 for barrels and \$1.8250 for blocks. Including last Friday's close, sales at the exchange have been active. Fifteen loads of barrels and twenty nine loads of blocks have been sold as the market moved up and down. Demand for cheese is good as buyers are looking to build on sales at the lower prices. The lower price has also increased interest into the export market. Along with assistance from the CWT program, the exports of cheese and curd from January-September have totaled 444.3 million pounds, a 21% increase from the same period a year ago. Recent ad featuring for retail sales has increased as the holidays approach.

FLUID MILK: Class I demand continues to be very strong in the Northeast and Mid-Atlantic regions, limiting manufacturing milk supplies. Milk production in Florida continues to increase, but some contacts feel the flush this year will fall short of last year's levels. Milk production in the Southeast continues to increase along the seasonal trend. Milk production in the Central region is uneven. Marketers report that intakes are at expected levels with some reports of the beginning of increased volumes. Milk component levels are somewhat lower, but still better than anticipated. California milk output trends continue to indicate steady to slightly higher gains. Processing plants are running at manageable levels and no issues are expected over the Thanksgiving holiday period. Conditions have been ideal for milk production across Arizona and total output is increasing on a weekly basis. Milk production levels in the Pacific Northwest are near or at seasonal lows. Cooler temperatures along the coast are bringing rains and snow to the mountains of Oregon and Washington. Utah and Idaho milk supplies are along expected lines.

DRY PRODUCTS: Central nonfat dry milk prices for low and medium heat are steady. High heat prices are fractionally higher. The market tone remains firm as there appears to be good demand for available product. Prices for Eastern nonfat dry milk held steady for low and medium heat, but moved higher for high heat. Strong Class I pulls are limiting the manufacturing milk supply and volumes going to dryers. Western low/medium heat nonfat dry milk prices and the market tone are trending steady to slightly firmer. Buying interest remains on the light side of normal and is slower ahead of the upcoming Thanksgiving holiday that typically slows down transportation in the U.S. High heat prices are unchanged. Dry buttermilk prices in the Central region are steady to higher. The overall market has a firm undertone, but some buyers are expressing concerns about current price levels and how long they can be maintained. Eastern dry buttermilk prices moved higher on the upper end of the range, supported by transactions priced on various price indices. Production of dry buttermilk remains about steady with last week as butter makers continue to fill holiday orders. Western dry buttermilk prices are slightly higher in a limited market test.

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CME GROUP CASH TRADING

COMMODITY	MONDAY NOV 12	TUESDAY NOV 13	WEDNESDAY NOV 14	THURSDAY NOV 15	FRIDAY NOV 16	:: WEEKLY :: CHANGE*	:: WEEKLY :: AVERAGE#
CHEESE							
BARRELS	\$1.8325 (-.0025)	\$1.8275 (-.0050)	\$1.8350 (+.0075)	\$1.7225 (-.1125)	\$1.7225 (N.C.)	:: :: (-.1125)	:: \$1.7880 :: (-.1730)
40# BLOCKS	\$1.8575 (-.0625)	\$1.8575 (N.C.)	\$1.9100 (+.0525)	\$1.8200 (-.0900)	\$1.8250 (+.0050)	:: :: (-.0950)	:: \$1.8540 :: (-.1700)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: :: (N.C.)	:: \$1.5600 :: (N.C.)
GRADE A	\$1.5750 (N.C.)	\$1.5750 (N.C.)	\$1.5725 (-.0025)	\$1.5725 (N.C.)	\$1.5650 (-.0075)	:: :: (-.0100)	:: \$1.5720 :: (N.C.)
BUTTER							
GRADE AA	\$1.8900 (N.C.)	\$1.8900 (N.C.)	\$1.8900 (N.C.)	\$1.8650 (-.0250)	\$1.7950 (-.0700)	:: :: (-.0950)	:: \$1.8660 :: (-.0170)

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**CONTINUED FROM PAGE 1**

The market undertone is mostly steady with gains mainly noted because of recent price gain momentums and changes in index pricing. Dry whole milk prices are steady to higher in light trading this week. Central dry whey prices are steady to higher this week. The industry is still assessing the repercussions of the announcement to close a Central whey manufacturing plant. Dry whey prices in the Northeast moved higher this week, supported by transactions based on various price indices. Dry whey production remains steady compared to recent weeks. Western dry whey prices are mixed. Prices on the range series are spreading out as export sales are reported weaker, while domestic markets are steady to firm. The mostly series followed the same pattern. Whey protein 34% prices are unchanged this week. Market activity has been light with contract deliveries as expected. Lactose prices are unchanged this week. The market remains quiet with spot sales reported to be light. Casein markets and prices remain generally steady.

ORGANIC DAIRY MARKET NEWS (DMN): AMS reports Total Organic Milk Products sales for September 2012, 174 million pounds, were down 4.5% from September last year, but up 2.4% for January through September this year compared with the same period last year. Organic Whole Milk sales for September 2012, 44 million pounds, were up 7.6% compared with September 2011 and up 9.5% January through September this year compared with last year. Organic Fat-Reduced Milk sales for September 2012, 129 million pounds, were down 8.0% compared with September 2011 but up 0.3% January through September this year compared with last year. For Organic milk, the national weighted average advertised price for half gallons is \$3.86, up 38 cents from last period which was down 12 cents from the prior period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.16, compared to \$1.27 two weeks ago and \$2.07 four weeks ago. The average price spread for 2012 is \$1.32.

The national weighted average advertised price of organic milk half gallons, \$3.86, is 38 cents higher than two weeks ago. The price range is \$3.39 to \$4.99, 40 cents higher at the bottom of the price range and 10 cents higher at the top. This period, the concentration of advertised organic half gallon brands was slightly more than two to one, national brands versus store brands. The highest and lowest prices are for national brands. The weighted average advertised price for national brands is \$4.02 and for store brands, \$3.50. Organic butter ads occurred in all regions. The weighted average advertised price is \$4.31, down from \$4.60 two weeks ago. Prices ranged from \$3.99 in all regions except the Northeast, to \$5.99. Once again, the lowest price for organic butter, \$3.99, equals the highest price for conventional butter this period, \$3.99. Organic dairy advertising volume this survey period increased over the level two weeks ago, but remains below the volume for most of the last four months. Ad volume this period increased to a bit above the bi-weekly average this year. Nevertheless, ads remain at a level below seven of the last eight survey periods. Overall organic dairy advertising this year averages 5,095 ads per period compared with an average of 2,676 during 2011. Organic milk ad numbers increased from the last survey period. The number of organic milk ads this period is 3,184, slightly above the average for this year, 3,013. Organic yogurt ads are weaker than seven of the last eight reporting periods of 2012, but up slightly from two weeks ago. This period's 819 organic yogurt ads are below the 2012 average, 1,265. Organic butter ads during this pre-Thanksgiving ad cycle are the fourth highest level of the year. This survey period there were about three times more organic butter ads than the 2012 bi-weekly average. Organic milk still dominates total organic dairy advertising, with 55% of total ads, down from 67% two weeks ago. This is followed by organic butter with 26% of ads, among the highest percentages of the year. These top two categories are -1A-

followed by organic yogurt with 14% and organic egg nog with 5%.

NATIONAL DAIRY RETAIL REPORT (DMN): Retail advertising was featuring holiday and baking themes that included dairy products prominently. Egg nog features began to be reported as a seasonal item and was noted in over 7,000 store ads for quart and half gallon packages. Ad numbers for milk were higher this reporting period with data collectors noting ads for a "free" gallon of milk with tie in purchases of cereals, cookies, or a combination of products. For the national report, butter feature prices averaged \$2.71 per 1# pack, down 1 cent from two weeks ago with a nearly 3-fold increase in ad numbers. Butter prices ranged from \$1.99 to \$3.99 per pound. Cheese prices were higher for the two highest featured items, 8 oz. shreds, \$2.33, up 14 cents, and 8 oz. blocks at \$2.51, up 7 cents. Cream cheese averaged \$1.29 for 8oz. container, down 47 cents from two weeks ago. Egg nog prices averaged \$2.63 for quarts and \$3.08 for half gallons. Yogurt ad prices for 4-6 ounce containers averaged \$.50 for regular yogurt, no change, and \$1.00 for Greek yogurt, up 2 cents from two weeks ago. Sour cream feature prices averaged \$1.58, down 3 cents. The national weighted average advertised conventional price for half gallons this period, \$2.70, is 49 cents above two weeks ago and \$1.17 above four weeks ago. For Organic milk, the national weighted average advertised price for half gallons is \$3.86, up 38 cents from last period which was down 12 cents from the prior period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.16, compared to \$1.27 two weeks ago and \$2.07 four weeks ago. The average price spread for 2012 is \$1.32.

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The 2012 milk production forecast is raised on higher estimated milk per cow in the third quarter, but production forecasts for the remainder of 2012 and 2013 are unchanged from last month. Fat basis exports in both years are reduced largely on lower butterfat exports, but skim solids export forecasts are raised, largely due to whey protein product sales. Cheese prices are forecast lower in 2012, but the forecast is unchanged for 2013. Butter prices for both 2012 and 2013 are lowered as butter stocks are forecast higher than last month. Nonfat dry milk is forecast higher for both years. The whey price forecast is unchanged for 2012 but is raised for 2013. The Class III price for 2012 is unchanged, but the Class IV price forecast is lower on weaker butter prices. For 2013, higher whey and nonfat dry milk prices push the Class III and Class IV price forecasts higher. The all milk price is forecast at \$18.50 to \$18.60 for 2012, unchanged from last month, but the forecast for 2013 is raised to \$19.10 to \$20.00.

AUGUST MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA (AMS & CDFA): In August 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.22 per cwt., up \$1.34 from the July 2012 average, and down \$4.03 from the August 2011 average. The component tests of producer milk in August 2012 were: butterfat, 3.60%; protein, 3.01%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas from the previous month. Mailbox prices in August 2012 ranged from \$21.41 in Florida to \$16.51 in New Mexico.

CME GROUP

MONDAY, NOVEMBER 12, 2012
 CHEESE -- SALES: 14 CARS 40# BLOCKS: 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.9000, 1 @ \$1.8975, 1 @ \$1.8950, 1 @ \$1.8675, 1 @ \$1.8700, 1 @ \$1.8675, 1 @ \$1.8700, 2 @ \$1.8650, 1 @ \$1.8625, 1 @ \$1.8600, 1 @ \$1.8575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8325; 1 CAR 40# BLOCKS @ \$1.8750
 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, NOVEMBER 13, 2012
 CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.8575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8275
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6000
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.8700, 1 @ \$1.8850, 1 @ \$1.8900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.7500; LAST OFFER UNCOVERED: NONE

WEDNESDAY, NOVEMBER 14, 2012
 CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8350; 1 CAR 40# BLOCKS @ \$1.9100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5725
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, NOVEMBER 15, 2012
 CHEESE -- SALES: 1 CAR BARRELS @ \$1.8000; 4 CARS 40# BLOCKS: 3 @ \$1.9100, 1 @ \$1.8200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7225; 1 CAR 40# BLOCKS @ \$1.8200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5725
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8650

FRIDAY, NOVEMBER 16, 2012
 CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8225; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7000; 1 CAR 40# BLOCKS @ \$1.8250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5450; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.5650
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.8200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$1.7950

