

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/07):**

**BUTTER:** Grade AA closed at \$1.5900. The weekly average for Grade AA is \$1.5870 (-.0505).

**CHEESE:** Barrels closed at \$1.6600 and 40# blocks at \$1.7600. The weekly average for barrels is \$1.6810 (-.0705) and blocks, \$1.7600 (-.0520).

**BUTTER HIGHLIGHTS:** Butter prices increased on CME trading this Wednesday for the first time in 18 trading sessions and rose again Thursday, closing the week at \$1.5900. Churning in the West is somewhat above expectations, where cream remains readily available and club store sales are excellent with heavier orders coming in. Central butter production is active, using primarily internal cream. Butter inventories are building seasonally but interest for December is sluggish and generally lower than projected by some manufacturers. Northeast butter production has slowed and butter inventories are level to slightly increasing. The Kansas City Commodity Office announced this week, the award of solicitation AG-DPRO-S-13-0034, for 533,520 pounds of salted print butter for domestic food distribution programs. The price range for the award is \$1.9568-\$1.9812. According to the ERS *Commercial Disappearance* report, butter disappearance for the first nine months of the year totals 1.33 billion pounds, up 3.1% on a daily average basis or an increase of 44.2 million pounds from 2011. According to the NASS *Dairy Products* report, U.S. butter production in October totals 145.7 million pounds, up slightly from last year and up 6.8% from last month. Cumulative butter output for the first ten months of the year totals 1.54 billion pounds, up 3.4% from the same period in 2011. The increase is equal to 50.3 million pounds of butter. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.058 million pounds (480 metric tons) of butter. The product will be delivered December 2012 through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 70.5 million pounds and anhydrous milk fat totaling 127,868 pounds.

**CHEESE HIGHLIGHTS:** Milk supplies available for cheese manufacturing have increased and cheese plants are working additional hours to accommodate the increased volumes. The surge of milk from the holiday combined with increasing yields of fat and protein have built cheese inventories in the short run. Prices at the CME Group are steady to lower in daily trading this week. Blocks are mostly steady with barrels selling lower on most days. The block/barrel price spread on Thursday and Friday was a full 10 cents. Barrels closed the week

unchanged at \$1.6600 and blocks were unchanged at \$1.7600. Buyers continue to place orders for immediate needs, but are cautious about building new inventories until price levels are better determined. The lower prices have increased inquiries from aging programs and export buyers, but sales remain slow. The CWT program assisted with 1.3 million pounds of export sales this week. NASS' Dairy Products report for October had total cheese production up 3.2% from last year. Cumulative production for 2012 was reported to be 2.6% above comparable 2011 production.

**FLUID MILK:** Midwest farm milk production is increasing steadily, following typical November/December trends. Components are variable from week to week but processors indicate the overall trend on components shows a seasonal increase. Spot milk load availability increased substantially this week. Milk handlers point to two major reasons for the sudden increase in milk availability: cheese market volatility and mechanical issues at some Central plants. California milk production is slowly building along expected seasonal patterns. Overall production is behind year ago levels as dairy farmers continue to struggle with profitability issues. Fewer cows in the state and low cost rations have lowered production from last year. Manufacturing capacity is still above current milk supplies. Arizona reports milk production is increasing slowly. Overall supplies are behind a year ago, but catching up. Favorable weather in New Mexico has boosted milk production slightly. Supplies are still below year ago levels. Fewer cows and lower cost rations are holding production back. Processors report adequate milk supplies for current needs. Milk production in the Pacific Northwest remains near the seasonal bottom. Financial margin stress is not helping output to move higher very fast this fall/winter. Coastal moisture is making its way to Utah and Idaho. Any moisture is always welcomed in the High Plains region. Some contacts are noting that hay is a bit more available in the region this year and the quality is quite good. Due to great weather, some growers were able to get an extra cutting. Very little hay was rain damaged. A new plant in the region is just beginning to run some milk as an early test of how the plant is operating and another plant is putting the finishing touches on another churn for the region. Milk from the farm remains at a low point seasonally. Cream supplies are building in the West with most of the excess finding a home with butter churns. Manufacturing milk supplies in the Northeast and Mid-Atlantic regions are down from last week, but above levels prior to the Thanksgiving holiday. Class I demand has

## \*\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*\*

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)  
DAIRY FUTURES (PAGE 9)  
NOVEMBER MONTHLY AVERAGES AND SUMMARY (PAGES 10-12)  
2013 MONTHLY AVERAGE RELEASE TIMES (PAGE 13)

OCTOBER DAIRY HIGHLIGHTS (PAGE 14)  
NOVEMBER AGRICULTURAL PRICES (PAGE 15)  
NOVEMBER FMMO CLASS AND COMPONENT PRICES (PAGE 16)  
GRAPHS (PAGES G1-G2)

CME GROUP CASH TRADING

| COMMODITY                      | MONDAY<br>DEC 03     | TUESDAY<br>DEC 04    | WEDNESDAY<br>DEC 05  | THURSDAY<br>DEC 06   | FRIDAY<br>DEC 07   | ::<br>WEEKLY<br>CHANGE* | ::<br>WEEKLY<br>AVERAGE#   |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------------|----------------------------|
| CHEESE<br>BARRELS              | \$1.7025<br>(-.0100) | \$1.7025<br>(N.C.)   | \$1.6800<br>(-.0225) | \$1.6600<br>(-.0200) | \$1.6600<br>(N.C.) | ::<br>(-.0525)          | ::<br>\$1.6810<br>(-.0705) |
| 40# BLOCKS                     | \$1.7600<br>(N.C.)   | \$1.7600<br>(N.C.)   | \$1.7600<br>(N.C.)   | \$1.7600<br>(N.C.)   | \$1.7600<br>(N.C.) | ::<br>(N.C.)            | ::<br>\$1.7600<br>(-.0520) |
| NONFAT DRY MILK<br>EXTRA GRADE | \$1.5600<br>(N.C.)   | \$1.5600<br>(N.C.)   | \$1.5600<br>(N.C.)   | \$1.5600<br>(N.C.)   | \$1.5600<br>(N.C.) | ::<br>(N.C.)            | ::<br>\$1.5600<br>(N.C.)   |
| GRADE A                        | \$1.5575<br>(N.C.)   | \$1.5575<br>(N.C.)   | \$1.5575<br>(N.C.)   | \$1.5575<br>(N.C.)   | \$1.5575<br>(N.C.) | ::<br>(N.C.)            | ::<br>\$1.5575<br>(N.C.)   |
| BUTER<br>GRADE AA              | \$1.5900<br>(-.0100) | \$1.5800<br>(-.0100) | \$1.5850<br>(+.0050) | \$1.5900<br>(+.0050) | \$1.5900<br>(N.C.) | ::<br>(-.0100)          | ::<br>\$1.5870<br>(-.0505) |

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

leveled off this week. Milk production in both regions is increasing, but the increases compared to a year ago are trending lower. Milk production in Florida is increasing as seasonally mild temperatures have improved cow comfort levels. Southeast milk supplies are nearly in balance with demand. Most auxiliary manufacturers are being held to their contract minimums. Class I demand has leveled off this week. Cream supplies are having a problem finding a home.

**DRY PRODUCTS:** Central nonfat dry milk prices are unchanged on the mostly price series for the week. Market participants continue to state end users' interest in acquiring nonfat dry milk for the near term has reached a plateau. Eastern nonfat dry milk prices held steady on the low/medium heat mostly range and moved higher on the high heat range this week. Production of nonfat dry milk has leveled off from the influx of milk over the Thanksgiving holiday. Western NDM prices for low/medium heat product are steady to higher. Contract pricing indices moved fractionally higher and moved the bulk of pricing higher. Spot demand is light as buyers are in a wait and see attitude until first quarter of 2013 in many cases. On the Central dry buttermilk range, prices are unchanged to one cent higher. Dry buttermilk production is active in the Central region as various Class IV plant operators indicate internal cream supplies are building seasonally. Dry buttermilk prices in the East edged marginally higher on the lower of the range. Production of dry buttermilk has declined as a number of butter makers have filled or have nearly filled their holiday orders. Western dry buttermilk prices firmed slightly. The market has a mostly steady tone with contract indices moving some prices slightly higher. Western whey prices ranged from steady to higher with a continued firm undertone noted. Producer inventories range from light to balanced. Central dry whey range prices are both lower and higher on a mixed market. A few manufacturers indicate they price incentivized some sales to help clear inventories prior to the start of 2013, while also finalizing 2013 contract agreements with usual price premiums in place. Northeast dry whey prices continue moving to higher price levels, supported by transactions based on various price indices. Dry whey production remains steady. Prices for lactose this week are unchanged. Contracting for 2013 is in varying stages of completion ranging from bids being sent out to some annual and Q1 volumes/prices locked in. Prices for whey protein concentrate 34% are steady on both the range and mostly series. The number of manufacturers offering spot loads diminished this week and spot load pricing has firmed for the present. Dry whole milk prices are unchanged to lower as pressure on the butterfat market works into dry whole milk pricing calculations. In addition, market participants indicate fresh production from New Zealand is available at competitive prices.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):** Milk production in Western European countries generally hit the seasonal low points around mid-November and current production is trending steady to slightly higher. Milk in total is indicated to be flat to lower in recent months when compared to year ago levels, bringing the cumulative season to date output totals to around 1% higher. Milk prices are high, but input costs are limiting profitability and growth. Dairy farmers have been protesting milk quotas and prices below cost of production. Dairy product prices are steady to slightly higher. The year-end holidays are creating retraction of marketings as export buyers adjust ordering. New business orders are quiet. Much of current trading is for 2013 deliveries and negotiations are taking place for Q1 and beyond. Production of dairy products is at seasonal low levels. PSA program butter stocks are reentering the market on a consistent basis and that butter is being readily absorbed and not impacting market conditions. Current butter prices are high and restricting exporting into world markets. Eastern European milk production trends are continuing with current output levels generally at or slightly past the seasonal low point. Milk production is reported to be higher than year ago levels in many Eastern countries. Milk output is strong in Poland with reported levels well over year ago marks. Demand for milk and dairy products is good to fill local and export needs. Overall stocks of finished products are light. NEW ZEALAND milk -1A-

production is retreating slowly from the seasonal peak, yet trends are higher and keeping pace with the 4 - 5% range above year ago levels for the season. Weather conditions are generally favorable with adequate moisture and moderate temperatures for pasture regrowth. Recent conditions have been variable but not detrimental to milk output. Outlook for warm and dry summer conditions are favorable. Cow numbers are higher than year ago levels. Forage quality and quantity are in good shape for milk cow needs and generating good milk volumes, fat levels, and milk solids. Processing plants are running on seasonally active schedules to handle the current milk intakes with overall levels trending down slightly, matching the milk intakes. The product mix is being generated along planned schedules. AUSTRALIAN milk production reports showed output for October at a 1.4% decline from October 2011 with the production season output running at 1.0% higher than year ago levels. The seasonal growth rate is highest in the Victoria region (+1.8%) but lowest in the Queensland region (-3.5%) when compared to the prior season. Trade sources are indicating the milkfat levels are lower than projections. Hot weather last week was short lived and did not create any longer term issues with milk production. Some areas are impacted by wet conditions, while other areas are drying out. Processing capacity is adequate to handle current milk supplies and the product mix is along planned levels. The cheese market is pulling more milk into cheese production to service domestic and active export accounts. Negotiations are taking place for Q1 needs. Average prices at the latest g/DT auction on December 4 and changes from the previous event are: anhydrous milk fat \$3197, +3.7%; Buttermilk powder \$3,615, n.a.; cheddar \$3,372, -2.4%; milk protein concentrate \$5,958, -1.2%; rennet casein \$7,926, +0.3%; skim milk powder \$3,362, -1.0%; and whole milk powder \$3,170, -3.5%. The next event, #82 will be held on Tuesday, December 18.

**NOVEMBER CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the November 2012 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$18.81 (+\$0.37), Class III \$20.83 (-\$0.19), and Class IV \$18.66 (+\$0.12). Product price averages used in computing Class prices are: butter \$1.8410, NDM \$1.5143, cheese \$2.0146, and dry whey \$0.6480. The Class II butterfat price is \$2.0288 and the Class III/IV butterfat price is \$2.0218. Further information may be found at: [www.ams.usda.gov/AMSv1.0/PriceFormulas2012](http://www.ams.usda.gov/AMSv1.0/PriceFormulas2012)

**OCTOBER 2012 DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 145.7 million pounds, slightly above October 2011 and 6.8% above September 2012. American type cheese production totaled 370.6 million pounds, 5.1% above October 2011 and 6.1% above September 2012. Total cheese output (excluding cottage cheese) was 927.9 million pounds, 3.2% above October 2011 and 6.3% above September 2012. Nonfat dry milk production, for human food, totaled 95.0 million pounds, 5.6% below October 2011 but 12.4% above September 2012. Dry whey production, for human food, was 72.3 million pounds, 1.4% above October 2011 and 3.3% above September 2012. Ice cream (hard) production totaled 64.0 million gallons, 6.1% above October 2011 and 11.3% above September 2012.

**NOVEMBER AGRICULTURAL PRICES (NASS):** The All Milk price received by farmers was \$22.10 in November, up \$0.60 from October 2012 and up \$1.60 from November 2011. The alfalfa hay price was \$215.00 in November, up \$22.00 from November 2011. The corn price was \$6.71 in November, up \$0.88 from November 2011. In November, the soybean price was \$13.80, up \$2.10 from November 2011. The milk-feed price ratio was 1.79 in November, down 0.10 from November 2011. The index of prices received by farmers for dairy products during the month of November 2012 was up 4 points to 169. Compared with November 2011, the index was up 12 points (7.6%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2012 was down 1 point to 217. Compared with November 2011, the index was up 11 points (5.3%).

**CME GROUP**

MONDAY, DECEMBER 3, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.7025; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 8 CARS GRADE AA: 4 @ \$1.6000, 4 @ \$1.5900; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6000

TUESDAY, DECEMBER 4, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5800; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5750; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5900

WEDNESDAY, DECEMBER 5, 2012

CHEESE -- SALES: 3 CARS BARRELS @ \$1.6800; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6700; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 8 CARS GRADE AA: 4 @ \$1.5775, 2 @ \$1.5800, 2 @ \$1.5850; LAST BID UNFILLED: 6 CARS GRADE AA @ \$1.5800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5900

THURSDAY, DECEMBER 6, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6600  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.5850, 1 @ \$1.5875, 1 @ \$1.5900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5900; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 7, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6500; 1 CAR 40# BLOCKS @ \$1.7500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5900; LAST OFFER UNCOVERED: NONE

**BUTTER MARKETS****NORTHEAST**

The CME Group butter price declined \$0.0100 Tuesday and closed at \$1.5800. Butter prices have declined in each of the last 12 trading sessions, totaling a net decline of \$0.3100. Butter production has slowed as most holiday orders are nearly filled. The price declines on the butter market have lessened manufacturers' fears of expanding butter inventories for the short term. Overall, butter inventories are level to slightly increasing. The lower butter price has sparked export demand, resulting in increased production of unsalted, 80% butter at some plants. The Kansas City Commodity Office announced this week, the award of solicitation AG-DPRO-S-13-0034, for 533,520 pounds of salted print butter for domestic food distribution programs. The price range for the award is \$1.9568-\$1.9812. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.058 million pounds (480 metric tons) of butter. The product will be delivered December 2012 through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 70.5 million pounds and anhydrous milk fat totaling 127,868 pounds. According to NASS, cumulative 2012 butter production through October was 3.4% above cumulative year production for the same period for 2011. October's monthly U.S. butter production totaled 145.7 million pounds, up 6.8% from September, but unchanged compared to October 2011. Atlantic region butter production in October totaled 11.3 million pounds, up 26.5% from September and 4.1% more than October 2011. 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**

Butter prices on the CME registered a one-half cent uptick today, the first price increase in 18 trading sessions within that venue. Butter production is active in the Central region. Manufacturers note they are generally running only their internal supplies of cream through the churns. Purchasing of outside spot cream loads is limited as it could add to butter inventories during a period of uncertain near term demand. Butter inventories are building seasonally. Butter interest is sluggish for December, and generally lower than projected by some

manufacturers. Butter makers report retail features haven't been a strong part of December advertising. Producers are hopeful today's uptick in CME butter prices may establish a floor from which prices will rebuild. Bulk butter is selling in the low to mid \$1.50's.