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$1.8900. The butter price has fluctuated in a range of \$1.8700-\$1.8975 over the last 12 trading sessions in fairly active trading with 29 loads transacted. Churns are operating at steady to slightly reduced schedules as demand for cream has improved from holiday cream based product manufacturers. Demand for butter is very good as manufacturers continue to fill holiday orders. Most inventories are being worked lower. The Foreign Agricultural Service report shows January-September 2011 exports of butter total 83.8 million pounds, a 29% decrease compared to the same period last year. Export loads continue out of the port of New York, but at a slow pace, due to harbor debris and recovery efforts following the recent storms. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 5.463 million pounds (2478 metric tons) of butter. The product will be delivered November 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 66.7 million pounds and anhydrous milk fat totaling 127,868 pounds. FAS import data revealed that high tier and quota butter totaled 2.986 million pounds in October. This was the highest monthly total for 2012 and is a 130% increase, compared to October 2011. New Zealand leads all imports with 1.6 million pounds. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

Following cash price weakness at the CME early last week, then finishing the week 2 cents higher, the current cash price remains at \$1.8900 at mid-week. Churning schedules are active, although many butter producers are closely monitoring their production and inventories against known and projected butter needs. In many instances, butter producers are adjusting their production schedules to meet fresh needs, with enhanced activity occurring to reduce inventoried stock. Many butter producers and handlers are stating that they have a pretty good picture of their customer needs for the balance of the year and are trying to balance this need with modified production schedules and inventories. Thanksgiving orders are generally in the books with some last minute/fill-in orders being reported, but for the most part, current orders are for post-Thanksgiving needs. Some buyers are stating that they will be reviewing Thanksgiving carryover stock levels

before finalizing near term orders. Butter feature activities are appearing throughout the Central part of the country. According to the National Retail Dairy Product Survey, featured butter prices in the Central region ranged \$1.98 - \$3.50 per pound. Retailers are indicating that butter feature activities will continue for much of the balance of the calendar year at varying times. Food service orders are good as restaurants and eating establishments prepare for the yearend holiday season. Exports continue with the assistance of the CWT program. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices are steady to weak. The market is unsettled as orders remain good for immediate delivery. Buyers are cautious about advance sales as they ponder the possibility of lower values in the first quarter of 2013. Cream supplies are readily available as the Thanksgiving holiday closes in. Prices for bulk butter range from 3 cents under to 8 cents under the market, based on the CME with various time frames and averages used. Wednesday's close on the CME Group exchange for butter is unchanged at \$1.8900. Butter prices at the CME Group have been unchanged for the past five trading sessions. Sales at the CME Group this week have been light to moderate with 4 loads changing hands by midweek. Advertised butter prices from the National Dairy Retail Report showed a weighted average price of \$2.71 per pound compared to \$2.72 two weeks ago. Butter advertising was markedly higher from two weeks ago. Western advertised prices ranged from \$1.99-3.50 per pound. The weighted average for butter in the Northwest was \$2.82 and the Southwest was \$2.74. According to the Foreign Agricultural Service, exports of butter and milkfat for January - September 2012 total 83.8 million pounds, down 29% from the same period a year ago. Saudi Arabia at 28.6 million pounds for the year is the largest importer with a 34% increase above last year's amount. The butter and milkfat exports account for 6.0% of butter production in the U.S. for the year. According to the FAS, quota imports of butter for January-October 2012 total 9.12 million pounds, 40.7% more than the same period in 2011. Imports for 2012 account for 59.3% of the total quota for 2012. Imports of High-Tier butter (above quota and with a penalty) are 290,000 pounds, - 57.8% of last year's amount in the same time period.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 10, 2012	1.8923 3,809,015	2.0783 10,903,254	2.0614 9,957,053	0.6415 7,369,511	1.5057 14,753,322

CME GROUP

2012 U.S. Butter and Milkfat Exports (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Sep. Total	4.2	- 28
Total, Jan – Sep.	3.8	- 29
1 Saudi Arabia	28.6	+ 34
2 Iran	11.5	+ 192
3 Morocco	7.4	- 7
4 Egypt	6.8	- 8
5 Canada	2.8	- 74

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

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Oct Quota Imports	2.89	+ 176.4	18.8
Jan. – Oct. High Tier	.29	- 57.8	N.A.
Quota Imports	9.12	+ 40.7	59.3

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels declining \$0.0050 to close at \$1.8275, while blocks were unchanged at \$1.8575. In the last 5 trading sessions barrel prices have dropped \$0.2475, while blocks have declined \$0.2525. Trading was active during the last 5 sessions with 16 loads of barrels and 24 loads of blocks transacted. Class I demand continues to be strong in the Northeast and is limiting the manufacturing milk supply going to cheese makers, resulting in declining cheese production. For a number of weeks, cheese makers have been attempting to match production with sales, unwilling to expand inventories at previous price levels. The recent CME price reductions should begin to change market conditions. The lower prices will promote increased sales as many buyers were purchasing hand to mouth. Demand for cheese is good ahead of the holiday week. The price decreases are especially timely for those buyers that lost product in the recent storms and need to restock. The combination of reduced cheese production, good demand and lower prices will begin to lower cheese inventories. In the latest Foreign Agricultural Statistics report, January-September 2012 exports of cheese and curd from the United States totaled 444.3 million pounds, a 21% increase from the same period in 2011. Cheese exports out of the port of New York continue to run into delays, due to slow harbor traffic and recovery efforts as a result of the recent storms. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.090 million pounds (948 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered November 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 108.4 million pounds.

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

Cheddar 40# Block	:	2.4275-2.7125
Process 5# Sliced	:	2.1775-2.2975
Muenster	:	2.4475-2.8075
Grade A Swiss Cuts 10 - 14#	:	3.6300-3.9525

MIDWEST

Wednesday was the first CME price increase for blocks in 13 trading sessions and for barrels, in 8 trading sessions. Blocks increased +\$.0525 to \$1.9100 and barrels increased +\$.0075 to \$1.8350, widening the price spread from 3 cents to \$.0750. Last week into early this week some manufacturers of Parmesan cheese had noted a welcome positive impact on sales from recently lower CME prices. Parmesan and other Italian cheese varieties which require longer aging than some other cheeses, have experienced buyers holding back from building aging inventory at recent high price levels. Even with Wednesday's price increases, the weekly average change through Wednesday remains negative, so trading through the balance of the week may better determine whether recent increased order placement is impacted. Some Midwest cheese manufacturers continue to report receiving new notices "weekly" from some of their smaller dairy producers supplying milk, that the producers are ceasing farming. The non-scientific "gut" conclusion from cheese plant managers is that cows seem to be going more often to slaughter than to other herds. In coming months, some manufacturers of both cheese and butter plan to divert milk more toward cheddar production than butter. They believe that cheddar will present a more profitable way to hold milk in coming months. Cheese retail advertising volume reported in the National Dairy Retail Report

has more than recovered the ground lost four weeks ago. Cheese ads this period are up 30.6% from two weeks ago, which was up only slightly from four weeks ago when ad numbers declined 25.2%. There is a greater emphasis on ads for 8 ounce blocks and shredded in the Midwest than nationally. The largest number of cheese ads nationally, 39.4%, are for 8 ounce shredded cheese, up from both 39.2% the last period and 36.3% prior to that. In the Midwest, ads for 8 ounce shredded are 52.0% of total regional cheese ads. Nationally, the next highest variety at 28.3%, is 8 ounce blocks, down from both 34.9% last period and 31.5% prior to that. In the Midwest, 42.3% of cheese ads are for 8 ounce blocks. The remaining varieties nationally are 2 pound block, 12.3%; 1 pound block, 10.8%; and 1 pound shredded, 9.2%. The national weighted average advertised price of 8 ounce shredded increased 6.4% to \$2.33, reversing an 8.8% decline last period; 8 ounce blocks increased 2.9% to \$2.51 following a 2.1% increase last period; 2 pound blocks increased 22.8% to \$6.90 after declining 19.4% last period; 1 pound blocks decreased 11.4% to \$3.27 after increasing 3.1% last period; and 1 pound shredded increased 28.7% to \$4.22 after last decreasing 8.9%. Cooperatives Working Together (CWT) has accepted 12 requests for export assistance to sell 2.090 million pounds (948 metric tons) of Cheddar and Monterey Jack cheese to customers in Asia, the Middle East, and North Africa. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 108.4 million pounds.

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

Process American 5# Loaf	:	2.1500-2.8550
Brick And/Or Muenster 5#	:	2.4150-2.9750
Cheddar 40# Block	:	2.4150-3.4000
Monterey Jack 10#	:	2.3850-3.4000
Blue 5#	:	2.6800-3.6650
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2600-3.5000
Grade A Swiss Cuts 6 - 9#	:	3.1500-3.2675

WEST

Western cheese prices are mostly lower this week. Some plants are reporting an increase in orders to refill the pipeline to the East Coast after Hurricane Sandy. Cheese production is steady and inventories are in balance for needs. Recent price reductions have added to interest from export channels. Cheese prices at the CME Group reversed course on Wednesday after a week and a half of steady to lower prices. Barrels closed up \$.0075 to close at \$1.8350. Blocks are \$.0525 higher to close at \$1.9100. Barrel sales were at zero for the week with moderate to heavy sales of blocks at 16 loads by Wednesday. Advertised cheese prices as reported in the National Dairy Retail Report showed prices are mixed. The most heavily advertised category of 8 oz. shred cheese was 14 cents higher than two weeks ago at \$2.33 per package. According to FAS, exports of cheese and curd for January - September 2012 total 444.3 million pounds, up 21% from the same period a year ago. The exports account for 5.5% of total cheese production in the U.S. for January - September 2012. Mexico is the largest importer of cheese with 106.5 million pounds for the year or 24.0% of U.S. cheese exports. According to FAS, quota imports of cheese for January-October 2012 total 136.0 million pounds, up 3.6% from a year ago. The imports stand at 45.5% of the annual quota. Imports of High-Tier

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CHEESE MARKETS

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cheese (above quota and with a penalty) for the same period are estimated to total 22.0 million pounds, up 4.8% compared to imports for January-October of 2011.

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

Process 5# Loaf	:	2.0850-2.3425
Cheddar 40# Block	:	2.1475-2.5000
Cheddar 10# Cuts	:	2.3275-2.5475
Monterey Jack 10#	:	2.3375-2.4975
Grade A Swiss Cuts 6 - 9#	:	3.2075-3.6375

FOREIGN

The CME weekly average block price declined significantly, lowering domestic wholesale foreign type cheese prices by \$0.0850. The decrease wiped out the increases incurred over the last two weeks. Swiss cuts and imported variety cheese prices were unchanged. Port operations in New York and New Jersey have resumed, but harbor traffic is urged to go slow and use extreme caution as cleanup activities are still ongoing. Nearly 75% of European cheese imports come through the New York and New Jersey ports and following the storm, numerous incoming vessels and import deliveries were delayed. Currently, container terminals are catching up on offloading containers, allowing wholesale importers to step up their efforts to get current with their deliveries. The US dollar has weakened recently, but compared to last year's rates, the dollar remains strong, giving importers a price advantage. According to FAS, imports of high tier and quota Italian-type cheese from January through October this year totaled 24.5 million pounds, up 4.9% for the same period last year. Imports of quota Italian-type cheese January through October totaled 12.7 million pounds, 23.3% above the same period last year and 42.6% of the annual quota. Imports of high tier Italian-type cheese January through October totaled 11.9 million pounds, down 9.5% from the same period in 2011. Quota imports of Swiss/Emmentaler varieties from January through October 2012 totaled 34.8 million pounds, 5.1% less than the same period last year. Norway and Finland, the two top sources, account for 62.0% of Swiss/Emmentaler imports January through October 2012.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.5675-4.0550*
Gorgonzola	: 3.6900-6.1900	: 3.0700-3.5250*
Parmesan (Italy)	: -0-	: 3.9575-6.0475*
Provolone (Italy)	: 3.4400-5.5800	: 2.6100-2.7675*
Romano (Cows Milk)	: -0-	: 3.7575-5.9075*
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-	: 3.7275-4.0500
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			
Oct. Quota Imports	14.9	- 7.3	5.0
Jan. - Oct. High Tier	22.0	+ 4.8	N.A.
Quota Imports	136.0	+ 3.6	45.5

2012 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Sep. Total	40.5	+ 17
Total Jan.-Sep.	444.3	+ 21
1 Mexico	106.5	+ 39
2 South Korea	69.8	+ 11
3 Japan	47.4	+ 30
4 Canada	21.9	+ 28
5 Saudi Arabia	21.4	+ 34

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

BUTTER : CHEESE

	:	
11/12/12	8,606	: 117,301
11/01/12	10,598	: 119,313
CHANGE	-1,992	: -2,012
% CHANGE	-19	: -2

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	0	88	0
SOUTHEAST STATES	0	0	0	0	0	0

Class I demand continues to be very strong in the Northeast and Mid-Atlantic regions, limiting manufacturing milk supplies. Clean up and recovery efforts continue in the storm affected areas and power has been restored to over 99% of the area that experienced outages. Numerous restaurants have been slow to reopen as many had refrigerated storage facilities below ground and need to replace equipment. Refrigerated dairy product demand has increased with the resumption of power. Transportation and logistics continue to be a problem in many of the storm affected areas. Despite the recent storms, the corn for grain harvest and fall plowing remain ahead of last year's pace in both regions. Milk production in Florida continues to increase, but some contacts feel the flush this year will fall short of last year's levels. Class I demand picked up this week ahead of the holiday. There were no spot loads of milk imported into Florida this week. Milk production in the Southeast continues to increase along the seasonal trend. Milk supplies are nearly in balance with demand with only a few extra loads being sent to manufacturing plants. The number of aflatoxin rejected loads declined this week. Standardized cream volumes remain heavy as Class I demand is very strong ahead of the upcoming holiday. Demand for cream has increased as cream based holiday product manufacturers are increasing production. Peak of holiday product production occurs usually just prior or just after Thanksgiving Day. Egg nog production has significantly increased over the past 2 weeks. Some urgent cream cheese orders were received as various Northeast and Mid-Atlantic retail outlets attempt to restock supplies following inventory losses, due to the recent storms. The increased demand moved multiples higher this week with multiples from 127-136. The good Class I demand has limited manufacturing and condensed skim milk supplies. Most supplies are moving through contracts with limited volumes going to dryers. Demand for condensed skim is expected to decline early next week as numerous manufacturers shut down for various periods over the holiday week, which should increase milk volumes going to dryers.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	2.3914-2.5609
F.O.B. producing plants: Upper Midwest -	2.2784-2.4479

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.49 - 1.54
Northeast - Class III - spot prices -	1.71 - 1.75

MIDWEST

Milk production in the Central region is uneven. Marketers report that intakes are at expected levels with some reports of the beginning of increased volumes. Questions remain as to feed quality and how dairy farmers will balance rations through the winter. Aside from concerns as to quantity of milk available, milk component levels are somewhat lower, but still better than

anticipated. Spot milk movement in the region is light as Class I sales are steady. Some increases in Class II interest were reported this week ahead of the Thanksgiving holiday. Cheese plants are cautious about building inventories and are mostly content to utilize contracted volumes. Prices for additional milk have softened with premiums at Class to \$1.50 over. Cream multiples are softer this week as increased volumes are offered. Early week prices had cream multiples up to 130, while later in the week, multiples had come down to 121. Eastern cream is finding its way to the Central region as the aftermath of Hurricane Sandy continues to influence milk handling there. Butter/powder manufacturers are anticipating increased volumes during the holiday shortened Thanksgiving week.

WEST

CALIFORNIA milk output trends continue to indicate steady to slightly higher gains. The on farm conditions remain in effect and more media and political attention is being noted. Higher milk prices are welcomed by dairy farmers to offset high costs of production. Processing plants are running at manageable levels and no issues are expected over the Thanksgiving holiday period. Smaller processing plants are scheduling extra down days and Class 1 plants are taking some additional time off. Holiday breaks for schools and colleges are upcoming and ordering for Class 1 for those needs is scheduled to slow. Retail milk ordering has increased for holiday demand increases for consumer meal planning. Food service changes are negligible. Any extra milk supplies should be easily managed because of current milk supplies being below a year ago and due to plants having extra capacity. The December 2012 Class 1 prices in CALIFORNIA range from \$23.08 in the north to \$23.35 in the south. The statewide average Class 1 price based on production is \$23.10. The average is \$0.09 lower than November 2012 but \$2.41 higher than December 2011. Conditions have been ideal for milk production across ARIZONA and total output is increasing on a weekly basis. Daytime high temperatures are in the 70's and creating a good environment and milk cows are responding favorably. Milk shipments have slowed to out of state. Class I accounts are all over the board this week as some ramp up for increased retail orders and others pull back for school needs. Plants are expecting heavier schedules next week, but no issues. The CREAM market is unsettled heading into the holiday week. Buyers are pulling back as they assess schedules and needs ahead of the holiday and into the extended weekend. Surplus cream offerings are expected to hit the churns but levels will be manageable. Transportation issues should be minimal and manageable, especially for local trading. At the CME Group, Grade AA butter price closed at \$1.8900 on Wednesday, November 14, up 2 cents from a week ago. Cream multiples are lower on the 110 to 123 range, and vary depending on basing points and averages. Milk production levels in the PACIFIC NORTHWEST are near or at seasonal lows. Cooler temperatures along the coast are bringing rains and snow to the mountains of Oregon and Washington. Milk handlers were able to move supplies without any serious difficulties reported. In the inland high desert regions, temperatures were cooler, but still favorable towards comfortable cows. Dairy processors are taking the opportunity to work on maintenance issues while milk levels are lower. UTAH and IDAHO milk supplies are along expected lines. Dairy farmers took the opportunity to meet last week for the United Dairymen of Idaho conference in Boise. The conference provided an opportunity for dairy farmers to network on many common issues. Many of the conversations centered around milk processing capacity in the region and new pricing issues for farm milk.

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 for low and medium heat are steady. High heat prices are fractionally higher. The market tone remains firm as there appears to be good demand for available product. Recent price increases for condensed skim have helped to increase interest for NDM. Cheese plants looking to fortify vats are reported to be using increased amounts of NDM. Milk supplies remain at seasonal lows and manufacturers are operating at less than capacity. Available milk supplies are anticipated to temporarily increase next week as the Thanksgiving holiday week will shutter some other manufacturing plants. The Foreign Agricultural Service reported export sales of NDM for this year at 770.9 million pounds, up 6% from last year. For the month of September the U.S. shipped 74.1 million pounds, down 13% from last September.

EAST: Prices for nonfat dry milk held steady for low and medium heat, but moved higher for high heat. Strong Class I pulls are limiting the manufacturing milk supply and volumes going to dryers. Dryer schedules will increase next week when numerous dairy product manufacturers shut down operations for various periods over the holiday week. High heat nonfat dry milk supplies are tight in the East with spot loads selling above contract levels. The leveling off of low heat nonfat dry milk prices is an indication that supplies are more readily available. Demand is good for high heat, but mixed for low heat as some buyers have adequate supplies for the near term and would like to limit their yearend inventories. On the upside, the price differential between condensed skim and nonfat dry milk is prompting some buyers, especially cheese makers, to consider additional purchases. The expected increase in production next week gives the market a weaker undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5100 - 1.5800 MOSTLY: 1.5200 - 1.5700
 HIGH HEAT: 1.6100 - 1.6400

U.S. NDM Exports, H.S. Code 0402100000 (FAS)

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	74.1	- 13
TOTAL, JAN - SEP	770.9	+ 6
1 Mexico	329.1	+ 18
2 Philippines	76.9	- 16
3 Indonesia	59.9	- 27
4 Vietnam	42.0	- 49
5 China	30.0	+ 19

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices and the market tone are trending steady to slightly firmer. Buying interest remains on the light side of normal and is slower ahead of the upcoming Thanksgiving holiday that typically slows down transportation in the U.S. Because of weaker cheese market prices, less NDM is being utilized to standardize/fortify in the manufacturing of cheese. The cheese makers generally do not want to make any extra cheese to inventory in a falling market. Export interest is fully steady with recent weeks and movements of NDM are uneven, but there are exports of skim milk powders and milk protein concentrates that are

ancillary products for export buyers and mostly utilize the same milk inputs. High heat prices are unchanged. Trading levels remains light beyond contracted loads. Spot offerings are limited as seasonal demand is capturing most the current output. Production levels are light, but there could be some additional milk entering butter/powder operations over the Thanksgiving holiday period. There could be opportunities to make more high heat.

EXPORTS: FAS export data for NDM/SMP show U.S. January-September 2012 exports at 770.9 million pounds, up 6% from the same period in 2011. September 2012 exports total 74.1 million pounds, down 13% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4800 - 1.5500 MOSTLY: 1.4900 - 1.5300
 HIGH HEAT: 1.5100 - 1.6100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are steady to higher. The overall market has a firm undertone, but some buyers are expressing concerns about current price levels and how long they can be maintained. Manufacturers are increasing production of dry buttermilk where possible to meet seasonal demand. Spot loads are available for immediate delivery. Excess cream from the East is finding a home in the Central region as manufacturing there has not fully returned to normal. Butter churns are expected to see additional volumes of cream during the Thanksgiving holiday week, thus increasing condensed and dry buttermilk production.

EAST: Dry buttermilk prices moved higher on the upper end of the range, supported by transactions priced on various price indices. Production of dry buttermilk remains about steady with last week as butter makers continue to fill holiday orders. Production is expected to increase next week as some cream based product manufacturers will shut down for portions of the holiday week, forcing more cream to churns. Dry buttermilk supplies remain fairly tight in the East. Supplies are moving through contracts with limited spot and resale activity. Demand has weakened as some buyers have adequate supplies for the near term and are not inclined to expand inventories at this time. Nonfat dry milk is currently priced below dry buttermilk and is prompting some buyers to consider nonfat purchases in lieu of dry buttermilk, due to the price advantage.

F.O.B. CENTRAL/EAST: 1.5900 - 1.6550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are slightly higher in a limited market test. The market undertone is mostly steady with gains mainly noted because of recent price gain momentums and changes in index pricing. The demand side of the market is quiet for any loads beyond contracted offerings with buyers reluctant to pay current prices. Seasonal accounts are good for baking; very slow for ice cream. Offerings remain light, but producers are more current on contracts as production of dry buttermilk has been strong as the butter churns are cranking. Stocks are generally at light to moderate levels.

F.O.B. WEST: 1.4450 - 1.5150 MOSTLY: 1.4500 - 1.4750

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

Dry whole milk prices are steady in light trading this week. Export interest remains nominal with buyers looking for price incentives to complete sales. Manufacturing of new product is being tied closely to demand. Buying interest is slow as next week's Thanksgiving holiday will shorten the work week.

F.O.B. PRODUCING PLANT: 1.7000 - 1.9000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 9	\$1.4826	7,349,257	0
November 2	\$1.4672	5,657,768	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices are steady to higher this week. The industry is still assessing the repercussions of the announcement to close a Central whey manufacturing plant. This is anticipated to tighten supplies within the region for next year. There is some increased interest to negotiate contracts for the upcoming 2013 year. Whey supplies are currently adequate for immediate needs with much of the inventory held in secondary hands. Although domestic prices are firm, export sales are reported to be weaker. ANIMAL FEED whey prices are steady. Current demand centers more on price than availability as buyers have adequate inventories at this time. According to the Foreign Agricultural Service, exports of dried whey for January - September 2012 total 366.5 million pounds, down 10% from the same period a year ago. The exports account for 47.5% of the total dry whey production in the U.S. for the year. The top three importers of U.S. produced whey are China, Mexico and Canada. These countries account for 44.3% of the exports for the year.