**WEST**

Butter orders are slowing seasonally as known needs are covered and shipping. There remains the chance for some additional, late fill-in orders. Club store sales are excellent with heavier orders coming in. Another factor impacting demand at this time is the uncertainty about future price levels. A number of buyers sense that the market could continue to decline at the CME Group and are therefore hesitant to order any volumes above anticipated sales. Cream remains more readily available after the Thanksgiving holiday than many expected and planned for. Therefore, churning is somewhat above expectations. Prices for bulk butter range from 2 cents under to 5 cents under the market, based on the CME with various time frames and averages used. Butter prices at the CME Group had either held steady or declined since November 8. Since that date through Tuesday of this week prices declined 31 cents. On Wednesday, prices increased 1/2 cent to \$1.5850. The increase was on bids higher and eight loads sold. According the ERS *Commercial Disappearance* report, butter disappearance for the first nine months of the year totals 1.33 billion pounds, up 3.1% on a daily average basis or an increase of 44.2 million pounds from 2011. According to the NASS *Dairy Products* report, U.S. butter production in October totals 145.7 million pounds, up slightly from last year and up 6.8% from last month. Cumulative butter output for the first ten months of the year totals 1.54 billion pounds, up 3.4% from the same period in 2011. The increase is equal to 50.3 million pounds of butter. Butter production in the Western region in October was 72.9 million pounds, down 5.4% from October 2011. In October, the West produced 50% of the total U.S. production. Lower milk supplies available in the Southwest and more of a push for milk into cheese production are the reasons for the regional decline in butter production.

**NATIONAL DAIRY PRODUCTS SALES REPORT****U.S. AVERAGES AND TOTAL POUNDS**

| <b>WEEK ENDING</b> | <b>BUTTER</b>       | <b>CHEESE 40# BLOCKS</b> | <b>CHEESE BARRELS<br/>38% MOISTURE</b> | <b>DRY WHEY</b>     | <b>NDM</b>           |
|--------------------|---------------------|--------------------------|--|---------------------|----------------------|
| December 1, 2012   | 1.7088<br>3,989,210 | 1.9197<br>12,890,602     | 1.8373<br>10,498,343                   | 0.6570<br>7,789,438 | 1.5310<br>16,454,459 |

## CHEESE MARKETS

## NORTHEAST

CME Group cheese prices were unchanged Tuesday with barrels closing at \$1.7025 and blocks at \$1.7600. Prior to Tuesday's trading, barrel prices declined in each of the previous 4 trading sessions, registering a net decline of \$0.0725. The only movement in the block price over the last 10 trading sessions was Friday's \$0.0650 decline. Weekly average prices on the CME Group were mixed with blocks declining and barrels increasing. The mixed result brought about a \$0.0125 decline in wholesale prices for cheddar blocks and Muenster, but a \$0.0200 increase for processed cheese slices. Swiss cut cheese prices were unchanged. Milk volumes going to cheese vats have increased, due to a combination of marginal milk production increases and a leveling off of Class I demand. Lower cheese prices make it conducive for makers of aged cheeses to rebuild their aged cheese inventories. Domestic demand remains good and export demand has seen some increased interest. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.285 million pounds (583 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered December 2012 through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 113.6 million pounds. According to the latest NASS report, total cheese production for October in New York was 68.4 million pounds, 10.5% more than September and 5.0% more than October, 2011. Pennsylvania produced 32.3 million pounds in October, 4.7% more than one month earlier, but 1.1% less than one year ago. Vermont produced 12.0 million pounds, 18.6% more than last month and 11.3% more than October 2011. The total of all cheese production for October in the Atlantic region was 122.6 million pounds, up 9.7% from September and 3.7% more compared to the same period last year. Atlantic region cheese production accounted for 13.2% of total U.S. production. Total U.S. cheese production in October totaled 927.9 million pounds, 6.3% more than September and 3.2% more than October 2011. Cumulative 2012 U.S. Cheese production through September was 2.6% greater than comparable 2011 production.

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

|                             |   |               |
|-----------------------------|---|---------------|
| Cheddar 40# Block           | : | 2.2150-2.5000 |
| Process 5# Sliced           | : | 1.9675-2.0875 |
| Muenster                    | : | 2.2350-2.5950 |
| Grade A Swiss Cuts 10 - 14# | : | 3.6300-3.9525 |

## MIDWEST

Upper Midwest cheese manufacturers are coping with strong milk flows generating strong cheese production, contrasted with cheese buyer reticence to commit due to CME prices trending lower. Cheese orders are below production volume at most plants. Some cheese plants report receiving "more milk than ever" for the end of November into December, milk also generating high yields resulting from "outstanding" fat and protein content. A theme in many plants is that customers are "not ringing the phone off the wall" because customers do not feel comfortable about where the bottom of the market will be. There has not been an upward price movement since Monday of last week for barrels and November 16 for blocks. With the CME weekly average for blocks this week through Wednesday down slightly over 5 cents, many buyers are

opting to wait at least until the end of the week to place orders. Concern is also being voiced in plants that will be in production Monday and Tuesday the weeks of Christmas and New Year's Eve, due to not having capacity to divert milk into other products, that the resulting year end production may have a challenging time finding sales. Nationally, total cumulative cheese production this year through October, nearly 9 billion pounds, is 2.6% ahead of cumulative production last year. Total Central Region cheese production for October, 417.9 million pounds, lags the national increase from September, 5.8% compared with 6.3%. Compared with October last year, the Central Region with a 4.6% increase leads the national 3.2% increase. Focusing on Cheddar, the Central Region's October production of 123.6 million pounds is a 6.9% increase from September compared with a 7.9% national increase. Central Region American cheese production for October, 174.5 million pounds, is up 6.3% from September compared with 6.1% nationally. Total Italian cheese production for October in the Central Region, 157.7 million pounds, is up 3.0% from September compared with 4.8% nationally. Cooperatives Working Together (CWT) has accepted 10 requests for export assistance to sell 1.285 million pounds (583 metric tons) of Cheddar and Monterey Jack cheese for delivery from December 2012 through February 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 113.6 million pounds.

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

|   |   |               |
|---|---|---------------|
| Process American 5# Loaf                    | : | 1.9400-2.6450 |
| Brick And/Or Muenster 5#                    | : | 2.2025-2.7625 |
| Cheddar 40# Block                           | : | 2.2025-3.0750 |
| Monterey Jack 10#                           | : | 2.1725-3.0750 |
| Blue 5#                                     | : | 2.4675-3.4525 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 2.0475-3.1750 |
| Grade A Swiss Cuts 6 - 9#                   | : | 3.1500-3.2675 |

## WEST

Overall cheese orders for the end of the year holiday period have been rated as fair to good. Ordering did start earlier than normal this year. Therefore, current orders appear to be a bit slower, but the total is still within the range of expected volumes. The weak prices at the CME Group for most of the past month do have buyers generally holding off on making any additional purchases until buyers feel that the market has reached some sort of equilibrium. Cheese production is varying across the region at levels just above and just below last year. Generally levels are within expected variances to plan. Block prices held steady at midweek on the CME Group exchange at \$1.76 and barrels declined 2 1/4 cents to \$1.68. The 8 cent spread is not sustainable for very long. Block prices started November at \$2.11 and closed the month at \$1.76, a decline of 35 cents. Blocks are in reasonably good balance with barrels often being categorized as long with multi-load offers available. According to ERS in the *Commercial Disappearance* report, American cheese disappearance for the first nine months of the year totals 3.25 billion pounds, an increase of 2.2% on a daily average basis. The Other cheese category also increased by 2.2% to reach

CONTINUED ON PAGE 3A

## CHEESE MARKETS

## CONTINUED FROM PAGE 3

5.03 billion pounds. According to the NASS *Dairy Products* report, October U.S. total cheese production was 927.9 million pounds, up 3.2% or 28.5 million pounds from last year. Cumulative output for the first ten months of the year is 9.00 billion pounds, up 2.6% or 226.3 million pounds. That equates to a weekly average increase for the year so far of an additional 5.1 million pounds. Looking at the Western region specifically: October output in California was 184.0 million pounds, down 2.8% from last year; Idaho was 74.4 million pounds, up 6.0%; and New Mexico 64.6 million pounds, up 4.6%. The total Western region produced 387.4 million pounds of cheese in October, up 1.5% from last year. This volume was 42% of the U.S. total. October Swiss output for the U.S. was 26.8 million pounds, down 2.4% from last year.

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

|          | <u>BUTTER</u> : <u>CHEESE</u> |           |
|----------|-------------------------------|-----------|
|          |                               | :         |
| 12/03/12 | 4,771                         | : 114,327 |
| 12/01/12 | 4,881                         | : 114,041 |
| CHANGE   | -110                          | : 286     |
| % CHANGE | -2                            | : 0       |

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

|                           |   |               |
|---------------------------|---|---------------|
| Process 5# Loaf           | : | 1.8750-2.1325 |
| Cheddar 40# Block         | : | 1.9350-2.2875 |
| Cheddar 10# Cuts          | : | 2.1150-2.3350 |
| Monterey Jack 10#         | : | 2.1250-2.2850 |
| Grade A Swiss Cuts 6 - 9# | : | 3.2075-3.6375 |

## FOREIGN

The weekly average CME Group block price declined, lowering domestic wholesale foreign type cheese prices by \$0.0125. Consecutive declines over the last 4 weeks now total 30 cents for domestic cheese varieties. Import varieties and Swiss cut prices were unchanged. Holiday sales and orders for imported variety cheeses continue to be strong. According to the latest NASS report, domestic Parmesan production during October totaled 25.1 million pounds, 18.4% more than September and 8.8% more than October 2011. Provolone production during October totaled 31.1 million pounds, 6.0% more than September and 1.2% more than October 2011. Romano production during October totaled 3.8 million pounds, 5.1 more than September and 3.9% more than October 2011. Swiss production during October totaled 26.8 million pounds, 5.4% more than September, but 2.4% less than October 2011.

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

| VARIETY                  | NEW YORK        |                  |
|--------------------------|-----------------|------------------|
|                          | IMPORTED        | DOMESTIC         |
|                          | :               | :                |
| Blue                     | : 2.6400-5.2200 | : 2.3550-3.8425* |
| Gorgonzola               | : 3.6900-6.1900 | : 2.8575-3.3125* |
| Parmesan (Italy)         | : -0-           | : 3.7450-5.8350* |
| Provolone (Italy)        | : 3.4400-5.5800 | : 2.3975-2.5550* |
| Romano (Cows Milk)       | : -0-           | : 3.5450-5.6950* |
| 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.

## FLUID MILK AND CREAM

## EAST

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

|                  | THIS WEEK |     | LAST WEEK |     | LAST YEAR |     |
|------------------|-----------|-----|-----------|-----|-----------|-----|
|                  | IN        | OUT | IN        | OUT | IN        | OUT |
| FLORIDA          | 0         | 40  | 0         | 0   | 14        | 0   |
| SOUTHEAST STATES | 0         | 0   | 0         | 0   | 0         | 0   |

Manufacturing milk supplies in the Northeast and Mid-Atlantic regions are down from last week, but above levels prior to the Thanksgiving holiday. Class I demand has leveled off this week. Milk production in both regions is increasing, but the increases compared to a year ago are trending lower. Milk production in Florida is increasing as seasonally mild temperatures have improved cow comfort levels. Class I demand has marginally declined this week. The increase in the milk supply prompted 40 spot loads to be exported from Florida. These are the first export loads, since late July and have occurred 3 weeks earlier than last year. The lack of rain has increased drought conditions across the state. The dry conditions and cooler conditions have limited forage growth and prompted supplemental hay feeding. Southeast milk supplies are nearly in balance with demand. Most auxiliary manufacturers are being held to their contract minimums. Class I demand has leveled off this week. Cream supplies are having a problem finding a home. Significant discounts are being used to prompt buyers to purchase loads. The excess cream supply is due to a combination of factors, which include, increases in overall milk production, increases in butterfat levels, strong cream volumes coming off increased yogurt production and lower demand from cream based product manufacturers as holiday orders are nearly filled. The consistently declining butter market has put some cream buyers on the sidelines waiting for the market to find a floor. Lower butter prices have also lessened fears of expanding inventories for some butter makers, but most are not inclined to expand inventories by any great amount. Multiples ranged wildly this week from 105-125 and were dependent on day of week and location. Condensed skim supplies are a little more available as Class I demand in some areas has leveled off. Class II demand remains fairly good with some slight declines as holiday orders are being filled. Condensed skim volumes channeled to dryers are at lighter levels, compared to last week. According to NASS, ice Cream production in the Atlantic region for October totaled 13.5 million gallons, 7.1% more than September and 3.3% more than October 2011. U.S. Yogurt production (plain and flavored) for October totaled 371.0 million pounds, down 7.0% from September, but 4.4% more than for the same period last year. Cumulative 2012 production through September totaled 3,773.3 million pounds, 3.7% higher than through October 2011.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

|  |               |
|--|---------------|
| F.O.B. producing plants: Northeast -     | 1.7194-2.0469 |
| F.O.B. producing plants: Upper Midwest - | 1.7194-1.9323 |

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

|  |             |
|--|-------------|
| Northeast - Class II - includes monthly formula prices - | 1.55 - 1.59 |
| Northeast - Class III - spot prices -                    | 1.71 - 1.75 |

## MIDWEST

Farm milk production is increasing steadily, following typical November/December trends. Components are variable from week to week but processors indicate the overall trend on components shows a seasonal increase. A few processors commented they are surprised by the current strength in component values because many thought that once dairy farmers began putting drought stricken 2012 feed stocks into rations, milk production and components would falter. So far, that hasn't happened. Spot milk load availability increased substantially this week. Milk handlers point to two major reasons for the sudden increase in milk availability: cheese market volatility and mechanical issues at some Central plants. The increase in the number of spot milk loads means the prices paid per hundredweight are moving lower. Currently, pricing incentives from sellers have loads clearing at \$2.00 - \$2.50 under Class. Handlers anticipate milk prices will continue to slide as the two holiday weekends approach. Spot cream load availability is mostly steady in the Central region this week. Class II production continues to draw upon the regional cream supplies. Early in the week, some Central cream cleared into the East to fill some supply gaps in that region. Churn operators indicate they are not actively seeking out spot cream for churning. This relates to the overall decline in butter prices over the last month. Cream multiples shifted lower, ranging from 1.05 - 1.18. Butter makers also anticipate having access to additional cream for churning in the weeks to come as Class II contracts taper off.

## WEST

The November 4a price (butter/powder) in CALIFORNIA is \$18.27, up \$0.31 from October and \$0.57 higher than last year. This compares to the Federal Order Class IV price for November at \$18.66. The November 4b price (cheese) is \$18.48, \$0.95 lower than October but \$1.29 more than last year. This compares to the Federal Order Class III price for November at \$20.83. California milk production is slowly building along expected seasonal patterns. Overall production is behind year ago levels as dairy farmers continue to struggle with profitability issues. Less cows in the state and low cost rations have lowered production from last year. Recent rains have improved the outlook for next years' irrigation water as reservoirs hold much of the moisture. Rain amounts were variable in the dairy regions with reports from an inch to 6 inches of rain. No serious problems have been reported with the excess rain. Manufacturing capacity is still above current milk supplies. On Dec. 3, the California Department of Food and Agriculture received a resubmission of a petition for a public hearing to be called on an emergency basis to consider a change to the Class 4b pricing formula. ARIZONA reports milk production is increasing slowly. Comfortable temperatures are making for contented cows and adding to production levels. Overall supplies are behind year ago, but catching up. Class I sales have returned to normal after the Thanksgiving holiday. Cream supplies are higher and excess product is finding a home in butter/powder plants. Favorable weather in NEW MEXICO has boosted milk production slightly. Supplies are still below year ago levels. Less cows and lower cost rations are holding production back. Processors report adequate supplies for current needs are available. CREAM supplies are building in the West with most of the excess finding a home with butter churns. Demand is spotty into alternate manufacturers as

## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

many holiday orders are closer to being met. Cream basing points are weaker as butter prices continue to decline. The CME Group, Grade AA butter price closed at \$1.5850 on Wednesday down 3.75 cents from a week ago. That price was the first higher trend since November 8<sup>th</sup>. Cream multiples ranged from 105 to 122 and vary depending on basing points and averages. Spot loads of cream were often trading on the low side of the range. Wet weather continues to be hitting northern California and the PACIFIC NORTHWEST. These storms have been going on for three weeks and they are continuing into the future. Impacts on plants and farms have not been all that bad up to this point. Some local flooding is noted and high winds caused some damage to trees and power lines this week. In general the moisture is welcomed and some snow pack is starting on the tops of the Cascades which will help with water needs for next year. Milk production in the region remains right near the seasonal bottom. Financial margin stress is not helping output to move higher very fast this fall/winter. Plants have been handling the milk receipts with no problems. Some of this coastal moisture is making its way over to UTAH and IDAHO also. Any moisture is always welcomed in the High Plains region. Some contacts are noting that hay is a bit more available in the region this year and the quality is quite good. Due to great weather some growers were able to get an extra cutting. Very little hay got damaged by any rain. Most of it has been locked up by buyers at this time. A new plant in the region is just beginning to run some milk as an early test of how the plant is operating and another plant is putting the finishing touches on another churn for the region. Milk from the farm remains at a low point seasonally. The NASS Agricultural Prices report for November alfalfa hay prices showed some of the stark differences between Western and Central/Eastern regional hay prices. Western alfalfa hay ranged \$182.00-240.00 per ton, unchanged to \$69.00 less per ton than a year ago. Prices for hay in Michigan, Minnesota, New York and Wisconsin ranged \$190.00-240.00 per ton, up \$60.00 -120.00 from the previous year. Midwestern drought conditions were the major reason for the higher prices.

## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Central nonfat dry milk prices are unchanged on the mostly price series for the week. Market participants continue to state end users' interest in acquiring nonfat dry milk for the near term has reached a plateau. Resellers also note many of their customers are hesitant to finalize contracts for 2013. In addition, resellers indicate several manufacturers are gearing toward more direct sales to end users for 2013 NDM contracts. With this new emphasis of several manufacturers, resellers are on the sidelines on getting contracts in place with their customary suppliers. They will have to wait out finalization of contracts with the manufacturers' direct sales before having access to 2013 NDM volumes. Steady to higher farm milk intakes are keeping milk handlers busy. Processors indicate components are seesawing, but establishing a low to high trend line. Condensed skim contract sales are steady, but interest in spot loads is lower, especially into cheese plants. Cheese manufacturers report buyer interest for cheese is sluggish. Nonfat dry milk production is steady to increasing. Manufacturers NDM inventories are building seasonally. The November 2012 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.5493 compared to \$1.5411 one month ago and \$1.4714 in November 2011. The November 2012 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.6280 compared to \$1.6355 one month ago and \$1.5676 in November 2011. According to NASS, NDM production in the Central region totaled 17.2 million pounds during October 2012, 18.4% more than one month ago, and 71.4% more than one year ago. Cumulative nonfat dry milk production for 2012 in the Central region totals 210.3 million pounds, 64.0% higher compared to 2011 production during the same time span. **DAIRY PRODUCTS:** NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during October 2012 totaled 95.0 million pounds, up 12.4% from September 2012 production but 5.6% lower than October 2011. Cumulative nonfat dry milk production for 2012 totals 1,507.5 million pounds, 21.2% higher than 2011 production during the same time span. Month ending stocks, at 104.2 million pounds, are 12.1% less than a month ago and 27.3% lower than one year ago. October 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 45.6 million pounds, 4.6% more than one month ago and 8.7% more than one year ago. Cumulative 2012 skim milk powder production totals 292.8 million pounds, a 20.8% decrease in production compared to production during the same time span in 2011.

**EAST:** Nonfat dry milk prices held steady on the low/medium heat mostly range and moved higher on the high heat range this week. Production of nonfat dry milk has leveled off from the influx of milk over the Thanksgiving holiday. Milk volumes heading to dryers are at lower levels and conducive for high heat production. A number of plant managers are attempting to build their high heat inventories. Low heat inventories are about level. Demand is best for high heat and tepid for low heat as numerous buyers are attempting to limit yearend inventories. **DAIRY PRODUCTS:** The latest NASS Dairy Products report indicates nonfat dry milk production for October in the Atlantic region totaled 7.7 million pounds, 8.1% of the nation's total. The Atlantic region production was 24.4% more than one year ago and 84.0% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5200 - 1.6050 MOSTLY: 1.5300 - 1.5900  
 HIGH HEAT: 1.6400 - 1.6800

## NONFAT DRY MILK - WEST

Western NDM prices for low/medium heat product are steady to higher. Contract pricing indices moved fractionally higher and moved the bulk of pricing higher. Spot demand is light as buyers are in a wait and see attitude until first quarter of 2013 in many cases. Contracted loads are moving as expected, with additional demand moderate at best. The market has additional product available, but demand is lackluster. Drying schedules are back to normal after the busy holiday week. Drying of high heat product resumed as plants had more time available. High heat prices moved fractionally higher with holiday baking needs absorbing the available product. Western manufacturers continue to make SMP for export customers. Production of SMP is increasing as returns are favorable versus NDM production. According to ERS in the Commercial Disappearance report, NDM disappearance for the first nine months of the year totals 1.46 billion pounds, up 27.9% on a daily average basis. U.S. NDM production in October 2012 totaled 95.0 million pounds, 5.6% less than last year. YTD cumulative NDM output through October totals 1.51 billion pounds, up 21.2% or 263.7 million pounds from a year earlier. NDM production in the West region in October totaled 70.1 million pounds, down 16.9% from last year. The West produced 73.8% of the U.S. total in October. U.S. manufacturers' stocks of NDM at the end of October were 104.2 million pounds, 27.3% lower than a year earlier and 12.0% less than September 2012. U.S. skim milk powder (SMP) production in October totaled 45.6 million pounds, 8.7% more than last year and 4.6% more than September. YTD cumulative SMP output through October totals 292.8 million pounds, down 20.8% or 77.0 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.4900 - 1.5800 MOSTLY: 1.5100 - 1.5500  
 HIGH HEAT: 1.5200 - 1.6200

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** On the Central dry buttermilk range, prices are unchanged to one cent higher. Dry buttermilk production is active in the Central region as various Class IV plant operators indicate internal cream supplies are building seasonally. Spot cream loads are readily available, but several manufacturers indicate they are only processing internal cream supplies at this time. Some condensed buttermilk is clearing internally to Class II products. Dry buttermilk inventories are steady to building incrementally. The November 2012 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.6108 compared to \$1.5532 one month ago and \$1.3638 in November 2011. **DAIRY PRODUCTS:** NASS *Dairy Products* reports production of dry buttermilk during October 2012 totaled 8.6 million pounds, 27.8% more than one month ago and 13.0% more than production one year ago. Cumulative 2012 dry buttermilk production totals 88.9 million pounds, 9.5% more than during the same time span of 2011. Month ending stocks of dry buttermilk, at 9.9 million pounds, are 34.1% higher than one month ago but 16.9% lower than one year ago.

CONTINUED ON PAGE 5A

## NONFAT DRY MILK, BUTTERMILK &amp; 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

## CALIFORNIA MANUFACTURING PLANTS - NDM

**DRY BUTTERMILK - CENTRAL AND EAST (continued)**

EAST: Dry buttermilk prices edged marginally higher on the lower of the range. Production of dry buttermilk has declined as a number of butter makers have filled or have nearly filled their holiday orders. Supplies remain fairly tight in the East. Demand has shown some weakness as numerous buyers are purchasing for their immediate needs only, in an attempt to limit their yearend inventories. Supplies are moving through contracts with limited spot market activity.

F.O.B. CENTRAL/EAST: 1.5600 - 1.6600

| WEEK ENDING | PRICE    | TOTAL SALES | SALES TO CCC |
|-------------|----------|-------------|--------------|
| November 30 | \$1.5070 | 6,579,261   | 0            |
| November 23 | \$1.4965 | 5,940,600   | 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.

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices firmed slightly. The market has a mostly steady tone with contract indices moving some prices slightly higher. With increased butter churning in the West, some additional buttermilk was sent to the dryers. The extra product is helping to fill orders that had been delayed. Inventories are in better balance and manufacturers are comfortable with storing any product above current needs. Buyers are slow to take additional offered product and some are waiting until 2013 to increase their inventories. Pricing uncertainties as to the 2013 price levels have many buyers playing a guessing game on when to purchase. Manufacturers are content with current inventories and are able to fill most immediate needs. Buttermilk powder production in October 2012 for the U.S. totals 8.6 million pounds, up 13.0% from last year. Buttermilk stocks at the end of October were 9.9 million pounds, 16.9% lower than a year ago, but 34.1% more than a month earlier. The November 2012 Dairy Market News monthly average price for Western dry buttermilk range was \$1.4829 compared to \$1.3301 for November 2011; the Western dry buttermilk mostly series averaged \$1.4661 compared to \$1.3300 a year ago.

F.O.B. WEST: 1.4500 - 1.5500 MOSTLY: 1.4700 - 1.5000

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are unchanged to lower as pressure on the butterfat market works into dry whole milk pricing calculations. In addition, market participants indicate fresh production from New Zealand is available at competitive prices. Dry whole milk production is steady at a few locations. Domestic inventories are close to contract fulfillment needs. The November 2012 Dairy Market News average of the range price series for dry whole milk was \$1.7917 compared to \$1.7323 one month ago and \$1.8785 in November 2011.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during October 2012 totaled 5.5 million pounds, up 31.8% from September 2012 and 6.6% higher than October 2011. Cumulative 2012 production totals 48.9 million pounds, a 13.2% decrease from 2011 production during the same time period. Month ending stocks, at 5.7 million pounds, are 19.6% higher than one month ago and 13.2% higher than one year ago.

F.O.B. PRODUCING PLANT: 1.7000 - 1.8800

**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 range prices are both lower and higher on a mixed market. A few manufacturers indicate they price incentivized some sales to help clear inventories prior to the start of 2013, while also finalizing 2013 contract agreements with usual price premiums in place. Central farm milk production is registering small increases from week to week, allowing cheese manufacturers to add a few vats per week of cheese production and send additional condensed whey through the dryers. Availability of condensed whey is steady to increasing, according to market participants, as plants work through scheduled maintenance and upgrade projects. Some cheese manufacturers, though, are trying to clear additional loads of milk via the spot market instead of continuing to produce cheese during a period of uncertain buyer interest. ANIMAL FEED DRY WHEY prices are unchanged for the week. Availability is steady from feed grade plants and is being occasionally supplanted by off grade dry whey from edible plants. End users are carefully managing purchases and production to draw down inventories as the end of the year approaches. Human food dry whey production during October 2012 in the Central region totaled 35.8 million pounds. This dry whey production is 2.8% higher than one month ago, but 0.4% lower than one year ago. Cumulative 2012 human food dry whey production in the Central region totals 381.8 million pounds, unchanged from 2011 production during the same time span. The November 2012 Dairy Market News average of the mostly price series for Central dry whey was \$0.6254 compared to \$0.5963 one month ago and \$0.6225 in November 2011. The November 2012 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.5345 compared to \$0.5107 one month ago and \$0.5470 in November 2011.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during October 2012 totaled 72.3 million pounds, 3.3% more than September 2012 and 1.4% more than production 1 year ago. October ending stocks of HUMAN FOOD dry whey totaled 37.4 million pounds, 8.3% less than 1 month ago and 3.6% less than October 2011. Production of ANIMAL FEED dry whey during October 2012 totaled 3.7 million pounds, 10.7% less than one month ago and 40.1% less than the production of October 2011. ANIMAL FEED dry whey month ending stocks totaled 2.7 million pounds, 10.5% less than one month ago and 39.7% less than the stocks of one year ago.

F.O.B. CENTRAL: .6000 - .6750 MOSTLY: .6250 - .6525  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4750 - .6300

**DRY WHEY - NORTHEAST**

Dry whey prices continue moving to higher price levels, supported by transactions based on various price indices. Dry whey production remains steady. Inventories are building slightly, as most buyers are purchasing to cover their immediate needs only in an attempt to limit their yearend inventories. Movement of dry whey is mostly through contracts with light spot market activity. The November 2012 Dairy Market News average of the price series for Northeast dry whey was \$0.6699 compared to \$0.6436 one month ago and \$0.6469 in November 2011. The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in October, totaled 72.3 million lbs. The Atlantic region totaled 20.1 million pounds, or 27.8% of the nation's total. Compared to a year ago, the Atlantic region was the only region to increase dry whey production in the nation.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6800 - .7000

**DRY WHEY - WEST**

Western whey prices ranged from steady to higher with a continued firm undertone noted. Producer inventories range from light to balanced. Contacts expect sales activity to slow as the end of the year approaches, but they have factored that into their normal plans. Buyers are taking regular volumes from normal suppliers and some have to go outside of the region or to new sources to cover some known needs. Export orders continue to develop. According to the NASS *Dairy Products* report, whey production in the U.S. for October totals 72.3 million pounds, up 3.3% from last month and up 1.4% from last year. Stocks at the end of October total 37.4 million pounds, down 3.6% from last year. The cumulative output of total whey production through October is 847.4 million pounds, down 0.2% from the same period in 2011. In October the Western region produced 16.4 million pounds of edible whey, down 0.7% from a year earlier. The West produced 23% of U.S. whey output in October.