F.O.B. CENTRAL: .6000 - .6475 MOSTLY: .6050 - .6400
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4525 - .6000

DRY WHEY - NORTHEAST

Dry whey prices moved higher this week, supported by transactions based on various price indices. Dry whey production remains steady compared to recent weeks. The price increases over the past number of weeks have caused some buyers to make purchases for immediate needs only. Demand for dry whey is declining going into the holiday week as a number of manufacturers have adequate inventories and will be shutting down for portions of the week. Export demand has also seen some declines in recent weeks and inventories are beginning to build for some manufacturers. Some resale offers have been below the current price range, making the market undertone unsettled.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6575 - .6825

DRY WHEY - WEST

Western dry whey prices are mixed. Prices on the range series are spreading out as export sales are reported weaker, while domestic markets are steady to firm. The mostly series followed the same pattern. Contract prices are firm as pricing indices continue to increase marginally. Spot prices are steady to weak in a light test. Sales this week were sluggish as buyers assess needs and evaluate how much inventory they want for year end. Much of the available stocks are currently in the hands of brokers rather than at manufacturers. According to the Foreign Agricultural Service, exports of dried whey for January - September 2012 total 366.5 million pounds, down 10% from the same period a year ago. The exports account for 47.5% of the total dry whey production in the U.S. for the year. China remains the leader in U.S. export destination for whey.

NONHYGROSCOPIC: .5800 - .6575 MOSTLY: .6000 - .6525

U.S. Dry Whey Exports. H.S. Code 0404104000(FAS)

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	33.6	- 21
TOTAL, JAN - SEP	366.5	- 10
1 China	83.4	+ 1
2 Mexico	43.7	- 19
3 Canada	35.4	- 9
4 Japan	27.5	- 7
5 Indonesia	24.3	- 24

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged this week. Market activity has been light with contract deliveries as expected. Spot sales are reported to be slow as buyers are assessing current inventories and looking towards first quarter of 2013 strategies. Stocks are said to be in good shape to heavier than desired from some manufacturers and buyers are said to be waiting on additional purchases. The Foreign Agricultural Service reported exports for September to be up 72% for the month at 30.8 million pounds. Year to date totals are up 21% at 205.6 million pounds. China remains the largest importer of U.S. WPC.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1600 - 1.3425 MOSTLY: 1.2000 - 1.2650

U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	30.8	+ 72
TOTAL, JAN - SEP	205.6	+ 21
1 China	80.7	+ 18
2 Mexico	26.2	+ 14
3 Canada	25.0	- 5
4 Vietnam	13.4	+ 199
5 Japan	10.7	- 20

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged this week. The market remains quiet with spot sales reported to be light. Contract sales are moving along at expected levels, but additional interest is mixed at best. The combination of relatively high prices and upcoming holiday shortened weeks, have reduced inquiries to manufacturers. Buyers have taken a wait and see attitude for future purchases. Supplies are available for those looking to find product, so there is no sense of urgency to procure inventory. Export sales, as reported by FAS, for the year are down 16% at 277.1 million pounds through September.

Including spot sales and up to 3 month contracts.
 F.O.B. EDIBLE, NON PHARMACEUTICAL.7000 - .9300 MOSTLY: .7500 - .8200

CONTINUED ON PAGE 6A

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.

CONTINUED FROM PAGE 6**U.S. Lactose Exports, H.S. Code 1702110000(FAS)**

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	34.0	+ 5
TOTAL, JAN - SEP	277.1	- 16
1 China	60.5	+ 11
2 New Zealand	46.4	- 28
3 Mexico	40.0	+ 3
4 Japan	22.3	- 16
5 Brazil	14.2	- 8

CASEIN - NATIONAL

Casein markets and prices remain generally steady. Domestic buyers indicate that they are basically getting their supplies as scheduled. The Oceania production season is in full swing and fresh stocks are starting to arrive. The milk production season in the Oceania region is running quite strong when compared to last year at this time, thus casein output is equally positive. In Europe, the production season is over for the year and orders are being filled from inventoried stock. Suppliers from this region are still commenting on arriving shipments and the challenges super storm Sandy continues to have on imports into the States, especially for ports within the storm's path.

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:	3.7000 - 4.4000
ACID:	4.4500 - 4.7500

EVAPORATED MILK - NATIONAL

On November 14, 2012, the Kansas City Commodity Office announced the awarding of one contract for a total of 1,003,833 pounds of evaporated skim milk related to Bid Invitation Number 2000001445. The evaporated milk, packed in 24/12 oz. cans, is scheduled for January - March 2013 deliveries to various locations throughout the country. Accepted prices ranged from \$0.6849 - \$0.7586/lb.

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
10/27/2012	62.9	2,540.0	59.8	2,380.1

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

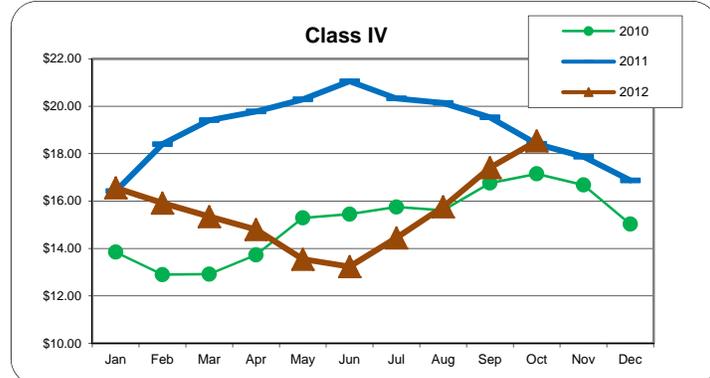
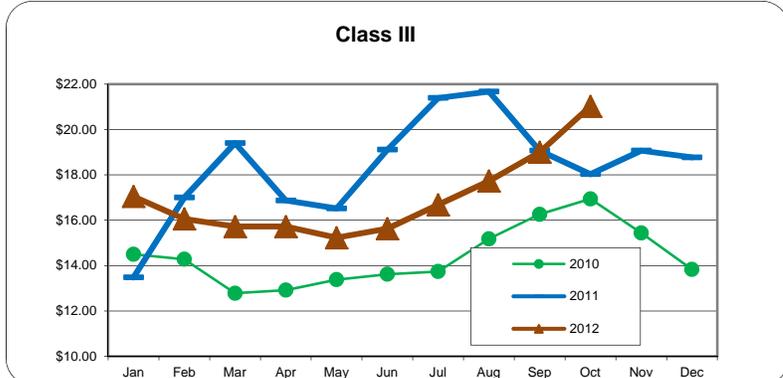
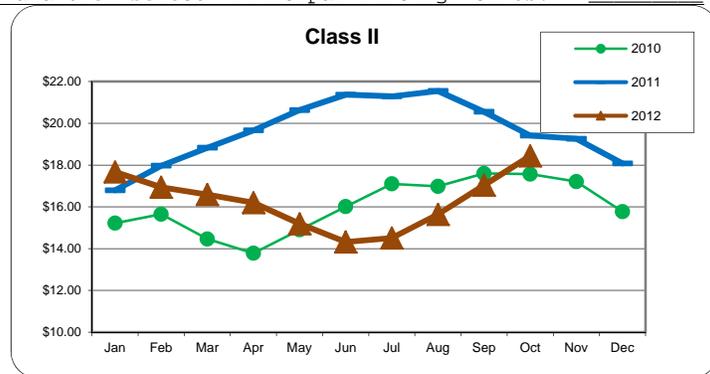
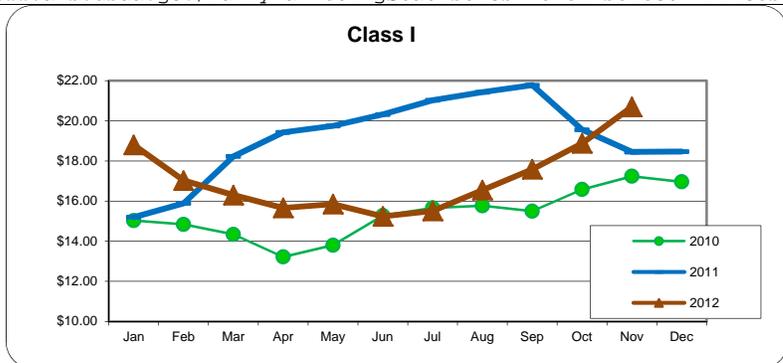
CLASS IV MILK PRICES (3.5% BF)

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	17.59	18.88	20.70	
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04	18.44		
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02		
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54		

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 November 5 - 16, 2012

ORGANIC DAIRY FLUID OVERVIEW

Milk Product Sales: AMS reports Total Organic Milk Products sales for September 2012, 174 million pounds, were down 4.5% from September last year, but up 2.4% for January through September this year compared with the same period last year.

Organic Whole Milk sales for September 2012, 44 million pounds, were up 7.6% compared with September 2011 and up 9.5% January through September this year compared with last year.

Organic Fat-Reduced Milk sales for September 2012, 129 million pounds, were down 8.0% compared with September 2011 but up 0.3% January through September this year compared with last year.

This contrasts with a 1.5% decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) this September compared with one year ago and a 1.5% decline for January through September this year compared with last year. The cited total Fluid Milk products data is adjusted for calendar year composition.

Total Conventional Milk Products, which does not include organic milk, has a 5.2% decline in sales comparing September 2012 with September, 2011 and a 2.0% decline comparing January through September this year with last year.

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

Product Name	Sales		Change from: 2/	
	September	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,061	10,003	-4.9	-2.2
Flavored Whole Milk	44	375	5.6	-3.0
Reduced Fat Milk (2%)	1,429	13,331	-4.6	-1.9
Low Fat Milk (1%)	597	5,331	-4.0	1.5
Fat-Free Milk (Skim)	581	5,460	-9.9	-5.9
Flavored Fat-Reduced Milk	363	2,720	-4.0	-1.5
Buttermilk	37	351	-6.0	0.4
Tot. Conv. Milk Products	4,117	37,602	-5.2	-2.0
Organic Whole Milk	44	402	7.6	9.5
Organic Reduced Fat Milk	51	467	-4.9	6.9
Organic Low Fat Milk	37	342	-5.6	9.5
Organic Fat-Free Milk (Skim)	35	328	-11.3	-5.3
Organic Flavored Milk	5	53	-27.5	-26.1
Organic Fat-Reduced Milk 4/	129	1,195	-8.0	0.3
Tot. Organic Milk Products.	174	1,597	-4.5	2.4
Tot. Fluid Milk Prod. 5/	4,291	39,199	-5.2	-1.8
Tot Fluid Milk Prod Adj 5/6/	4,404	39,305	-1.5	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed price 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>

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy advertising volume this survey period increased over the level two weeks ago, but remains below the volume for most of the last four months. Ad volume this period increased to a bit above the bi-weekly average this year.

Nevertheless, ads remain at a level below seven of the last eight survey periods.

Overall organic dairy advertising this year averages 5,095 ads per period compared with an average of 2,676 during 2011.

Organic milk ad numbers increased from the last survey period. The number of organic milk ads this period is 3,184, slightly above the average for this year, 3,013.

Organic yogurt ads are weaker than seven of the last eight reporting periods of 2012, but up slightly from two weeks ago. This period's 819 organic yogurt ads are below the 2012 average, 1,265.