NONHYGROSCOPIC: .5800 - .6750 MOSTLY: .6100 - .6650

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% are steady on both the range and mostly series. The number of manufacturers offering spot loads diminished this week and spot load pricing has firmed for the present. Spot loads are reportedly clearing readily at prices within the range. WPC 34% production is steady to higher as availability of condensed whey is markedly higher compared to just a week or two ago. Market participants indicate a few whey manufacturers are clearing condensed whey to moderate dry whey inventory buildup as the end of the year approaches. The November 2012 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.2358 compared to \$1.2283 one month ago and \$1.4458 in November 2011.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during October 2012 totaled 20.1 million pounds, 10.4% more than one month ago, but 5.0% lower than production of one year ago. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2012 totals 199.5 million pounds, unchanged from 2011 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 32.4 million pounds, 0.8% more than September 2012 and 59.5% more than the stocks of October 2011.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2000 - 1.3300 MOSTLY: 1.2325 - 1.2650

**LACTOSE - CENTRAL AND WEST**

Prices for lactose this week are unchanged. Contracting for 2013 is in varying stages of completion ranging from bids being sent out to some annual and Q1 volumes/prices locked in. A few manufacturers stated responses from domestic and international buyers have shown steady interest from many sectors, although sales into standardizing uses are expected to decrease this year. Spot loads of lactose are less available from manufacturers this week, which is consistent with marketing practices during contracting periods. Lactose inventories range from short of contract needs to having uncommitted loads available. Lactose production is hitting seasonal volumes, but a few plant operators indicate they expect extra milk loads during the upcoming holiday

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**

weeks will amplify production for a short while. The November 2012 Dairy Market News average of the mostly price series for Central and West lactose was \$0.7850, unchanged from one month ago, The average price one year ago was \$0.7598.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during October 2012 decreased 3.4% compared to September 2012 to 83.0 million pounds and decreased 0.4% compared to October 2011 production. Cumulative 2012 lactose production totals 861.8 million pounds, 3.4% more than during the same time span in 2011. Month ending stocks, at 88.6 million pounds, are 8.0% higher than one month ago and 24.2% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .6875 - .9300 MOSTLY: .7500 - .8200

**CASEIN - NATIONAL**

Pricing ranges for both casein types are unchanged and the market undertone is mostly steady. Trading activity is tending to be slower as the year end approaches. Production levels are varied across the exporting regions, mainly based on the milk production trends. Casein output is lower in Europe; generally steady in Oceania. Domestic, U.S. buying interest is fair to good along contractual needs. The decline in domestic cheese market prices is having a slight impact on the demand for analog cheese products. Other casein needs are being filled on a timely basis. Demand for caseinates remains good and moving at premiums to the casein market prices.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.7000 - 4.4000  
ACID: 4.4500 - 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 |
|-------------|-------------------|----------------------------|------------------------|----------------------------|
| 11/17/2012  | 65.3              | 2,732.1                    | 61.4                   | 2,562.9                    |

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](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 |

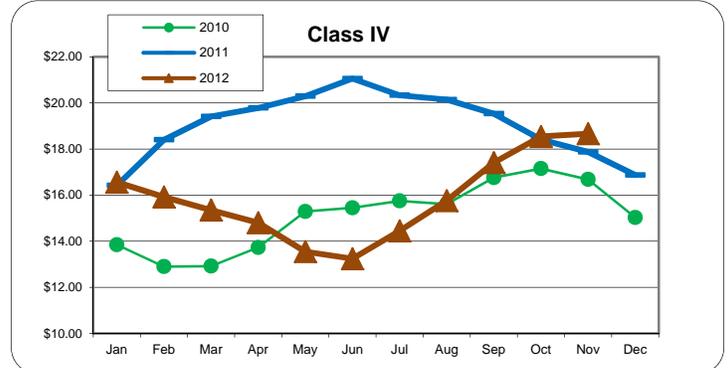
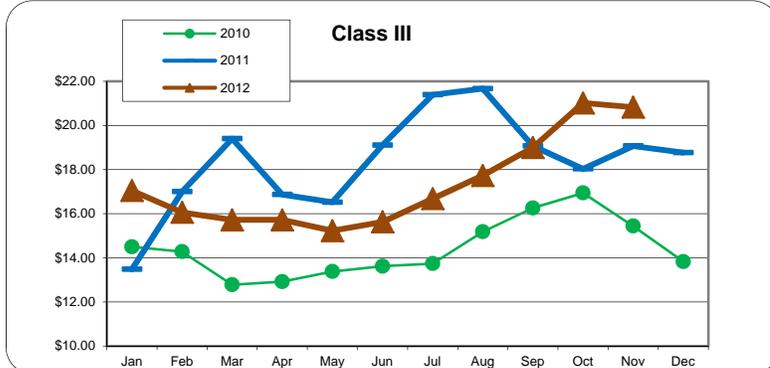
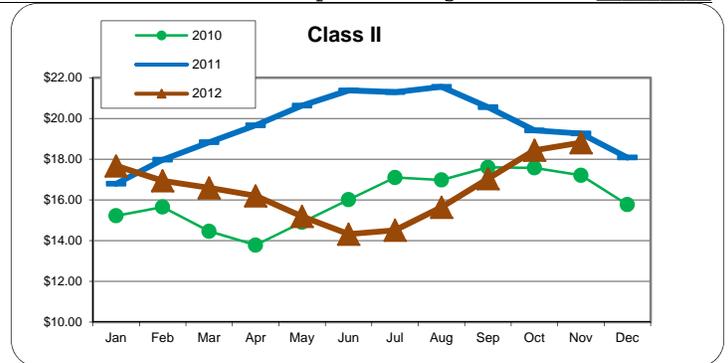
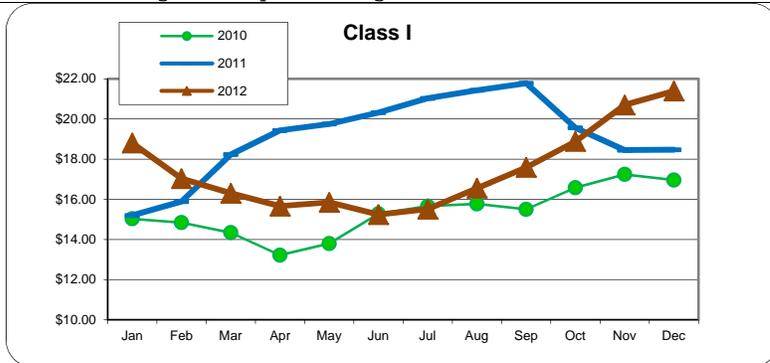
**CLASS IV MILK PRICES (3.5% BF)**

| 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 | 21.39 |     |
| II    | 17.67 | 16.94 | 16.59 | 16.20 | 15.19 | 14.32 | 14.51 | 15.64 | 17.04 | 18.44 | 18.81 |     |
| III   | 17.05 | 16.06 | 15.72 | 15.72 | 15.23 | 15.63 | 16.68 | 17.73 | 19.00 | 21.02 | 20.83 |     |
| IV    | 16.56 | 15.92 | 15.35 | 14.80 | 13.55 | 13.24 | 14.45 | 15.76 | 17.41 | 18.54 | 18.66 |     |

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered November 26 - December 7, 2012

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

**WESTERN OVERVIEW:** Milk production in Western European countries generally hit the seasonal low points around mid-November and current production is trending steady to slightly higher. Milk in total is indicated to be flat to lower in recent months when compared to year ago levels, bringing the cumulative season to date output totals to around 1% higher. Milk prices are high, but input costs are limiting profitability and growth. Dairy farmers have been protesting milk quotas and prices below cost of production. Dairy product prices are steady to slightly higher. The year-end holidays are creating retraction of marketings as export buyers adjust ordering. New business orders are quiet. Much of current trading is for 2013 deliveries and negotiations are taking place for Q1 and beyond. Production of dairy products is at seasonal low levels. PSA program butter stocks are reentering the market on a consistent basis and that butter is being readily absorbed and not impacting market conditions. Current butter prices are high and restricting exporting into world markets.

**BUTTER/BUTTEROIL:** European butter prices are steady to slightly higher. The market tone is firming with good internal demand and fair export interest. The year-end is beginning to pose some normal restrictions on trading but most Q1 orders are on the books and processors are working on plans. Butter production is up slightly as milk moves off the seasonal low point. Cream demand is fair from normal accounts. The trade is reporting continued movements of PSA butter stocks out of the program. The clearances are being readily absorbed and creating no issues. The total volumes are indicated to be declining. Butteroil pricing indications are generally steady. The market test is light. Output is minimal. Exporting remains difficult as current pricing levels are above Oceania AMF pricing points, quoted at \$3,197 per MT across all contract periods at the December 4th g/DT event.

82% BUTTERFAT: 4,300 - 4,600  
99% BUTTERFAT: 4,950 - 5,250

**SKIM MILK POWDER (SMP):** Skim milk powder prices are trending higher. The market undertone is firming. Current pricing levels are making exporting more challenging as competitive pricing with other regions is being seen. Demand is light to fair for the current period, reflective of the year-end approaching, buyer's short-term needs being met, and traders/handlers having limited holdings to move. Production levels are often lower as the liquid milk supplies are at the seasonal low point. In total, the fundamentals are balanced. European SMP offered at the December 4 g/DT trading event traded at \$3400 per MT.

1.25% BUTTERFAT: 3,400 - 3,600

**SWEET WHEY POWDER:** European whey powder prices are trending higher. Demand is showing incremental increases with domestic and export components. Production trends are uneven with the whey stream competition with whey protein powders, compounded by current seasonally low cheese output. Supply and demand are in good balance. Dry whey stocks are light and committed for the new year quarter one.

NONHYGROSCOPIC: 1,300 - 1,450

**WHOLE MILK POWDER (WMP):** European whole milk powder prices are trending slightly higher. At current levels, prices are above other exporting countries. This is limiting export potential, especially for any new business. Most current production and sales are serving local or internal accounts. Demand for butterfat is good and returns are often better, thereby the choice over making WMP. Holdings are available for trade needs.

26% BUTTERFAT: 3,800 - 4,000

**EASTERN OVERVIEW:** Eastern European milk production trends are continuing with current output levels generally at or slightly past the seasonal low point. Milk production is reported to be higher than year ago levels in many Eastern countries. Milk output is strong in Poland with reported levels well over year ago marks. Demand for milk and dairy products is good to fill local and export needs. Overall stocks of finished products are light.

**Exchange rates for selected foreign currencies  
December 3, 2012**

|                        |                          |
|------------------------|--------------------------|
| 1.0049 Canadian Dollar | .0183 Indian Rupee       |
| .2066 Argentina Peso   | .8209 New Zealand Dollar |
| .0769 Mexican Peso     | 1.0421 Australian Dollar |
| .3158 Polish Zloty     | .0122 Japanese Yen       |
|                        | 1.3053 Euro              |

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0769) = 13.0039$  Mexican Pesos.

Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 26 - December 7, 2012

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

**OCEANIA OVERVIEW:** NEW ZEALAND milk production is retreating slowly from the seasonal peak, yet trends are higher and keeping pace with the 4 - 5% range above year ago levels for the season. Weather conditions are generally favorable with adequate moisture and moderate temperatures for pasture regrowth. Recent conditions have been variable but not detrimental to milk output. Outlook for warm and dry summer conditions are favorable. Cow numbers are higher than year ago levels. Forage quality and quantity are in good shape for milk cow needs and generating good milk volumes, fat levels, and milk solids. Processing plants are running on seasonally active schedules to handle the current milk intakes with overall levels trending down slightly, matching the milk intakes. The product mix is being generated along planned schedules. AUSTRALIAN milk production reports showed output for October at a 1.4% decline from October 2011 with the production season output running at 1.0% higher than year ago levels. The seasonal growth rate is highest in the Victoria region (+1.8%) but lowest in the Queensland region (-3.5%) when compared to the prior season. Trade sources are indicating the milkfat levels are lower than projections. Hot weather last week was short lived and did not create any longer term issues with milk production. Some areas are impacted by wet conditions, while other areas are drying out. Processing capacity is adequate to handle current milk supplies and the product mix is along planned levels. The cheese market is pulling more milk into cheese production to service domestic and active export accounts. Negotiations are taking place for Q1 needs. Average prices at the latest g/DT auction on December 4 and changes from the previous event are: anhydrous milk fat \$3197, +3.7%; Buttermilk powder \$3,615, n.a.; cheddar \$3,372, -2.4%; milk protein concentrate \$5,958, -1.2%; rennet casein \$7,926, +0.3%; skim milk powder \$3,362, -1.0%; and whole milk powder \$3,170, -3.5%. The next event, #82 will be held on Tuesday, December 18.

**BUTTER:** Butter prices range from mostly steady to slightly higher on the top end of the range. The market undertone is mostly steady. There continues to be a disconnect between butter and AMF pricing as price per percent of butterfat is not being accounted for in AMF. The impact remains somewhat negligible as buying interest for butter is good. Contacts note that U.S. butter pricing equivalents are nearing Oceania pricing. There are no reported competitive overlaps currently. Production levels remain at seasonally high levels but trending slightly lower, reflecting both the decline in milk intakes and some uneven milkfat contents. Churning is about steady with levels of a year ago. Cream utilization in holiday items is active as planned. Demand is fair to good across categories. Domestic interest is steady in Australia. Export demand is good with bookings and butter moving from New Zealand.

82% BUTTERFAT: 3,000 - 3,550

**SKIM MILK POWDER (SMP):** Oceania skim milk powder prices are trending slightly higher with a mostly steady market undertone. Pricing at the December 4 g/DT event showed skim milk powder prices for all contracting periods at an average \$3,362 per MT, down 1.0% from the previous average. For the nearby trading session two, (January 2013) prices averaged \$3,406, up 0.7%. Skim milk powder output across the region is active to process the available milk supplies. Good demand for butter is helping the SMP output to be higher. Demand for SMP is fair to good and product is clearing to export channels and being moved to service orders on the books for later needs. Forward sales are good.

1.25% BUTTERFAT: 3,250 - 3,550

**CHEDDAR CHEESE:** Slightly higher prices are being recorded for cheddar cheese. Market conditions are fairly consistent with recent trends. Buying interest is fair to good with contracting negotiations active for 2013 orders. Current pricing levels are conducive for buyers as they look to lock in commitments for their needs. Cheese production is mostly steady as some manufacturers are keeping milk in cheese plants as a priority to align product categories with sales on the books.

39% MAXIMUM MOISTURE: 3,800 - 4,200

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder prices are mixed. Pricing trends at the g/DT December 4th event showed a 3.5% decline for the all contracting periods average of \$3,170 per MT. Declines were recorded for all contracting months. WMP drying trends are slightly lower as milk output declines off the seasonal peak. Producers are hopeful that the shoulder season be longer and milk supplies will be available. Export demand is good with active interest from Asia pulling WMP along projected levels. Traders and handlers are moving planned volumes and staging product for upcoming shipments. There is good demand for utilization in nutritional and reconstituted beverage markets for developing countries.