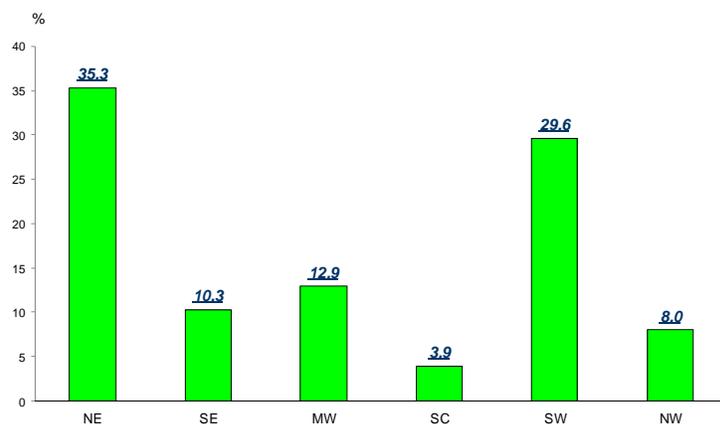
Organic butter ads during this pre-Thanksgiving ad cycle are the fourth highest level of the year. This survey period there were about three times more organic butter ads than the 2012 bi-weekly average.

Organic milk still dominates total organic dairy advertising, with 55% of total ads, down from 67% two weeks ago. This is followed by organic butter with 26% of ads, among the highest percentages of the year. These top two categories are followed by organic yogurt with 14% and organic egg nog with 5%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period November 3, 2012, to November 16, 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 Northeast and Southwest stand ahead of all regions, with 35.3% of retail organic ads in the Northeast and 29.6% in the Southwest. The percentages of the other regions include the Midwest with 12.9%, the Southeast with 10.3%, the Northwest with 8.0% and the South Central with 3.9%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads
Week 46, 2012



Organic Milk. The Northeast leads the regions in organic milk ads for the second consecutive period, with 38.7% of ads. While the Southeast was second two weeks ago with 21.7% of ads, there were no ads in that region this period. The share of other regions include the Southwest with 37.9%, the Midwest with 13.3%, the Northwest with 7.3%, the South Central with 2.0%.

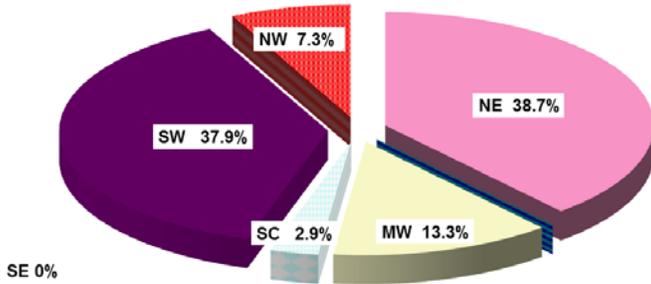
CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered November 5 - 16, 2012

CONTINUED FROM PAGE 8

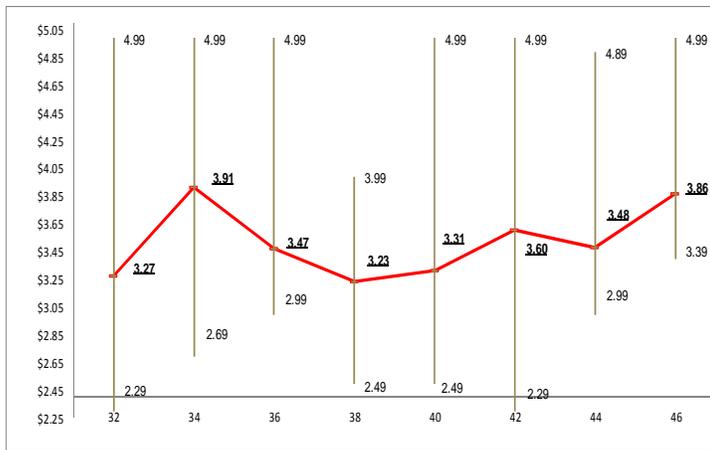
ORGANIC MILK FEATURES
Regional % of Nationally Surveyed Supermarket Ads
Report - Week 46, 2012



The vast majority of ads for organic milk are for half gallons, with slightly under 5% for 8 ounce containers and under 1% for gallons.

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.86, is 38 cents higher than two weeks ago. The price range is \$3.39 to \$4.99, 40 cents higher at the bottom of the price range and 10 cents higher at the top. This period, the concentration of advertised organic half gallon brands was slightly more than two to one, national brands versus store brands. The highest and lowest prices are for national brands. The weighted average advertised price for national brands is \$4.02 and for store brands, \$3.50.

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	41.0	4.10
SE	00.0	----
MW	12.0	3.99
SC	03.1	4.24
SW	36.2	3.57
NW	07.7	3.56
US		3.86

Organic - Conventional Milk Half Gallon Price Spread. The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of \$3.86, also determined the weighted average advertised price for non-organic half gallons as \$2.70, an organic-conventional half-gallon milk advertised price spread of \$1.16, compared with \$1.27 two

weeks ago. The average price spread this year has been \$1.32 and has ranged from 78 cents to \$2.46.

Organic Milk 8 Ounce. The national weighted average advertised price of organic milk 8 ounce containers, \$1.00, is 13 cents higher than two weeks ago. All ads listed a price of \$1.00.

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

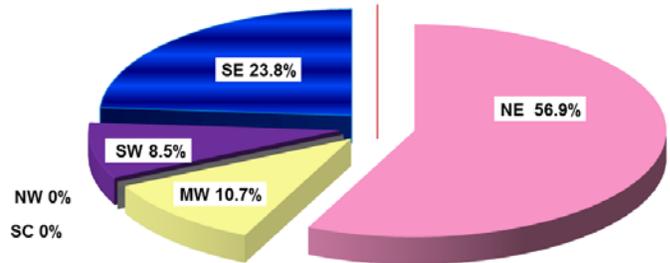
REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	22.2	1.00
SC	00.0	----
SW	77.8	1.00
NW	00.0	----
US		1.00

Organic Milk Gallons. All of the relatively few ads for organic gallons were in the Midwest, priced \$5.95.

Organic Yogurt. More ads appeared for 4-6 ounce Greek yogurt, 416, than for 32 ounce organic yogurt, 265, or 4-6 ounce organic yogurt, 138.

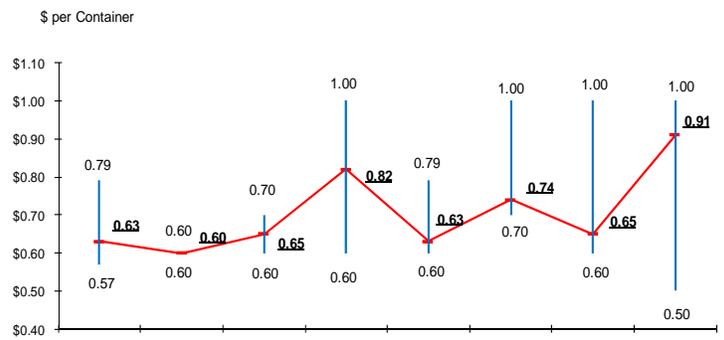
The Northeast has 59.6% of total organic yogurt advertising, with 23.8% in the Southeast, 10.7% in the Midwest, and 8.5% in the Southwest.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 46, 2011



4-6 Ounce Organic Yogurt. Ads for 4-6 ounce organic yogurt ran only in the Northeast and Midwest. The Northeast had 81.2% of ads and the Midwest had 18.8%. Prices ranged from \$0.50 to \$1.00, with a weighted average advertised price of 91 cents, up from 65 cents two weeks ago. Over four out of every five ads were for national brands, rather than store brands.

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



CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered November 5 - 16, 2012

CONTINUED FROM PAGE 8-A

4-6 Ounce Organic Greek Yogurt. Most ads for 4-6 ounce organic Greek yogurt ran in the Northeast, with the remaining ads in the Midwest. All ads were for national brands with prices ranging from \$0.66 to \$1.67, with a weighted average advertised price of \$1.40.

32 Ounce Organic Yogurt. All ads for 32 ounce organic yogurt ran in the Southeast and Southwest, with nearly three times as many ads in the Southeast as in the Southwest. All ads were for national brands at prices ranging from \$2.50 to \$3.00, with a weighted average advertised price of \$2.87.

1 Pound Organic Butter. Organic butter ads occurred in all regions, led by the Southwest having 29.3% of ads and the Southeast having 26.8%. The remaining regions were the Northwest, 15.6%; Midwest, 14.0%; South Central, 9.1%; and Northeast, 5.3%. The weighted average advertised price is \$4.31, down from \$4.60 two weeks ago. Prices ranged from \$3.99 in all regions except the Northeast, to \$5.99.

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

<u>REGION</u>	<u>%</u>	<u>WTD. AV. ADV. PRICE \$</u>
NE	05.3	5.99
SE	26.8	3.99
MW	14.0	4.53
SC	09.1	3.99
SW	29.3	4.32
NW	15.6	4.24
US		4.31

Once again, the lowest price for organic butter, \$3.99, equals the highest price for conventional butter this period, \$3.99.

Organic Egg Nog. Quart size containers of organic egg nog appeared for the first time this pre-holiday season. The ads were split between the Northeast and the Midwest. Prices ranged from \$3.99 to \$4.49, with a weighted average advertised price of \$4.03. The vast majority of ads were in the Northeast. All ads were for national brands.

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. 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 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 46**

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
	(in Dollars)		
FLUID MILK			
MILK - gallon			
Whole	5.79	6.79	1.00
Reduced fat (2%)	5.79	6.79	1.00
Low fat (1%)	5.79	6.79	1.00
Nonfat (Skim)	5.79	6.79	1.00
MILK - half gallon			
Whole	3.79*	4.89	1.10*
Reduced fat (2%)	3.79*	4.89	1.10*
Low fat (1%)	3.79*	4.89	1.10*
Nonfat (Skim)	3.79*	4.89	1.10*
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	4.99*	6.19	1.20*

* = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Food and feed grade corn prices trended higher this period on moderate demand and light offerings. The short supply was a result of lower yields in the areas of the country affected by the drought. However, some areas in the Upper Midwest which receive moisture during the critical growing period are producing average yields. Soybean harvest is progressing, but it's still too early to have a complete assessment of yields. Prices on soybeans were lower this trading period. Prices reported on wheat this period were comparable to previously reported prices. Supplies are hard to secure and asking prices remain higher than mills are willing to pay at this time. Prices noted include Alfalfa hay in California of Supreme quality \$300.00, Premium quality \$290.00, Good/Premium \$285.00, and Fair grade \$235.00. Oregon alfalfa Good quality traded at \$225.00. All hay prices are reported per ton. Additional livestock and grain market news information is available at: <http://www.ams.usda.gov/mnreports/lbfnof.pdf>

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES

The 2012 milk production forecast is raised on higher estimated milk per cow in the third quarter, but production forecasts for the remainder of 2012 and 2013 are unchanged from last month. Fat basis exports in both years are reduced largely on lower butterfat exports, but skim solids export forecasts are raised, largely due to whey protein product sales. Cheese prices are forecast lower in 2012, but the forecast is unchanged for 2013. Butter prices for both 2012 and 2013 are lowered as butter stocks are forecast higher than last month. Nonfat dry milk is forecast higher for both years. The whey price forecast is unchanged for 2012 but is raised for 2013. The Class III price for 2012 is unchanged, but the Class IV price forecast is lower on weaker butter prices. For 2013, higher whey and nonfat dry milk prices push the Class III and Class IV price forecast higher. The all milk price is forecast at \$18.50 to \$18.60 per cwt for 2012, unchanged from last month, but the forecast for 2013 is raised to \$19.10 to \$20.00 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2011	2012 Projected		2013 Projected	
		October	November	October	November
BILLION POUNDS					
MILK					
PRODUCTION	196.2	199.6	199.7	199.7	199.7
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.8	10.9	10.9	10.5	11.1
MARKETINGS	195.3	198.6	198.7	198.7	198.7
IMPORTS	3.5	3.8	3.8	3.8	3.8
TOTAL COMMERCIAL SUPPLY	209.6	213.4	213.4	213.0	213.6
FAT BASIS USE					
COMMERCIAL EXPORTS	9.4	9.6	9.1	8.9	8.8
ENDING COMMERCIAL STOCKS	10.9	10.5	11.1	10.9	11.0
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	189.2	193.3	193.2	193.2	193.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.8	11.8	11.4	10.9
MARKETINGS	195.3	198.6	198.7	198.7	198.7
IMPORTS	5.3	5.9	5.8	5.4	5.4
TOTAL COMMERCIAL SUPPLY	212.7	216.3	216.3	215.5	215.0
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.5	33.5	33.7	32.5	32.8
ENDING COMMERCIAL STOCKS	11.8	11.4	10.9	11.5	11.5
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	168.3	171.4	171.7	171.4	170.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS ^{1/}					
BUTTER	0	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding.

^{1/} Includes products exported under the Dairy Export Incentive Program.

^{2/} Domestic commercial use only.

Continued on page 10

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2012 Projected		2013 Projected	
		October	November	October	November
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.8246	1.725-1.735	1.720-1.730	1.735-1.825	1.735-1.825
BUTTER	1.9498	1.615-1.645	1.605-1.635	1.625-1.745	1.610-1.730
NONFAT DRY MILK	1.5058	1.310-1.330	1.315-1.335	1.390-1.460	1.420-1.490
DRY WHEY	0.5325	0.585-0.595	0.585-0.595	0.585-0.615	0.595-0.625
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	18.37	17.55-17.65	17.55-17.65	17.75-18.65	17.85-18.75
CLASS IV	19.04	16.00-16.20	15.95-16.15	16.75-17.75	16.90-17.90
ALL MILK ^{3/}	20.14	18.50-18.60	18.50-18.60	19.00-19.90	19.10-20.00
QUARTERLY					
	2012 III	2012 IV ^{4/}	2013 I ^{4/}	2013 II ^{4/}	2013 III ^{4/}
BILLION POUNDS					
MILK PRODUCTION	48.7	48.5	49.7	51.2	49.5
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	18.20	21.50-21.80	20.55-21.15	19.10-20.00	18.40-19.40
CLASS III PRICE ^{2/}	17.80	20.65-20.95	19.25-19.85	18.00-18.90	17.35-18.35
CLASS IV PRICE ^{2/}	15.87	18.40-18.80	17.65-18.35	16.85-17.85	16.55-17.65

^{1/} Simple average of monthly prices calculated from AMS (formerly NASS) weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." ^{2/} Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. ^{3/} Does not reflect any deductions from producers as authorized by legislation. ^{4/} Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-512, November 9, 2012.* Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA,
AUGUST 2012, WITH COMPARISONS**

In August 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.22 per cwt., up \$1.34 from the July 2012 average, and down \$4.03 from the August 2011 average. The component tests of producer milk in August 2012 were: butterfat, 3.60%; protein, 3.01%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas from the previous month. Mailbox prices in August 2012 ranged from \$21.41 in Florida to \$16.51 in New Mexico.

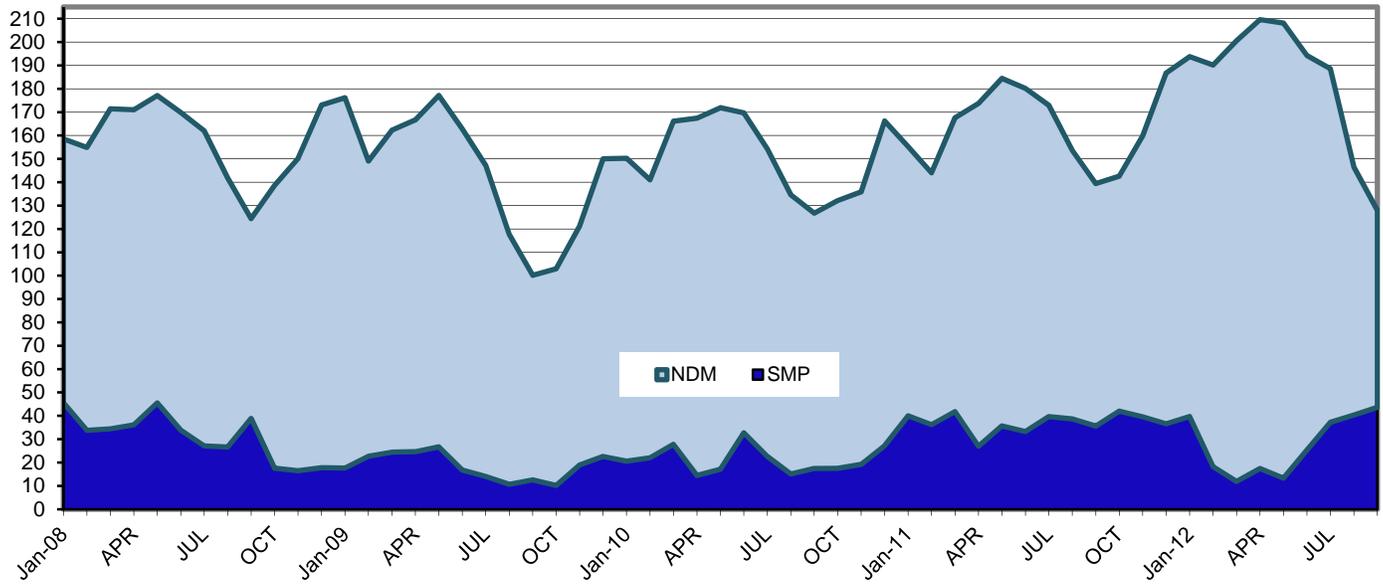
Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	August 2011	July 2012	August 2012
	Dollars per hundredweight		
New England States <u>3/</u>	23.36	17.55	18.73
New York	21.92	16.79	18.03
Eastern Pennsylvania <u>4/</u>	22.73	16.88	18.15
Appalachian States <u>5/</u>	23.89	17.93	19.23
Southeast States <u>6/</u>	24.87	18.49	19.98
Southern Missouri <u>7/</u>	22.78	16.73	18.25
Florida	26.72	19.60	21.41
Western Pennsylvania <u>8/</u>	22.87	16.76	18.15
Ohio	22.64	16.59	17.78
Indiana	22.06	16.02	17.42
Michigan	21.92	15.98	17.45
Wisconsin	22.31	17.55	18.91
Minnesota	22.10	17.59	19.02
Iowa	22.14	17.12	18.60
Illinois	22.60	17.15	18.57
Corn Belt States <u>9/</u>	21.61	16.36	17.85
Western Texas <u>10/</u>	21.45	16.18	17.43
New Mexico	20.17	15.32	16.51
Northwest States <u>11/</u>	22.07	16.27	17.64
All Federal Order Areas <u>12/</u>	22.25	16.88	18.22
California <u>13/</u>	19.85	14.77	16.20

1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. California is simple average. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