26% BUTTERFAT: 3,200 - 3,550

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 26 - December 7, 2012

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

| US\$/MT                  | Global/Dairy Trading (g/DT) Event 81 Recap - December 4, 2012 |         |                      |         |                      |         |                      |         |                      |         |                      |         |               |       |
|--------------------------|---|---------|----------------------|---------|----------------------|---------|----------------------|---------|----------------------|---------|----------------------|---------|---------------|-------|
|                          | Contract 1<br>Jan-13  |         | Contract 2<br>Feb-13 |         | Contract 3<br>Mar-13 |         | Contract 4<br>Apr-13 |         | Contract 5<br>May-13 |         | Contract 6<br>Jun-13 |         | All Contracts |       |
| Anhydrous Milk Fat       | n.a.  | \$3,127 | 3.5%                 | \$3,199 | 4.7%                 | \$3,250 | 5.4%                 | \$3,293 | 2.9%                 | \$3,237 | -3.0%                | \$3,197 | 3.7%          |       |
| Buttermilk Powder        | n.a.  | \$3,615 | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | \$3,615 | n.a.          |       |
| Cheddar                  | n.a.  | \$3,376 | -2.5%                | \$3,366 | -1.3%                | \$3,374 | -3.8%                | n.a.    | n.a.                 | n.a.    | n.a.                 | \$3,372 | -2.4%         |       |
| Lactose                  | n.a.  | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.                 | n.a.    | n.a.          |       |
| Milk Protein Concentrate | n.a.  | \$5,885 | -2.1%                | \$6,055 | -0.3%                | \$6,020 | -0.9%                | n.a.    | n.a.                 | n.a.    | n.a.                 | \$5,958 | -1.2%         |       |
| Rennet Casein            | n.a.  | \$7,888 | -1.0%                | \$7,918 | -0.6%                | \$8,036 | 4.6%                 | n.a.    | n.a.                 | n.a.    | n.a.                 | \$7,926 | 0.3%          |       |
| Skim Milk Powder         | \$3,263   | -2.8%   | \$3,406              | 0.7%    | \$3,316              | -2.7%   | \$3,338              | -3.3%   | \$3,384              | -2.0%   | \$3,298              | -5.5%   | \$3,362       | -1.0% |
| Whole Milk Powder        | \$3,207   | n.a.    | \$3,157              | -3.2%   | \$3,148              | -3.2%   | \$3,169              | -3.9%   | \$3,222              | -5.6%   | \$3,297              | -4.8%   | \$3,170       | -3.5% |

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

| US\$/Pound               | Global/Dairy Trading (g/DT) Event 81 Recap - December 4, 2012 |          |                      |          |                      |          |                      |          |                      |          |                      |          |               |       |
|--------------------------|---|----------|----------------------|----------|----------------------|----------|----------------------|----------|----------------------|----------|----------------------|----------|---------------|-------|
|                          | Contract 1<br>Jan-13  |          | Contract 2<br>Feb-13 |          | Contract 3<br>Mar-13 |          | Contract 4<br>Apr-13 |          | Contract 5<br>May-13 |          | Contract 6<br>Jun-13 |          | All Contracts |       |
| Anhydrous Milk Fat       | n.a.  | \$1.4184 | 3.5%                 | \$1.4511 | 4.7%                 | \$1.4742 | 5.4%                 | \$1.4937 | 2.9%                 | \$1.4683 | -3.0%                | \$1.4501 | 3.7%          |       |
| Buttermilk Powder        | n.a.  | \$1.6398 | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | \$1.6398 | n.a.          |       |
| Cheddar                  | n.a.  | \$1.5313 | -2.5%                | \$1.5268 | -1.3%                | \$1.5304 | -3.8%                | n.a.     | n.a.                 | n.a.     | n.a.                 | \$1.5295 | -2.4%         |       |
| Lactose                  | n.a.  | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.                 | n.a.     | n.a.          |       |
| Milk Protein Concentrate | n.a.  | \$2.6694 | -2.1%                | \$2.7465 | -0.3%                | \$2.7307 | -0.9%                | n.a.     | n.a.                 | n.a.     | n.a.                 | \$2.7025 | -1.2%         |       |
| Rennet Casein            | n.a.  | \$3.5780 | -1.0%                | \$3.5916 | -0.6%                | \$3.6451 | 4.6%                 | n.a.     | n.a.                 | n.a.     | n.a.                 | \$3.5952 | 0.3%          |       |
| Skim Milk Powder         | \$1.4801  | -2.8%    | \$1.5450             | 0.7%     | \$1.5041             | -2.7%    | \$1.5141             | -3.3%    | \$1.5350             | -2.0%    | \$1.4960             | -5.5%    | \$1.5250      | -1.0% |
| Whole Milk Powder        | \$1.4547  | n.a.     | \$1.4320             | -3.2%    | \$1.4279             | -3.2%    | \$1.4374             | -3.9%    | \$1.4615             | -5.6%    | \$1.4955             | -4.8%    | \$1.4379      | -3.5% |

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

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

| Month  | 11/21           | 11/22      | 11/23          | 11/26           | 11/27          | 11/28            | 11/29           | 11/30           | 12/03           | 12/04           | 12/05          |
|--|-----------------|------------|----------------|-----------------|----------------|------------------|-----------------|-----------------|-----------------|-----------------|----------------|
| <b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>             |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 20.71 (5418) 0  | NO TRADING | 20.71 (5418) 0 | 20.73 (5406) 0  | 20.73 (5390) 0 | 20.77 (5381) 0   | 20.80 (5383) 0  | 20.80 (5385) 0  | 20.78 (5376) 0  | 20.80 (5377) 0  | 20.83 (4957) 0 |
| DEC 12   | 19.21 (4586) 8  |            | 19.21 (4586) 1 | 19.08 (4639) 0  | 18.90 (4600) 0 | 19.15 (4578) 0   | 19.07 (4572) 15 | 18.74 (4496) 29 | 18.58 (4455) 4  | 18.47 (4369) 4  | 18.47 (4316) 1 |
| JAN 13   | 18.83 (2599) 8  |            | 18.83 (2599) 1 | 18.60 (2668) 3  | 18.52 (2713) 3 | 18.85 (2701) 144 | 18.92 (2703) 14 | 18.79 (2810) 16 | 18.61 (2861) 4  | 18.27 (2917) 7  | 18.27 (2963) 0 |
| FEB 13   | 18.55 (2091) 8  |            | 18.55 (2091) 1 | 18.46 (2142) 1  | 18.40 (2182) 0 | 18.68 (2166) 117 | 18.79 (2187) 0  | 18.76 (2220) 0  | 18.60 (2237) 0  | 18.30 (2285) 0  | 18.30 (2261) 0 |
| MAR 13   | 18.55 (1698) 8  |            | 18.55 (1698) 1 | 18.47 (1744) 0  | 18.43 (1762) 0 | 18.72 (1752) 110 | 18.75 (1767) 0  | 18.78 (1787) 0  | 18.73 (1801) 0  | 18.45 (1812) 0  | 18.42 (1840) 0 |
| APR 13   | 18.59 (1288) 8  |            | 18.59 (1288) 1 | 18.49 (1291) 0  | 18.50 (1297) 0 | 18.70 (1296) 102 | 18.75 (1303) 0  | 18.75 (1305) 0  | 18.72 (1306) 0  | 18.58 (1315) 0  | 18.52 (1339) 0 |
| MAY 13   | 18.50 (1259) 8  |            | 18.50 (1259) 1 | 18.46 (1256) 0  | 18.50 (1265) 0 | 18.65 (1258) 86  | 18.70 (1255) 0  | 18.70 (1261) 0  | 18.68 (1261) 0  | 18.60 (1265) 0  | 18.52 (1287) 0 |
| JUN 13   | 18.42 (1118) 0  |            | 18.42 (1118) 0 | 18.38 (1120) 0  | 18.42 (1123) 0 | 18.55 (1126) 80  | 18.60 (1132) 0  | 18.65 (1141) 0  | 18.64 (1141) 0  | 18.55 (1150) 0  | 18.49 (1172) 0 |
| JUL 13   | 18.50 (779) 0   |            | 18.50 (779) 0  | 18.51 (772) 0   | 18.52 (779) 0  | 18.60 (781) 55   | 18.68 (785) 0   | 18.67 (785) 0   | 18.68 (783) 0   | 18.59 (789) 0   | 18.60 (822) 0  |
| AUG 13   | 18.51 (795) 0   |            | 18.51 (795) 0  | 18.51 (796) 0   | 18.55 (799) 0  | 18.60 (806) 59   | 18.60 (812) 0   | 18.55 (813) 0   | 18.61 (813) 0   | 18.60 (824) 0   | 18.63 (849) 0  |
| <b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>              |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 18.63 (139) 0   | NO TRADING | 18.63 (139) 0  | 18.63 (139) 0   | 18.63 (139) 0  | 18.56 (139) 0    | 18.56 (139) 0   | 18.57 (139) 0   | 18.57 (139) 0   | 18.59 (139) 0   | 18.66 (113) 0  |
| DEC 12   | 18.50 (171) 0   |            | 18.50 (171) 0  | 18.50 (171) 0   | 18.50 (171) 0  | 18.35 (171) 0    | 18.27 (171) 0   | 18.25 (171) 0   | 18.25 (171) 0   | 18.25 (171) 0   | 18.25 (171) 0  |
| JAN 13   | 18.65 (150) 0   |            | 18.65 (150) 0  | 18.64 (150) 0   | 18.64 (150) 0  | 18.55 (150) 0    | 18.55 (150) 0   | 18.55 (150) 0   | 18.54 (150) 0   | 18.41 (150) 0   | 18.41 (150) 0  |
| <b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b> |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 185.00 (814) 1  | NO TRADING | 185.00 (814) 0 | 185.00 (814) 0  | 185.00 (814) 0 | 183.73 (828) 20  | 184.25 (818) 14 | 184.48 (815) 4  | 184.50 (815) 4  | 184.50 (815) 0  | 184.10 (787) 0 |
| DEC 12   | 168.00 (810) 2  |            | 168.00 (810) 0 | 167.25 (804) 6  | 167.75 (806) 2 | 163.80 (805) 7   | 163.73 (805) 0  | 163.60 (804) 1  | 163.50 (818) 23 | 163.50 (818) 12 | 161.00 (818) 4 |
| JAN 13   | 170.00 (258) 25 |            | 170.00 (258) 0 | 169.98 (261) 14 | 169.50 (263) 8 | 165.48 (295) 67  | 165.00 (295) 2  | 163.48 (320) 38 | 164.00 (320) 1  | 164.00 (326) 9  | 166.25 (327) 1 |
| <b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>            |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 151.33 (235) 0  | NO TRADING | 151.33 (235) 0 | 151.33 (235) 0  | 151.33 (235) 0 | 151.33 (235) 0   | 151.33 (235) 0  | 151.33 (235) 0  | 151.33 (235) 0  | 151.33 (235) 0  | 151.43 (249) 0 |
| DEC 12   | 155.50 (216) 0  |            | 155.50 (216) 0 | 155.50 (216) 0  | 155.50 (216) 0 | 155.50 (216) 0   | 154.25 (216) 0  | 153.75 (216) 0  | 153.75 (216) 0  | 153.75 (216) 0  | 153.75 (216) 0 |
| JAN 13   | 158.35 (80) 0   |            | 158.35 (80) 0  | 158.35 (80) 0   | 158.35 (81) 1  | 158.35 (81) 0    | 158.35 (81) 0   | 158.35 (81) 0   | 158.35 (81) 0   | 157.75 (83) 0   | 158.00 (83) 0  |
| <b>CME - WHEY (Electronic-Traded)</b>                        |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 63.70 (230) 3   | NO TRADING | 63.70 (230) 0  | 64.50 (231) 1   | 64.50 (231) 0  | 64.50 (234) 0    | 64.50 (234) 0   | 64.50 (234) 0   | 64.50 (234) 0   | 64.50 (234) 0   | 64.80 (198) 0  |
| DEC 12   | 62.25 (316) 10  |            | 62.25 (316) 0  | 62.65 (315) 3   | 61.78 (315) 1  | 62.85 (317) 16   | 63.50 (316) 2   | 63.25 (316) 1   | 63.10 (317) 7   | 63.10 (317) 6   | 63.00 (315) 5  |
| JAN 13   | 59.00 (147) 9   |            | 59.00 (147) 0  | 59.75 (150) 10  | 59.00 (152) 6  | 59.95 (175) 53   | 60.85 (175) 6   | 60.33 (176) 1   | 60.00 (180) 5   | 58.98 (197) 41  | 58.98 (202) 20 |
| <b>CME - CHEESE CSC (Electronic-Traded)</b>                  |                 |            |                |                 |                |                  |                 |                 |                 |                 |                |
| NOV 12   | 2.01 (1177) 9   | NO TRADING | 2.01 (1177) 0  | 2.01 (1177) 1   | 2.01 (1177) 0  | 2.01 (1177) 0    | 2.01 (1175) 3   | 2.01 (1175) 0   | 2.01 (1175) 1   | 2.01 (1175) 0   | 2.02 (975) 0   |
| DEC 12   | 1.87 (1501) 56  |            | 1.87 (1501) 0  | 1.86 (1501) 0   | 1.84 (1506) 5  | 1.86 (1506) 2    | 1.85 (1506) 0   | 1.82 (1506) 0   | 1.80 (1509) 23  | 1.79 (1509) 2   | 1.79 (1513) 8  |
| JAN 13   | 1.86 (609) 24   |            | 1.86 (609) 0   | 1.83 (624) 18   | 1.82 (645) 32  | 1.84 (644) 28    | 1.85 (646) 3    | 1.83 (652) 14   | 1.82 (652) 15   | 1.80 (751) 118  | 1.79 (767) 19  |
| FEB 13   | 1.82 (361) 1    |            | 1.82 (361) 0   | 1.82 (360) 2    | 1.82 (387) 27  | 1.84 (388) 2     | 1.85 (389) 2    | 1.85 (398) 19   | 1.84 (398) 15   | 1.82 (424) 37   | 1.81 (431) 7   |
| MAR 13   | 1.84 (340) 2    |            | 1.84 (340) 0   | 1.84 (351) 14   | 1.83 (361) 11  | 1.86 (361) 5     | 1.86 (361) 0    | 1.86 (376) 18   | 1.85 (381) 12   | 1.84 (388) 11   | 1.83 (390) 2   |
| APR 13   | 1.84 (171) 2    |            | 1.84 (171) 0   | 1.84 (171) 2    | 1.84 (184) 18  | 1.85 (184) 0     | 1.85 (184) 0    | 1.86 (183) 1    | 1.86 (189) 6    | 1.85 (196) 7    | 1.84 (208) 13  |

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.)