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

**2008-12 SKIM MILK (SMP) AND NDM
COMBINED PRODUCTION, HUMAN**

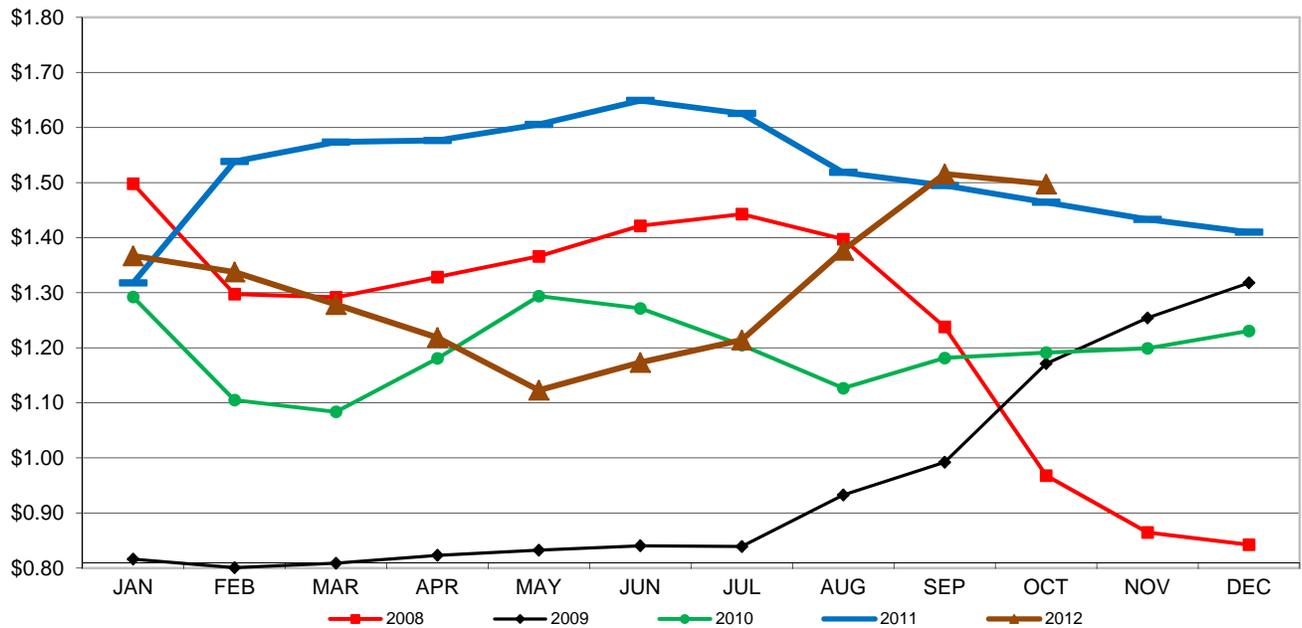
MILLION POUNDS



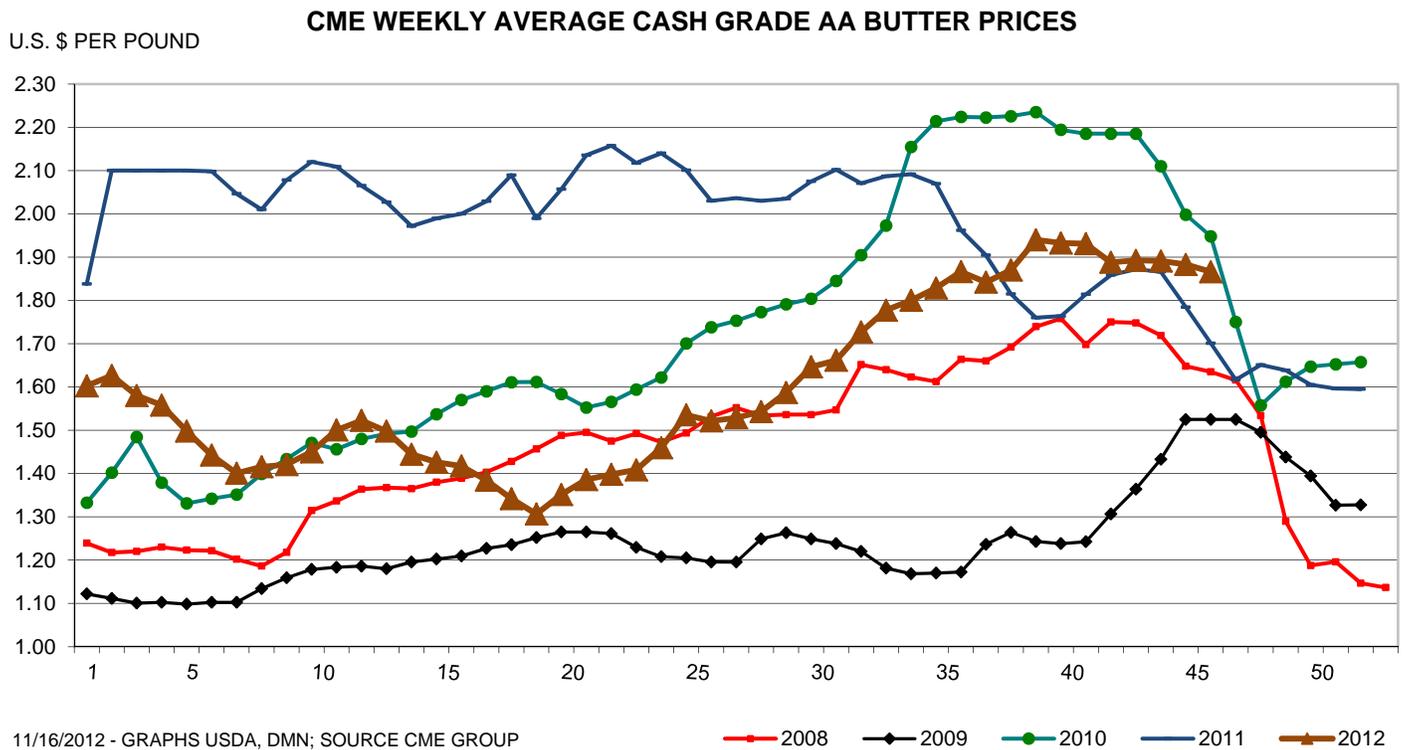
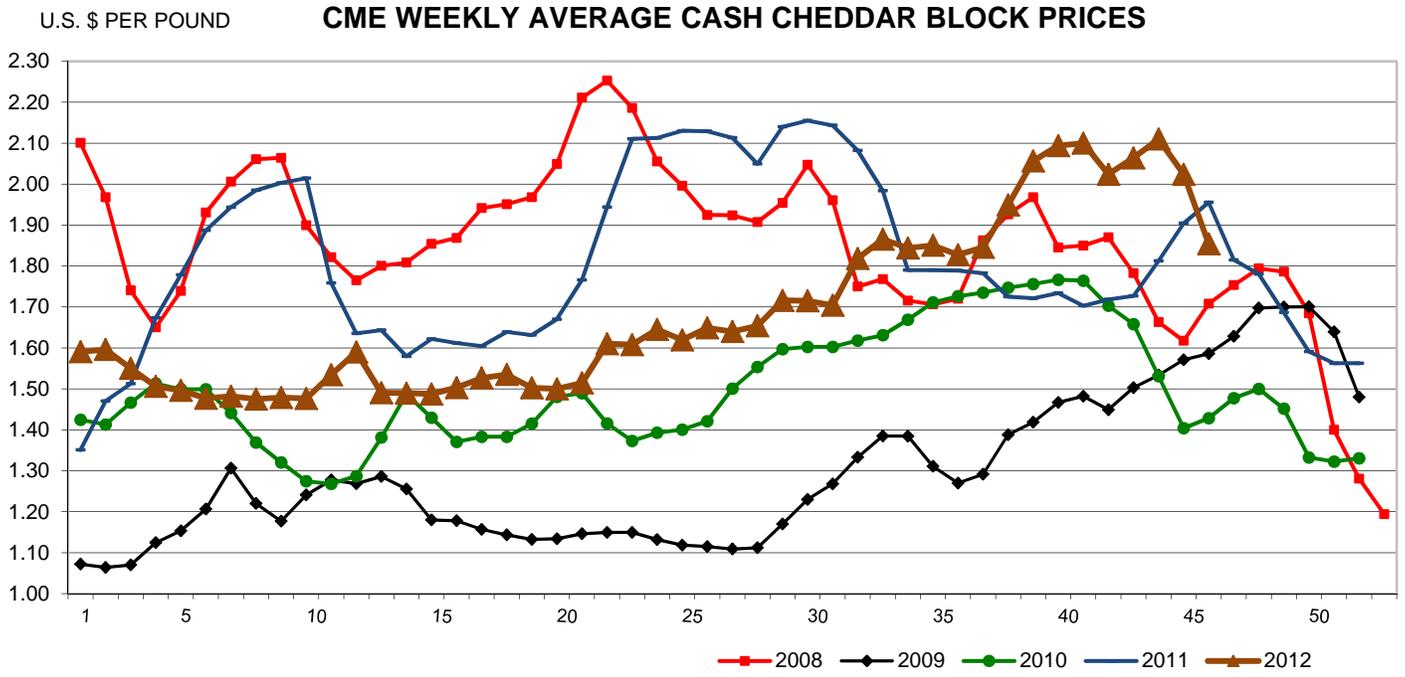
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

WESTERN LOW/MEDIUM HEAT NONFAT DRY MILK MONTHLY AVERAGE OF RANGE PRICES

Per Pound



DATA SOURCE AND GRAPH, USDA, AMS, DMN



11/16/2012 - GRAPHS USDA, DMN; SOURCE CME GROUP

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 79

REPORT: 46

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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 46

Issued Biweekly

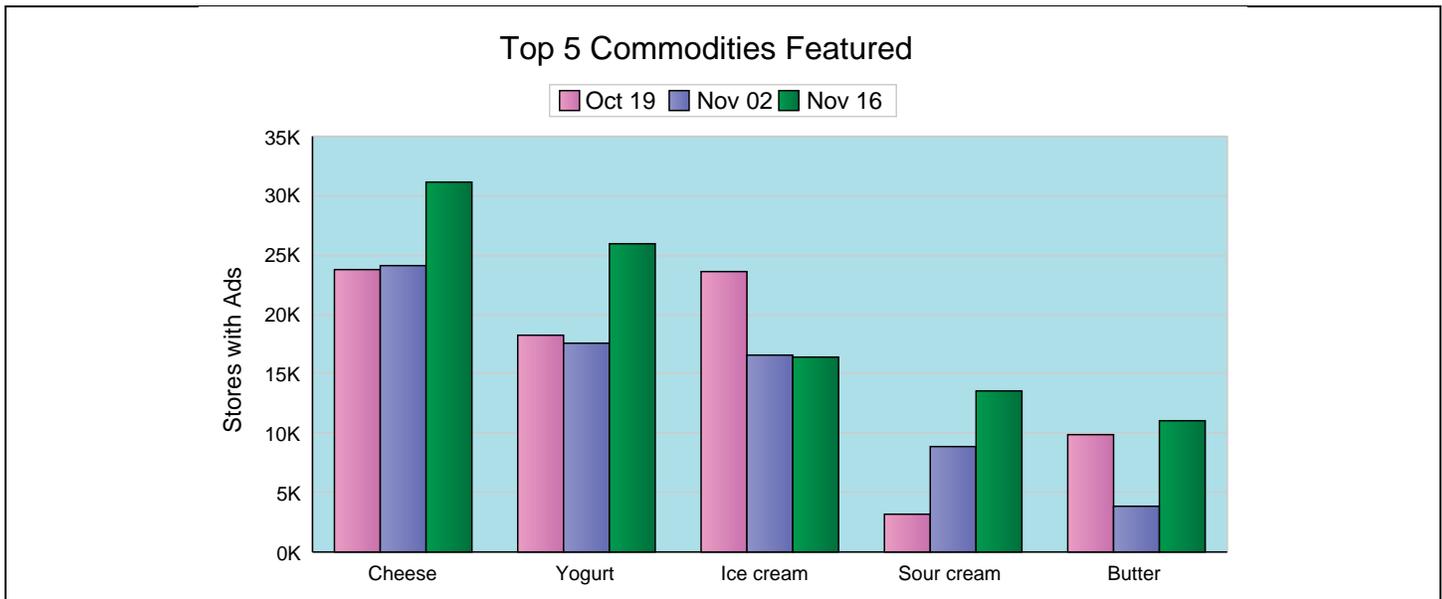
Thursday, November 15, 2012

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 11/05 to 11/16

Retail advertising was featuring holiday and baking themes that included dairy products prominently. Egg nog features began to be reported as a seasonal item and was noted in over 7,000 store ads for quart and half gallon packages. Ad numbers for milk were higher this reporting period with data collectors noting ads for a "free" gallon of milk with tie in purchases of cereals, cookies, or a combination of products.

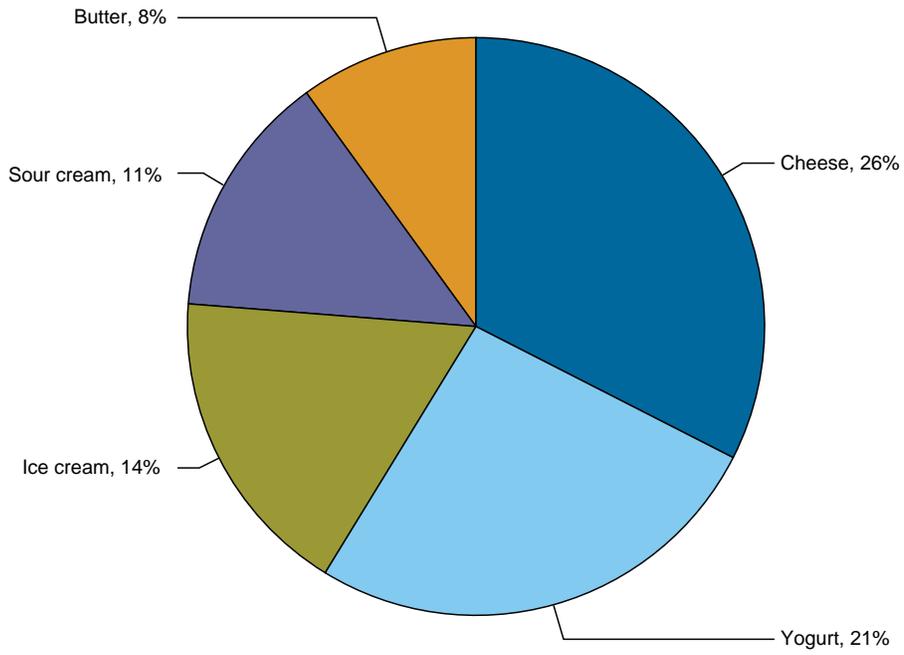
For the national report, butter feature prices averaged \$2.71 per 1# pack, down 1 cent from two weeks ago with a nearly 3-fold increase in ad numbers. Butter prices ranged from \$1.99 to \$3.99 per pound. Cheese prices were higher for the two highest featured items, 8 oz. shreds, \$2.33, up 14 cents, and 8 oz. blocks at \$2.51, up 7 cents. Cream cheese averaged \$1.29 for 8oz. container, down 47 cents from two weeks ago. Egg nog prices averaged \$2.63 for quarts and \$3.08 for half gallons. Yogurt ad prices for 4-6 ounce containers averaged \$.50 for regular yogurt, no change, and \$1.00 for Greek yogurt, up 2 cents from two weeks ago. Sour cream feature prices averaged \$1.58, down 3 cents.

The national weighted average advertised conventional price for half gallons this period, \$2.70, is 49 cents above two weeks ago and \$1.17 above four weeks ago. For Organic milk, the national weighted average advertised price for half gallons is \$3.86, up 38 cents from last period which was down 12 cents from the prior period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.16, compared to \$1.27 two weeks ago and \$2.07 four weeks ago. The average price spread for 2012 is \$1.32.