MONTHLY SUMMARY AND AVERAGES FOR NOVEMBER 2012 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

| COMMODITY   | ::REPORT NUMBER 44 |                    | ::REPORT NUMBER 45 |                    | ::REPORT NUMBER 46 |           | ::REPORT NUMBER 47 |        | ::REPORT NUMBER 48 |  | 2012    | 2011    |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|--------------------|--------|--------------------|--|---------|---------|
|   | ::-----::          |                    | ::-----::          |                    | ::-----::          |           | ::-----::          |        | ::-----::          |  | Average | Average |
|   | NOV 01 - 02        | NOV 05 - 09        | NOV 12 - 16        | NOV 19 - 23        | NOV 26 - 30        | or Total  | or Total           |        |                    |  |         |         |
| CHEESE  |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| WISCONSIN (WSP, Delivered, LTL)                                       |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| -- Process American 5# Loaf   | :: 2.2175 - 2.9225 | :: 2.2200 - 2.9250 | :: 2.1500 - 2.8550 | :: 1.9775 - 2.6825 | :: 1.9200 - 2.6250 | :: 2.4380 | :                  | 2.3360 |                    |  |         |         |
| -- Brick And/Or Muenster 5#   | :: 2.4550 - 3.0150 | :: 2.5000 - 3.0600 | :: 2.4150 - 2.9750 | :: 2.2450 - 2.8050 | :: 2.2150 - 2.7750 | :: 2.6390 | :                  | 2.4175 |                    |  |         |         |
| -- Cheddar 40# Block  | :: 2.4550 - 3.4400 | :: 2.5000 - 3.4850 | :: 2.4150 - 3.4000 | :: 2.2450 - 3.2300 | :: 2.2150 - 3.2000 | :: 2.8515 | :                  | 2.5640 |                    |  |         |         |
| -- Monterey Jack 10#  | :: 2.4250 - 3.4400 | :: 2.4700 - 3.4850 | :: 2.3850 - 3.4000 | :: 2.2150 - 3.2300 | :: 2.1850 - 3.2000 | :: 2.8365 | :                  | 2.5873 |                    |  |         |         |
| -- Blue 5#  | :: 2.7200 - 3.7050 | :: 2.7650 - 3.7500 | :: 2.6800 - 3.6650 | :: 2.5100 - 3.4950 | :: 2.4800 - 3.4650 | :: 3.1165 | :                  | 2.8818 |                    |  |         |         |
| -- Mozzarella 5 - 6#  | :: 2.3000 - 3.5400 | :: 2.3450 - 3.5850 | :: 2.2600 - 3.5000 | :: 2.0900 - 3.3300 | :: 2.0600 - 3.3000 | :: 2.8240 | :                  | 2.5793 |                    |  |         |         |
| -- Grade A Swiss Cuts 6 - 9#  | :: 3.0050 - 3.1225 | :: 3.1500 - 3.2675 | :: 3.1500 - 3.2675 | :: 3.1500 - 3.2675 | :: 3.1500 - 3.2675 | :: 3.1949 | :                  | 3.2020 |                    |  |         |         |
| NORTHEAST (WSP, Delivered, LTL)                                       |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| -- Cheddar 40# Block  | :: 2.4675 - 2.7525 | :: 2.5125 - 2.7975 | :: 2.4275 - 2.7125 | :: 2.2575 - 2.5425 | :: 2.2275 - 2.5125 | :: 2.5140 | :                  | 2.3000 |                    |  |         |         |
| -- Process 5# Sliced  | :: 2.2450 - 2.3650 | :: 2.2475 - 2.3675 | :: 2.1775 - 2.2975 | :: 2.0050 - 2.1250 | :: 1.9475 - 2.0675 | :: 2.1730 | :                  | 2.0820 |                    |  |         |         |
| -- Muenster   | :: 2.4875 - 2.8475 | :: 2.5325 - 2.8925 | :: 2.4475 - 2.8075 | :: 2.2775 - 2.6375 | :: 2.2475 - 2.6075 | :: 2.5715 | :                  | 2.3218 |                    |  |         |         |
| -- Grade A Swiss Cuts 10 - 14#  | :: 3.4850 - 3.8075 | :: 3.6300 - 3.9525 | :: 3.6300 - 3.9525 | :: 3.6300 - 3.9525 | :: 3.6300 - 3.9525 | :: 3.7774 | :                  | 3.8578 |                    |  |         |         |
| WEST COAST (WSP, Delivered, LTL)                                      |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| -- Process 5# Loaf  | :: 2.1525 - 2.4100 | :: 2.1550 - 2.4125 | :: 2.0850 - 2.3425 | :: 1.9125 - 2.1700 | :: 1.8550 - 2.1125 | :: 2.1492 | :                  | 2.1278 |                    |  |         |         |
| -- Cheddar 40# Block  | :: 2.1900 - 2.5425 | :: 2.2350 - 2.5875 | :: 2.1475 - 2.5000 | :: 1.9775 - 2.3300 | :: 1.9475 - 2.3000 | :: 2.2686 | :                  | 2.1513 |                    |  |         |         |
| -- Cheddar 10# Cuts   | :: 2.3700 - 2.5900 | :: 2.4150 - 2.6350 | :: 2.3275 - 2.5475 | :: 2.1575 - 2.3775 | :: 2.1275 - 2.3475 | :: 2.3824 | :                  | 2.2650 |                    |  |         |         |
| -- Monterey Jack 10#  | :: 2.3800 - 2.5400 | :: 2.4250 - 2.5850 | :: 2.3375 - 2.4975 | :: 2.1675 - 2.3275 | :: 2.1375 - 2.2975 | :: 2.3624 | :                  | 2.2450 |                    |  |         |         |
| -- Grade A Swiss Cuts 6 - 9#  | :: 3.0625 - 3.4925 | :: 3.2075 - 3.6375 | :: 3.2075 - 3.6375 | :: 3.2075 - 3.6375 | :: 3.2075 - 3.6375 | :: 3.4087 | :                  | 3.4890 |                    |  |         |         |
| FLUID PRODUCTS  |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)                  |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| -- Northeast - f.o.b  | :: 2.1764 - 2.5549 | :: 2.3070 - 2.5150 | :: 2.3914 - 2.5609 | :: 2.2392 - 2.4258 | :: 2.0440 - 2.1291 | :: 2.3300 | :                  | 2.3444 |                    |  |         |         |
| -- Upper Midwest - f.o.b  | :: 2.3309 - 2.4413 | :: 2.3638 - 2.4205 | :: 2.2784 - 2.4479 | :: 2.1459 - 2.2019 | :: 1.8736 - 2.0269 | :: 2.2379 | :                  | 2.2047 |                    |  |         |         |
| PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b. |                    |                    |                    |                    |                    |           |                    |        |                    |  |         |         |
| -- Class II   | :: 1.41 - 1.47     | :: 1.41 - 1.45     | :: 1.49 - 1.54     | :: 1.49 - 1.54     | :: 1.55 - 1.59     | :: 1.5007 | :                  | 1.5875 |                    |  |         |         |
| -- Class III  | :: 1.52 - 1.57     | :: 1.71 - 1.75     | :: 1.71 - 1.75     | :: 1.71 - 1.75     | :: 1.71 - 1.75     | :: 1.7124 | :                  | 1.4690 |                    |  |         |         |

MONTHLY SUMMARY AND AVERAGES FOR NOVEMBER 2012 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL./TL.)

| COMMODITY                           | ::REPORT NUMBER 44 |                    | ::REPORT NUMBER 45 |                    | ::REPORT NUMBER 46 |           | ::REPORT NUMBER 47 |  | ::REPORT NUMBER 48 |  | 2012    | 2011    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|--------------------|--|--------------------|--|---------|---------|
|                                     | :-----:            |                    | :-----:            |                    | :-----:            |           | :-----:            |  | :-----:            |  | Average | Average |
|                                     | NOV 01 - 02        | NOV 05 - 09        | NOV 12 - 16        | NOV 19 - 23        | NOV 26 - 30        | or Total  | or Total           |  |                    |  |         |         |
| DRY PRODUCTS                        |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| NONFAT DRY MILK                     |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central And East (f.o.b.)        |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Low/Medium Heat                  | :: 1.4500 - 1.5600 | :: 1.5100 - 1.5800 | :: 1.5100 - 1.5800 | :: 1.5200 - 1.5900 | :: 1.5100 - 1.6025 | :: 1.5458 | :: 1.4726          |  |                    |  |         |         |
| -- Mostly                           | :: 1.5100 - 1.5550 | :: 1.5200 - 1.5700 | :: 1.5200 - 1.5700 | :: 1.5300 - 1.5800 | :: 1.5300 - 1.5900 | :: 1.5493 | :: 1.4714          |  |                    |  |         |         |
| -- High Heat                        | :: 1.5900 - 1.6300 | :: 1.6050 - 1.6325 | :: 1.6100 - 1.6400 | :: 1.6250 - 1.6500 | :: 1.6300 - 1.6500 | :: 1.6280 | :: 1.5676          |  |                    |  |         |         |
| -- West (f.o.b.)                    |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Low/Medium Heat                  | :: 1.4600 - 1.5500 | :: 1.4700 - 1.5500 | :: 1.4800 - 1.5500 | :: 1.4700 - 1.5650 | :: 1.4800 - 1.5750 | :: 1.5163 | :: 1.4331          |  |                    |  |         |         |
| -- Mostly                           | :: 1.4800 - 1.5200 | :: 1.4900 - 1.5200 | :: 1.4900 - 1.5300 | :: 1.5000 - 1.5350 | :: 1.5100 - 1.5400 | :: 1.5129 | :: 1.4209          |  |                    |  |         |         |
| -- High Heat                        | :: 1.5000 - 1.6100 | :: 1.5100 - 1.6100 | :: 1.5100 - 1.6100 | :: 1.5100 - 1.6100 | :: 1.5200 - 1.6150 | :: 1.5613 | :: 1.5094          |  |                    |  |         |         |
| WHEY POWDER (Nonhygroscopic)        |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central (f.o.b.)                 | :: 0.5900 - 0.6350 | :: 0.6000 - 0.6400 | :: 0.6000 - 0.6475 | :: 0.6100 - 0.6700 | :: 0.6175 - 0.6725 | :: 0.6299 | :: 0.6259          |  |                    |  |         |         |
| -- Mostly                           | :: 0.5900 - 0.6200 | :: 0.6050 - 0.6300 | :: 0.6050 - 0.6400 | :: 0.6225 - 0.6425 | :: 0.6250 - 0.6525 | :: 0.6254 | :: 0.6225          |  |                    |  |         |         |
| -- West (f.o.b.)                    | :: 0.5900 - 0.6475 | :: 0.6000 - 0.6475 | :: 0.5800 - 0.6575 | :: 0.5800 - 0.6675 | :: 0.5800 - 0.6675 | :: 0.6221 | :: 0.6096          |  |                    |  |         |         |
| -- Mostly                           | :: 0.6000 - 0.6375 | :: 0.6050 - 0.6475 | :: 0.6000 - 0.6525 | :: 0.6000 - 0.6600 | :: 0.6000 - 0.6600 | :: 0.6271 | :: 0.6436          |  |                    |  |         |         |
| -- Northeast (f.o.b.)               | :: 0.6400 - 0.6700 | :: 0.6450 - 0.6750 | :: 0.6575 - 0.6825 | :: 0.6625 - 0.6850 | :: 0.6725 - 0.6925 | :: 0.6699 | :: 0.6469          |  |                    |  |         |         |
| WHEY PROTEIN CONCENTRATE            |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central And West (f.o.b.)        |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Extra Grade 34% Protein          | :: 1.1250 - 1.3425 | :: 1.1600 - 1.3425 | :: 1.1600 - 1.3425 | :: 1.1600 - 1.3300 | :: 1.2000 - 1.3300 | :: 1.2517 | :: 1.4785          |  |                    |  |         |         |
| -- Mostly                           | :: 1.2000 - 1.2525 | :: 1.2000 - 1.2650 | :: 1.2000 - 1.2650 | :: 1.2000 - 1.2650 | :: 1.2325 - 1.2650 | :: 1.2358 | :: 1.4458          |  |                    |  |         |         |
| ANIMAL FEED - WHEY                  |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central (f.o.b.)                 |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Milk Replacer                    | :: 0.4400 - 0.5900 | :: 0.4525 - 0.6000 | :: 0.4525 - 0.6000 | :: 0.4650 - 0.6200 | :: 0.4750 - 0.6300 | :: 0.5345 | :: 0.5470          |  |                    |  |         |         |
| BUTTERMILK (Min. 30% protein)       |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central And East (f.o.b.)        | :: 1.5600 - 1.6300 | :: 1.5900 - 1.6400 | :: 1.5900 - 1.6550 | :: 1.5500 - 1.6625 | :: 1.5500 - 1.6600 | :: 1.6108 | :: 1.3638          |  |                    |  |         |         |
| -- West (f.o.b.)                    | :: 1.4400 - 1.5100 | :: 1.4400 - 1.5125 | :: 1.4450 - 1.5150 | :: 1.4500 - 1.5300 | :: 1.4500 - 1.5300 | :: 1.4829 | :: 1.3301          |  |                    |  |         |         |
| -- Mostly                           | :: 1.4400 - 1.4700 | :: 1.4400 - 1.4700 | :: 1.4500 - 1.4750 | :: 1.4600 - 1.4850 | :: 1.4700 - 1.4900 | :: 1.4661 | :: 1.3300          |  |                    |  |         |         |
| WHOLE MILK POWDER                   |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- National (f.o.b.)                | :: 1.7000 - 1.8500 | :: 1.7000 - 1.8500 | :: 1.7000 - 1.9000 | :: 1.7000 - 1.9000 | :: 1.7000 - 1.9000 | :: 1.7917 | :: 1.8785          |  |                    |  |         |         |
| LACTOSE                             |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Central And West (f.o.b.)        | :: 0.7300 - 0.9300 | :: 0.7000 - 0.9300 | :: 0.7000 - 0.9300 | :: 0.6875 - 0.9300 | :: 0.6875 - 0.9300 | :: 0.8138 | :: 0.7441          |  |                    |  |         |         |
| -- Mostly                           | :: 0.7500 - 0.8200 | :: 0.7500 - 0.8200 | :: 0.7500 - 0.8200 | :: 0.7500 - 0.8200 | :: 0.7500 - 0.8200 | :: 0.7850 | :: 0.7598          |  |                    |  |         |         |
| CASEIN - Edible - National (f.o.b.) |                    |                    |                    |                    |                    |           |                    |  |                    |  |         |         |
| -- Nonrestricted - Rennet           | :: 3.7000 - 4.4000 | :: 3.7000 - 4.4000 | :: 3.7000 - 4.4000 | :: 3.7000 - 4.4000 | :: 3.7000 - 4.4000 | :: 4.0500 | :: 4.8250          |  |                    |  |         |         |
| -- Nonrestricted - Acid             | :: 4.4500 - 4.7500 | :: 4.4500 - 4.7500 | :: 4.4500 - 4.7500 | :: 4.4500 - 4.7500 | :: 4.4500 - 4.7500 | :: 4.6000 | :: 5.0750          |  |                    |  |         |         |

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR NOVEMBER 2012

| COMMODITY               | REPORT NUMBER 44 | REPORT NUMBER 45 | REPORT NUMBER 46 | REPORT NUMBER 47         | REPORT NUMBER 48 | 2012 *          | 2011 *          |
|-------------------------|------------------|------------------|------------------|--------------------------|------------------|-----------------|-----------------|
|                         | NOV 1 - 2        | NOV 5 - 9        | NOV 12 - 16      | NOV 19 - 21 <sub>a</sub> | NOV 26 - 30      | Monthly Average | Monthly Average |
| <b>BUTTER*</b>          |                  |                  |                  |                          |                  |                 |                 |
| -- GRADE AA             |                  |                  |                  |                          |                  |                 |                 |
| --Monday                | ::               | :: 1.8850        | :: 1.8900        | :: 1.7200                | :: 1.6800        | ::              | :               |
| --Tuesday               | ::               | :: 1.8800        | :: 1.8900        | :: 1.7000                | :: 1.6725        | ::              | :               |
| --Wednesday             | ::               | :: 1.8700        | :: 1.8900        | :: 1.6900                | :: 1.6225        | ::              | :               |
| --Thursday              | :: 1.8900        | :: 1.8900        | :: 1.8650        | ::                       | :: 1.6125        | ::              | :               |
| --Friday                | :: 1.8875        | :: 1.8900        | :: 1.7950        | ::                       | :: 1.6000        | :: 1.7910       | : 1.7356        |
| --Weekly Average**      | :: 1.8910        | :: 1.8830        | :: 1.8660        | :: 1.7033                | :: 1.6375        | ::              | :               |
| <b>CHEESE*</b>          |                  |                  |                  |                          |                  |                 |                 |
| -- BARRELS              |                  |                  |                  |                          |                  |                 |                 |
| --Monday                | ::               | :: 2.0750        | :: 1.8325        | :: 1.7225                | :: 1.7750        | ::              | :               |
| --Tuesday               | ::               | :: 2.0750        | :: 1.8275        | :: 1.7250                | :: 1.7750        | ::              | :               |
| --Wednesday             | ::               | :: 1.9100        | :: 1.8350        | :: 1.7450                | :: 1.7550        | ::              | :               |
| --Thursday              | :: 2.0000        | :: 1.9100        | :: 1.7225        | ::                       | :: 1.7400        | ::              | :               |
| --Friday                | :: 2.0800        | :: 1.8350        | :: 1.7225        | ::                       | :: 1.7125        | :: 1.8388       | : 1.8963        |
| --Weekly Average**      | :: 2.0310        | :: 1.9610        | :: 1.7880        | :: 1.7308                | :: 1.7515        | ::              | :               |
| -- 40# BLOCKS           |                  |                  |                  |                          |                  |                 |                 |
| --Monday                | ::               | :: 2.1100        | :: 1.8575        | :: 1.8250                | :: 1.8250        | ::              | :               |
| --Tuesday               | ::               | :: 2.1100        | :: 1.8575        | :: 1.8250                | :: 1.8250        | ::              | :               |
| --Wednesday             | ::               | :: 1.9900        | :: 1.9100        | :: 1.8250                | :: 1.8250        | ::              | :               |
| --Thursday              | :: 2.1100        | :: 1.9900        | :: 1.8200        | ::                       | :: 1.8250        | ::              | :               |
| --Friday                | :: 2.1100        | :: 1.9200        | :: 1.8250        | ::                       | :: 1.7600        | :: 1.9073       | : 1.8716        |
| --Weekly Average**      | :: 2.1100        | :: 2.0240        | :: 1.8540        | :: 1.8250                | :: 1.8120        | ::              | :               |
| <b>NONFAT DRY MILK*</b> |                  |                  |                  |                          |                  |                 |                 |
| -- EXTRA GRADE          |                  |                  |                  |                          |                  |                 |                 |
| --Monday                | ::               | :: 1.5600        | :: 1.5600        | :: 1.5600                | :: 1.5600        | ::              | :               |
| --Tuesday               | ::               | :: 1.5600        | :: 1.5600        | :: 1.5600                | :: 1.5600        | ::              | :               |
| --Wednesday             | ::               | :: 1.5600        | :: 1.5600        | :: 1.5600                | :: 1.5600        | ::              | :               |
| --Thursday              | :: 1.5600        | :: 1.5600        | :: 1.5600        | ::                       | :: 1.5600        | ::              | :               |
| --Friday                | :: 1.5600        | :: 1.5600        | :: 1.5600        | ::                       | :: 1.5600        | :: 1.5600       | : 1.5150        |
| --Weekly Average**      | :: 1.5600        | :: 1.5600        | :: 1.5600        | :: 1.5600                | :: 1.5600        | ::              | :               |
| -- GRADE A              |                  |                  |                  |                          |                  |                 |                 |
| --Monday                | ::               | :: 1.5700        | :: 1.5750        | :: 1.5625                | :: 1.5575        | ::              | :               |
| --Tuesday               | ::               | :: 1.5700        | :: 1.5750        | :: 1.5625                | :: 1.5575        | ::              | :               |
| --Wednesday             | ::               | :: 1.5700        | :: 1.5725        | :: 1.5575                | :: 1.5575        | ::              | :               |
| --Thursday              | :: 1.5600        | :: 1.5750        | :: 1.5725        | ::                       | :: 1.5575        | ::              | :               |
| --Friday                | :: 1.5700        | :: 1.5750        | :: 1.5650        | ::                       | :: 1.5575        | :: 1.5660       | : 1.4398        |
| --Weekly Average**      | :: 1.5620        | :: 1.5720        | :: 1.5720        | :: 1.5608                | :: 1.5575        | ::              | :               |