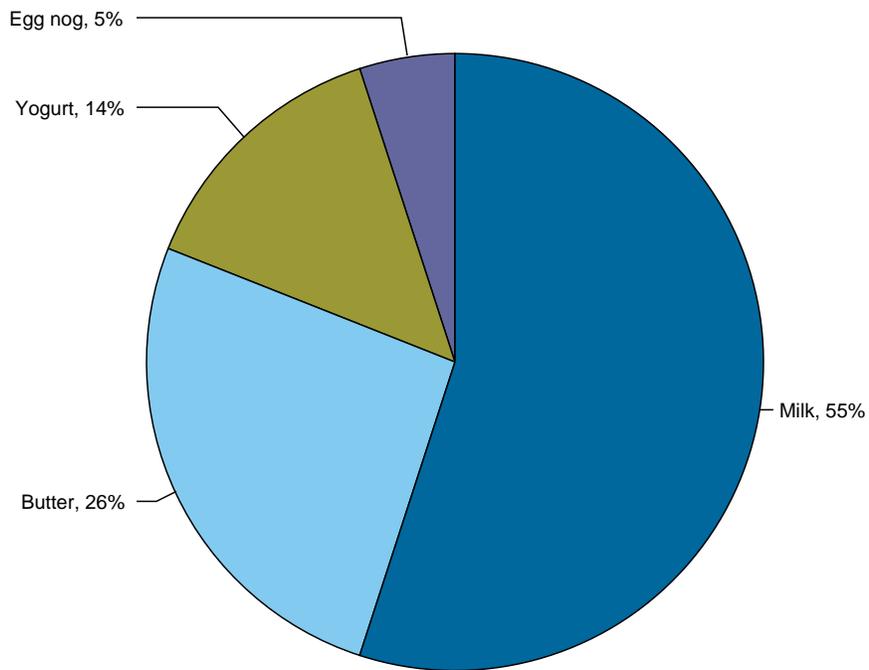


1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

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 #	9523	2.71	3426	2.72
Cheese	Natural Varieties	8 oz block	8817	2.51	8350	2.44
Cheese	Natural Varieties	1 # block	3381	3.27	2302	3.69
Cheese	Natural Varieties	2 # block	3835	6.90	2231	5.62
Cheese	Natural Varieties	8 oz shred	12291	2.33	9356	2.19
Cheese	Natural Varieties	1 # shred	2882	4.22	1658	3.28
Cottage cheese		16 oz	2902	1.69	3872	2.08
Cream cheese		8 oz	7293	1.29	5361	1.76
Egg nog		quart	3980	2.63		
Egg nog		half gallon	3147	3.08		
Flavored milk	All fat tests	half gallon	1068	2.38	3534	2.29
Flavored milk	All fat tests	gallon	140	3.45	3947	3.74
Ice cream		48-64oz	16458	3.01	16465	3.17
Milk	All fat tests	half gallon	2195	2.70	1490	2.21
Milk	All fat tests	gallon	1571	2.60	1549	3.01
Sour cream		16 oz	13622	1.58	8853	1.61
Yogurt	Greek	4-6 oz	12734	1.00	11447	.98
Yogurt	Greek	32 oz	485	4.41	296	4.16
Yogurt	Yogurt	4-6 oz	10654	.50	4486	.50
Yogurt	Yogurt	32 oz	1276	2.14	763	2.35

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 #	1.99-3.99	3033	2.96	1.99-3.00	2442	2.58	1.98-3.50	1547	2.43
Cheese	Natural Varieties	8 oz block	1.67-3.99	4673	2.49	1.67-3.99	2283	2.49	1.50-3.49	1235	2.61
Cheese	Natural Varieties	1 # block	1.88-4.99	2555	3.08	2.99-3.99	130	3.47	2.99	30	2.99
Cheese	Natural Varieties	2 # block	6.99	149	6.99	6.99	206	6.99			
Cheese	Natural Varieties	8 oz shred	1.50-3.99	3041	2.49	1.59-2.50	3422	2.20	1.49-2.58	1630	2.20
Cheese	Natural Varieties	1 # shred	3.49-4.99	239	4.11	4.99	1273	4.99	2.99-3.19	149	3.15
Cottage cheese		16 oz	1.99-2.50	972	2.10	1.25	34	1.25	1.25-2.00	696	1.64
Cream cheese		8 oz	0.99-1.99	2397	1.39	0.79-1.67	1473	1.20	0.79-1.66	2120	1.23
Egg nog		quart	1.99-3.99	2220	2.86	1.99-2.69	208	2.34	1.99-2.50	303	2.33
Egg nog		half gallon	3.99	542	3.99	2.99-3.79	377	3.21	2.69-3.99	608	3.48
Flavored milk	All fat tests	half gallon	2.00-3.29	683	2.40	1.50-3.29	269	2.55	1.66-1.99	116	1.91
Flavored milk	All fat tests	gallon	3.99	46	3.99				3.19	94	3.19
Ice cream		48-64oz	1.39-3.99	3549	2.72	2.00-5.49	3338	3.18	1.99-4.99	2325	3.00
Milk	All fat tests	half gallon	1.79-3.99	1586	2.96	1.50-2.99	269	2.63	1.66	28	1.66
Milk	All fat tests	gallon	2.88-4.49	100	3.62	2.97-3.15	229	3.00	1.99-2.77	374	2.40
Sour cream		16 oz	0.99-2.00	3617	1.48	0.98-2.00	2706	1.64	0.98-2.49	1693	1.52

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	Greek	4-6 oz	0.80-1.25	3161	1.01	0.88-1.00	2916	.99	0.80-1.00	822	.99
Yogurt	Greek	32 oz	3.99-4.99	344	4.17				4.99	70	4.99
Yogurt	Yogurt	4-6 oz	0.39-0.75	2685	.52	0.40-0.60	1880	.44	0.39-0.60	1675	.47
Yogurt	Yogurt	32 oz	1.99-2.89	982	2.14				2.00	207	2.00

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 #	1.99-3.99	857	2.66	2.19-3.50	1238	2.74	1.99-3.50	406	2.82
Cheese	Natural Varieties	8 oz block	2.00-2.99	459	2.51	2.50-2.59	132	2.55	1.99	35	1.99
Cheese	Natural Varieties	1 # block	4.00	31	4.00	2.99-3.99	600	3.92	4.99	35	4.99
Cheese	Natural Varieties	2 # block	6.99	718	6.99	6.99-7.99	1388	7.78	4.99-5.99	1374	5.93
Cheese	Natural Varieties	8 oz shred	1.50-2.50	1113	2.23	1.48-3.00	2232	2.38	1.99-2.50	853	2.48
Cheese	Natural Varieties	1 # shred	2.99-4.00	452	3.16	3.29-3.99	660	3.86	2.99-4.99	109	3.52
Cottage cheese		16 oz	1.25	386	1.25	1.25-1.50	750	1.43	1.79-1.99	64	1.88
Cream cheese		8 oz	0.88-1.67	610	1.23	1.19-2.00	419	1.56	0.99-1.25	274	1.14
Egg nog		quart	2.00-2.50	430	2.42				1.50-2.50	819	2.29
Egg nog		half gallon	2.99	201	2.99	2.50-2.99	1390	2.52	3.49	29	3.49
Ice cream		48-64oz	2.49-4.50	2198	3.01	2.48-3.99	3144	3.10	2.00-3.99	1904	3.13
Milk	All fat tests	half gallon	1.66	85	1.66				1.25-1.99	227	1.49
Milk	All fat tests	gallon	1.99-2.99	631	2.56	1.57-3.19	209	2.27	1.99	28	1.99
Sour cream		16 oz	1.00-1.98	1110	1.50	1.25-2.09	3336	1.70	1.25-1.99	1160	1.61
Yogurt	Greek	4-6 oz	1.00-1.50	1449	1.02	1.00	2813	1.00	0.99-1.00	1573	1.00
Yogurt	Greek	32 oz	4.99	71	4.99						
Yogurt	Yogurt	4-6 oz	0.39-0.50	1037	.48	0.50-0.60	2674	.53	0.50-0.79	703	.51
Yogurt	Yogurt	32 oz				2.00-2.99	52	2.48	2.50	35	2.50

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 #	1485	4.31	371	4.60
Cheese	Natural Varieties	8 oz shred			195	2.50
Egg nog		quart	292	4.03		
Ice cream		48-64oz			118	4.99
Milk	All fat tests	half gallon	3003	3.86	1701	3.48
Milk	All fat tests	gallon	28	5.95		
Milk	All fat tests	8 oz UHT	153	1.00	1017	.87
Yogurt	Greek	4-6 oz	416	1.40	202	1.25
Yogurt	Yogurt	4-6 oz	138	1.11	444	.65

Wtd Avg - Simple weighted average



Yogurt	Yogurt	32 oz	265	2.87	
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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 #	5.99	78	5.99	3.99	398	3.99	3.99-5.99	208	4.53
Egg nog		quart	3.99	266	3.99				4.49	26	4.49
Milk	All fat tests	half gallon	3.50-4.99	1231	4.10				3.99	361	3.99
Milk	All fat tests	gallon							5.95	28	5.95
Milk	All fat tests	8 oz UHT							1.00	34	1.00
Yogurt	Greek	4-6 oz	1.25-1.67	354	1.53				0.66	62	.66
Yogurt	Yogurt	4-6 oz	1.00-1.50	112	1.25				0.50	26	.50
Yogurt	Yogurt	32 oz				3.00	195	3.00			

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	3.99-4.99	435	4.32	3.99-5.99	231	4.24
Milk	All fat tests	half gallon	3.49-4.89	92	4.24	3.39-3.99	1088	3.57	3.50-3.99	231	3.56
Milk	All fat tests	8 oz UHT				1.00	119	1.00			
Yogurt	Yogurt	32 oz				2.50	70	2.50			

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	3.99	7333	2.81	1.98	3.50	2190	2.40
Cheese	Natural Varieties	8 oz block	1.50	3.99	7041	2.60	1.67	2.65	1776	2.14
Cheese	Natural Varieties	1 # block	1.88	4.99	2316	3.10	2.99	3.99	1065	3.64
Cheese	Natural Varieties	2 # block	4.99	6.99	297	6.45	5.99	7.99	3538	6.93
Cheese	Natural Varieties	8 oz shred	1.48	3.99	9902	2.40	1.50	2.50	2389	2.01
Cheese	Natural Varieties	1 # shred	4.00	4.99	1431	4.97	2.99	3.99	1451	3.48
Cottage cheese		16 oz	1.50	2.49	1145	1.94	1.25	2.50	1757	1.53
Cream cheese		8 oz	.88	2.00	4035	1.32	.79	1.69	3258	1.26
Egg nog		quart	1.99	3.99	1984	2.82	1.50	2.99	1996	2.43
Egg nog		half gallon	3.49	3.99	390	3.95	2.50	3.99	2757	2.96
Flavored milk	All fat tests	half gallon	1.66	3.29	890	2.42	1.50	2.49	178	2.19
Flavored milk	All fat tests	gallon	3.99	3.99	46	3.99	3.19	3.19	94	3.19
Ice cream		48-64oz	1.99	5.49	8678	3.04	1.39	4.59	7780	2.98

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
Milk	All fat tests	half gallon	1.66	3.99	1673	2.92	1.25	2.78	522	1.99
Milk	All fat tests	gallon	2.29	4.49	126	3.35	1.57	3.19	1445	2.54
Sour cream		16 oz	.98	2.09	7275	1.65	.98	2.49	6347	1.51
Yogurt	Greek	4-6 oz	.80	1.50	11963	1.01	.80	1.00	771	.91
Yogurt	Greek	32 oz	3.99	4.99	485	4.41				
Yogurt	Yogurt	4-6 oz	.39	.79	8069	.52	.40	.75	2585	.43
Yogurt	Yogurt	32 oz	1.99	2.69	451	2.12	1.99	2.99	825	2.15

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	5.99	625	4.74	3.99	3.99	860	3.99
Egg nog		quart	3.99	4.49	292	4.03				
Milk	All fat tests	half gallon	3.39	4.99	2052	4.02	3.49	3.50	951	3.50
Milk	All fat tests	gallon	5.95	5.95	28	5.95				
Milk	All fat tests	8 oz UHT	1.00	1.00	153	1.00				
Yogurt	Greek	4-6 oz	.66	1.67	416	1.40				
Yogurt	Yogurt	4-6 oz	1.00	1.50	112	1.25	.50	.50	26	.50
Yogurt	Yogurt	32 oz	2.50	3.00	265	2.87				

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