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

/1 CME closed for trading on November 22 and November 23, 2012.

2013 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

| <u>MONTH</u> | <u>RELEASE DAY*</u>     |
|--------------|-------------------------|
| JANUARY      | FRIDAY, FEBRUARY 1      |
| FEBRUARY     | FRIDAY, MARCH 1         |
| MARCH        | FRIDAY, MARCH 29        |
| APRIL        | FRIDAY, MAY 3           |
| MAY          | MONDAY, JUNE 3          |
| JUNE         | MONDAY, JULY 1          |
| JULY         | FRIDAY, AUGUST 2        |
| AUGUST       | TUESDAY, SEPTEMBER 3    |
| SEPTEMBER    | TUESDAY, OCTOBER 1      |
| OCTOBER      | FRIDAY, NOVEMBER 1      |
| NOVEMBER     | MONDAY, DECEMBER 2      |
| DECEMBER     | FRIDAY, JANUARY 3, 2014 |

\*Release time: 9:00 am Central time

## OCTOBER 2012 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 145.7 million pounds, slightly above October 2011 and 6.8 percent above September 2012. **AMERICAN TYPE CHEESE** production totaled 370.6 million pounds, 5.1 percent above October 2011 and 6.1 percent above September 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 927.9 million pounds, 3.2 percent above October 2011 and 6.3 percent above September 2012. **NONFAT DRY MILK** production, for human food, totaled 95.0 million pounds, 5.6 percent below October 2011 but 12.4 percent above September 2012. **DRY WHEY** production, for human food, was 72.3 million pounds, 1.4 percent above October 2011 and 3.3 percent above September 2012. **ICE CREAM** (hard) production totaled 64.0 million gallons, 6.1 percent above October 2011 and 11.3 percent above September 2012.

| PRODUCTION OF DAIRY PRODUCTS       |            |                      |          |                 |                                   |               |                      |          |                 |
|------------------------------------|------------|----------------------|----------|-----------------|-----------------------------------|---------------|----------------------|----------|-----------------|
| PRODUCT                            | OCT 2012   | PERCENT CHANGE FROM: |          |                 | PRODUCT                           | OCT 2012      | PERCENT CHANGE FROM: |          |                 |
|                                    | 1,000 LBS. | OCT 2011             | SEP 2012 | YEAR TO DATE 1/ |                                   | 1,000 LBS.    | OCT 2011             | SEP 2012 | YEAR TO DATE 1/ |
| BUTTER                             | 145,677    | ---                  | 6.8      | 3.4             | SOUR CREAM                        | 114,530       | 8.1                  | 16.6     | 2.7             |
| CHEESE                             |            |                      |          |                 | YOGURT (PLAIN AND FLAVORED)       | 371,044       | 4.4                  | -7.0     | 3.7             |
| AMERICAN TYPES 2/                  | 370,608    | 5.1                  | 6.1      | 2.5             | DRY WHEY, HUMAN FOOD              | 72,316        | 1.4                  | 3.3      | ---             |
| CHEDDAR                            | 262,996    | 6.2                  | 7.9      | 1.3             | DRY WHEY, ANIMAL FEED             | 3,713         | -40.1                | -10.7    | ---             |
| OTHER AMERICAN                     | 107,612    | 2.5                  | 1.9      | ---             | DRY WHEY, TOTAL 8/                | 76,029        | -1.9                 | 2.5      | -0.2            |
| BRICK & MUENSTER                   | 13,794     | 6.9                  | 3.8      | ---             | REDUCED LACTOSE AND MINERALS      |               |                      |          |                 |
| CREAM & NEUFCHATEL                 | 79,078     | 14.6                 | 16.5     | ---             | HUMAN FOOD                        | 2,241         | -31.3                | 5.1      | ---             |
| HISPANIC                           | 19,474     | -2.6                 | 8.1      | ---             | ANIMAL FEED                       | 4,907         | 5.3                  | 1.7      | ---             |
| TOTAL ITALIAN TYPES                | 387,746    | 0.9                  | 4.8      | 1.5             | LACTOSE, HUMAN FOOD & ANIMAL FEED | 83,027        | -0.4                 | -3.4     | 3.4             |
| MOZZARELLA                         | 297,280    | 0.4                  | 3.5      | 1.5             | WHEY PROTEIN CONCENTRATE          |               |                      |          |                 |
| OTHER ITALIAN                      | 90,466     | 2.5                  | 9.3      | ---             | HUMAN FOOD 9/                     | 34,286        | -0.5                 | 3.7      | ---             |
| SWISS                              | 26,772     | -2.4                 | 5.4      | ---             | ANIMAL FEED 9/                    | 2,757         | -4.0                 | 13.6     | ---             |
| ALL OTHER TYPES                    | 14,101     | -21.3                | 23.9     | ---             | TOTAL 9/                          | 37,043        | -0.8                 | 4.4      | 3.5             |
| TOTAL                              | 927,871    | 3.2                  | 6.3      | 2.6             | 25.0-49.9 PERCENT 10/             | 20,116        | -5.0                 | 10.4     | ---             |
| COTTAGE CHEESE, CURD 3/            | 34,511     | 4.6                  | 1.1      | ---             | 50.0-89.9 PERCENT 10/             | 16,927        | 4.9                  | -2.0     | ---             |
| COTTAGE CHEESE, CREAM 4/           | 25,998     | 3.5                  | 0.8      | -3.1            | WHEY PROTEIN ISOLATES 11/         | 5,537         | 6.4                  | 14.0     | ---             |
| COTTAGE CHEESE, LOWFAT 5/          | 32,819     | 13.3                 | 1.9      | 2.2             | FROZEN PRODUCTS                   | 1,000 GALLONS | PERCENT CHANGE FROM: |          |                 |
| CANNED EVAP & CONDSO WHOLE MILK    | (D)        | (X)                  | (X)      | ---             | ICE CREAM (HARD)                  | 63,962        | 6.1                  | 11.3     | -1.9            |
| DRY BUTTERMILK                     | 8,595      | 13.0                 | 27.8     | ---             | ICE CREAM, LOWFAT (HARD)          | 14,291        | 3.6                  | -0.9     | ---             |
| DRY WHOLE MILK                     | 5,479      | 6.6                  | 31.8     | ---             | ICE CREAM, LOWFAT (SOFT)          | 17,297        | -13.6                | -14.3    | ---             |
| MILK PROTEIN CONC. (MPC), TOTAL 6/ | 5,408      | -11.5                | 3.5      | ---             | ICE CREAM, LOWFAT (TOTAL)         | 31,588        | -6.6                 | -8.7     | -2.5            |
| NONFAT DRY MILK (NDM), HUMAN       | 95,011     | -5.6                 | 12.4     | 21.2            | SHERBET, HARD                     | 3,055         | 18.5                 | -4.9     | -3.8            |
| SKIM MILK POWDERS (SMP) 7/         | 45,637     | 8.7                  | 4.6      | -20.8           | FROZEN YOGURT (TOTAL)             | 4,595         | 4.2                  | -7.1     | 3.4             |

| MANUFACTURERS' STOCKS, END OF MONTH 12/       |            |             |          |                           |            |             |          |
|---|------------|-------------|----------|---------------------------|------------|-------------|----------|
| PRODUCT                                       | OCT 2012   | PERCENT OF: |          | PRODUCT                   | OCT 2012   | PERCENT OF: |          |
|   | 1,000 LBS. | OCT 2011    | SEP 2012 |                           | 1,000 LBS. | OCT 2011    | SEP 2012 |
| DRY WHEY, HUMAN FOOD                          | 37,406     | -3.6        | -8.3     | WHEY PROTEIN CONCENTRATE  |            |             |          |
| DRY WHEY, ANIMAL FEED                         | 2,666      | -39.7       | -10.5    | HUMAN FOOD 9/             | 54,687     | 53.0        | 3.3      |
| REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/ | 6,925      | 43.9        | -3.1     | ANIMAL FEED 9/            | 2,799      | 11.9        | -7.0     |
| LACTOSE, HUMAN FOOD & ANIMAL FEED             | 88,571     | 24.2        | 8.0      | TOTAL 9/                  | 57,486     | 50.3        | 2.7      |
| CANNED EVAP & CONDSO WHOLE MILK               | (D)        | (X)         | (X)      | 25.0-49.9 PERCENT 10/     | 32,355     | 59.5        | 0.8      |
| DRY BUTTERMILK                                | 9,928      | -16.9       | 34.1     | 50.0-89.9 PERCENT 10/     | 25,131     | 39.9        | 5.3      |
| NONFAT DRY MILK (NDM), HUMAN FOOD             | 104,196    | -27.3       | -12.0    | WHEY PROTEIN ISOLATES 11/ | 8,483      | 53.0        | 8.0      |

(D) = Withheld to avoid disclosing data for individual operations.

(X) = Not applicable.

1/ 2012 cumulative as percent change of 2011 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Dry milk protein concentrate, 40-89.9 percent. 7/ Includes protein standardized and blends. 8/ Excludes all modified dry whey products. 9/ Whey protein concentrate, 25.0 to 89.9 percent. 10/ Whey protein concentrate, human and animal. 11/ Whey protein isolates, 90.0 percent or greater. 12/ Stocks held by manufacturers at all points and in transit. 13/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, December 2012.*

## NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$22.10 in November, up \$0.60 from October 2012 and up \$1.60 from November 2011. Alfalfa hay price was \$215.00 in November, up \$22.00 from November 2011. Corn price was \$6.71 in November, up \$0.88 from November 2011. Soybean price was \$13.80 in November, up \$2.10 from November 2011. The milk-feed price ratio was 1.79 in November, down 0.10 from November 2011.

The index of prices received by farmers for dairy products during the month of November 2012 was up 4 points to 169. Compared with November 2011, the index was up 12 points (7.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2012 was down 1 point to 217. Compared with November 2011, the index was up 11 points (5.3 percent).

## SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., NOVEMBER 2012 WITH COMPARISONS

| State | All-Milk price <sup>1/2/</sup> |       |          |                    | Alfalfa hay, baled |                    | Corn for Grain     |                    | Soybeans           |                    |
|-------|--------------------------------|-------|----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|       | Dollars per cwt.               |       |          |                    | Dollars per ton    |                    | Dollars per bushel |                    | Dollars per bushel |                    |
|       | October                        |       | November |                    | November           |                    | November           |                    | November           |                    |
|       | 2011                           | 2012  | 2011     | 2012 <sup>3/</sup> | 2011               | 2012 <sup>3/</sup> | 2011               | 2012 <sup>3/</sup> | 2011               | 2012 <sup>3/</sup> |
| AZ    | 19.70                          | 20.40 | 19.60    | 21.30              | 235.00             | 195.00             | ---                | ---                | ---                | ---                |
| CA    | 18.19                          | 19.43 | 18.92    | 19.40              | 239.00             | 212.00             | ---                | ---                | ---                | ---                |
| CO    | 19.70                          | 21.20 | 19.90    | 22.20              | 235.00             | 235.00             | 5.85               | 6.98               | ---                | ---                |
| ID    | 18.30                          | 21.30 | 19.20    | 21.60              | 236.00             | 200.00             | ---                | ---                | ---                | ---                |
| IN    | 21.10                          | 21.60 | 21.00    | 22.70              | ---                | ---                | 5.94               | 7.02               | 11.80              | 13.90              |
| IA    | 20.60                          | 22.30 | 21.20    | 23.50              | 143.00             | 213.00             | 5.75               | 6.80               | 11.60              | 13.70              |
| MI    | 21.10                          | 21.60 | 21.00    | 22.70              | 120.00             | 240.00             | 5.70               | 6.70               | 11.50              | 13.60              |
| MN    | 20.60                          | 23.50 | 21.70    | 23.90              | 140.00             | 225.00             | 5.57               | 6.55               | 11.50              | 13.60              |
| NM    | 18.30                          | 20.70 | 18.90    | 21.80              | 309.00             | 240.00             | ---                | ---                | ---                | ---                |
| NY    | 21.70                          | 21.90 | 21.60    | 22.80              | 120.00             | 215.00             | ---                | ---                | ---                | ---                |
| OH    | 21.50                          | 22.20 | 21.60    | 23.20              | 186.00             | 279.00             | 6.03               | 6.87               | 11.80              | 13.70              |
| PA    | 22.20                          | 22.80 | 22.20    | 23.80              | 180.00             | 221.00             | 6.79               | 7.32               | ---                | ---                |
| TX    | 19.90                          | 22.00 | 20.70    | 22.80              | 271.00             | 255.00             | 6.28               | 7.20               | ---                | ---                |
| WA    | 20.40                          | 21.20 | 21.00    | 22.10              | 240.00             | 235.00             | ---                | ---                | ---                | ---                |
| WI    | 20.40                          | 23.10 | 21.40    | 23.40              | 130.00             | 190.00             | 5.75               | 6.30               | 11.90              | 13.50              |
| U.S.  | 20.00                          | 21.50 | 20.50    | 22.10              | 193.00             | 215.00             | 5.83               | 6.71               | 11.70              | 13.80              |

<sup>1/</sup> Prices are shown at reported butterfat test. <sup>2/</sup> Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

<sup>3/</sup> Preliminary.

## MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., NOVEMBER 2012 WITH COMPARISONS

| State <sup>2/</sup> | Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk <sup>1/</sup> |              |                             |
|---------------------|---|--------------|-----------------------------|
|                     | November 2011   | October 2012 | November 2012 <sup>3/</sup> |
| IA                  | 2.18  | 1.80         | 1.90                        |
| MI                  | 2.29  | 1.78         | 1.77                        |
| MN                  | 2.29  | 1.97         | 1.93                        |
| OH                  | 1.99  | 1.64         | 1.68                        |
| WI                  | 2.26  | 2.10         | 2.05                        |
| U.S.                | 1.89  | 1.73         | 1.79                        |

<sup>1/</sup> The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. <sup>2/</sup> Available states that provided all necessary data to compute milk feed price ratios.

<sup>3/</sup> Preliminary.

## GENERAL PRICE MEASURES, U.S., NOVEMBER 2012 WITH COMPARISONS

| Item  | November 2011 | October 2012 | November 2012 <sup>1/</sup> |
|---|---------------|--------------|-----------------------------|
| <b>INDEX NUMBERS (1990-92=100):</b>   |               |              |                             |
| Prices received by farmers for dairy products                                       | 157           | 165          | 169                         |
| Prices paid by farmers for commodities and services, interest taxes, and wage rates | 206           | 218          | 217                         |

<sup>1/</sup> Preliminary.

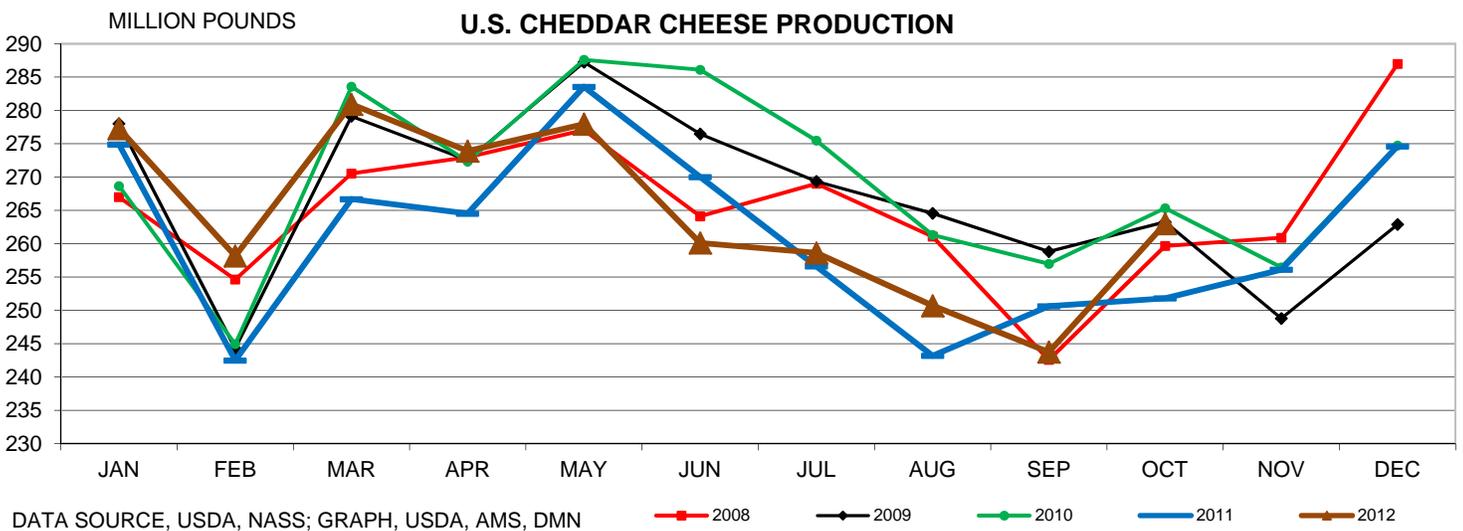
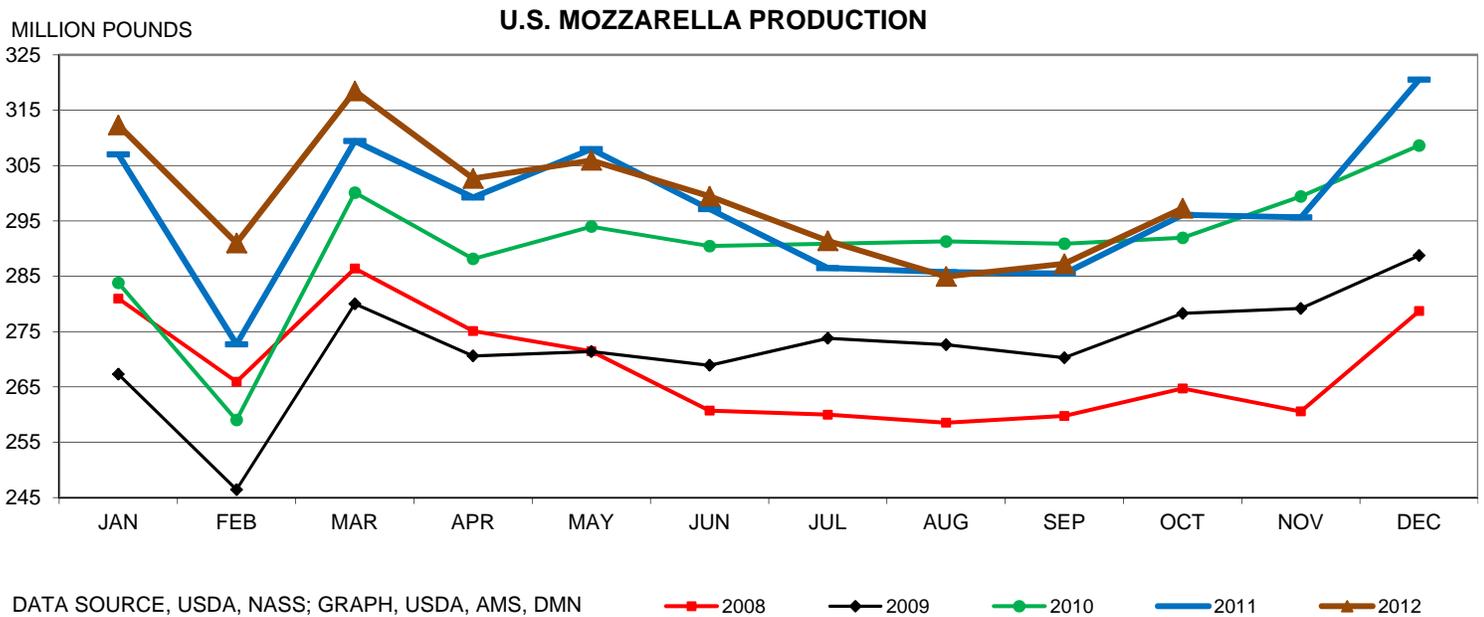
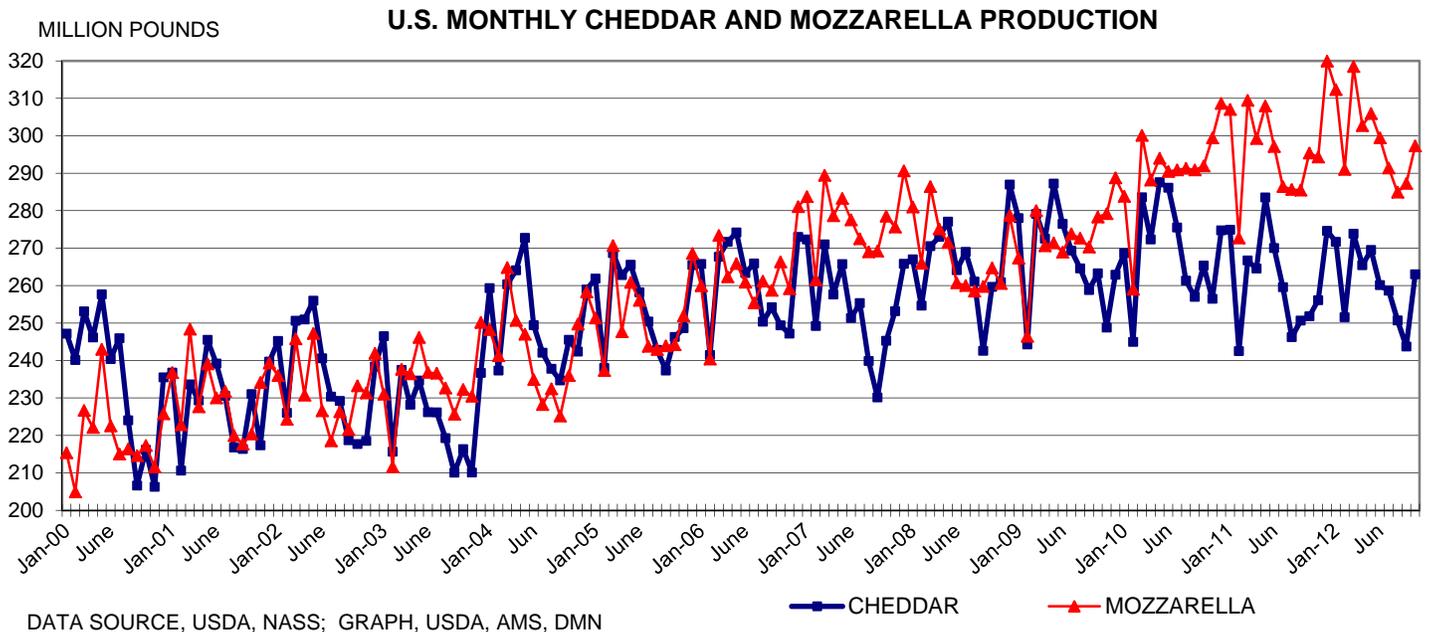
Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, December 2012.*

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, NOVEMBER

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for November 2012 is \$2.0218 per pound. Thus, the Class II butterfat price is \$2.0288. The protein and other solids prices for November are \$3.7172 and \$0.4624 per pound, respectively. These component prices set the Class III skim milk price at \$14.25 per cwt. The November Class IV skim milk price is \$12.00, which is derived from the nonfat solids price of \$1.3330 per pound. **Product Price Averages:** The product price averages for November are: butter \$1.8410, nonfat dry milk \$1.5143, cheese \$2.0146, and dry whey \$0.6480.

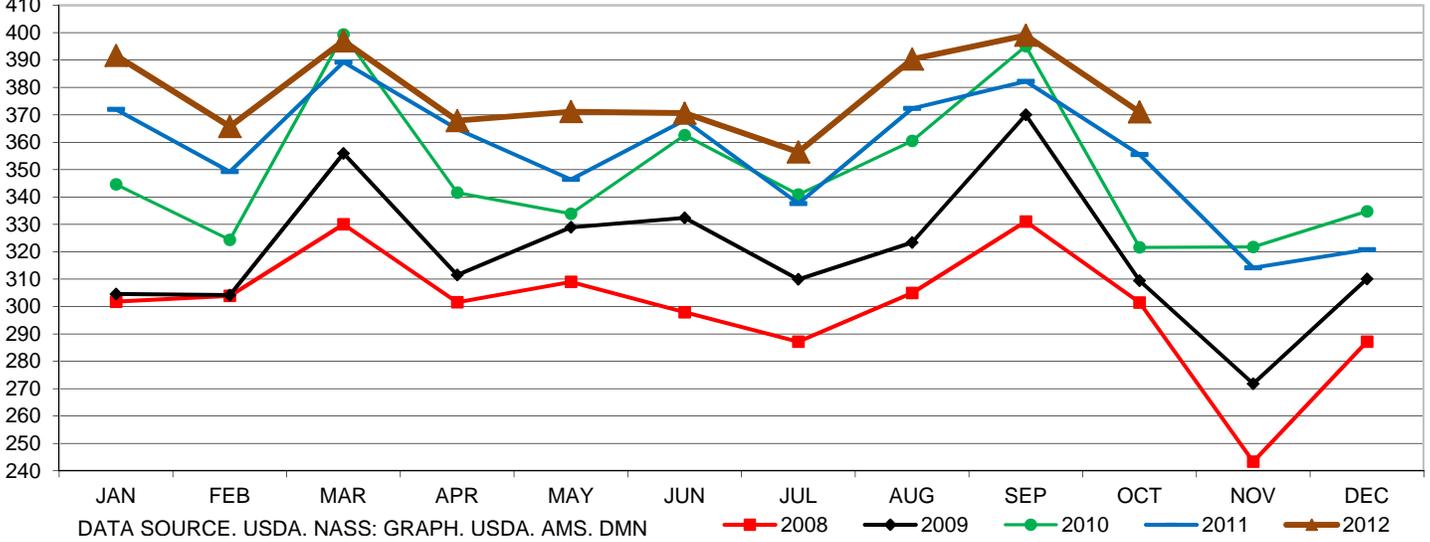
| FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/2/</sup> |                 |                        |          |           |          |               |
|---|-----------------|------------------------|----------|-----------|----------|---------------|
| FEDERAL MILK ORDER<br>MARKETING AREAS <sup>3/</sup>                                       | ORDER<br>NUMBER | NOVEMBER 2012          |          |           |          | DECEMBER 2012 |
|   |                 | CLASS I                | CLASS II | CLASS III | CLASS IV | CLASS I       |
|   |                 | DOLLARS PER 100 POUNDS |          |           |          |               |
| Northeast (Boston) <sup>4/</sup>  | 001             | 23.95                  | 18.81    | 20.83     | 18.66    | 24.64         |
| Appalachian (Charlotte) <sup>5/ 6/</sup>  | 005             | 24.10                  | 18.81    | 20.83     | 18.66    | 24.79         |
| Southeast (Atlanta) <sup>6/ 7/</sup>  | 007             | 24.50                  | 18.81    | 20.83     | 18.66    | 25.19         |
| Florida (Tampa) <sup>6/ 8/</sup>  | 006             | 26.10                  | 18.81    | 20.83     | 18.66    | 26.79         |
| Midwest (Cleveland) <sup>9/</sup>   | 033             | 22.70                  | 18.81    | 20.83     | 18.66    | 23.39         |
| Upper Midwest (Chicago) <sup>10/</sup>  | 030             | 22.50                  | 18.81    | 20.83     | 18.66    | 23.19         |
| Central (Kansas City) <sup>11/</sup>  | 032             | 22.70                  | 18.81    | 20.83     | 18.66    | 23.39         |
| Southwest (Dallas) <sup>12/</sup>   | 126             | 23.70                  | 18.81    | 20.83     | 18.66    | 24.39         |
| Arizona (Phoenix)   | 131             | 23.05                  | 18.81    | 20.83     | 18.66    | 23.74         |
| Pacific Northwest (Seattle) <sup>13/</sup>  | 124             | 22.60                  | 18.81    | 20.83     | 18.66    | 23.29         |
| All-Market Average  | ---             | 23.59                  | 18.81    | 20.83     | 18.66    | 24.28         |

<sup>1/</sup> 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.  
<sup>2/</sup> 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.  
<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the market.  
<sup>4/</sup> 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.  
<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.  
<sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.  
<sup>7/</sup> Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.  
<sup>8/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.  
<sup>9/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.  
<sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.  
<sup>11/</sup> 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.  
<sup>12/</sup> 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.  
<sup>13/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.



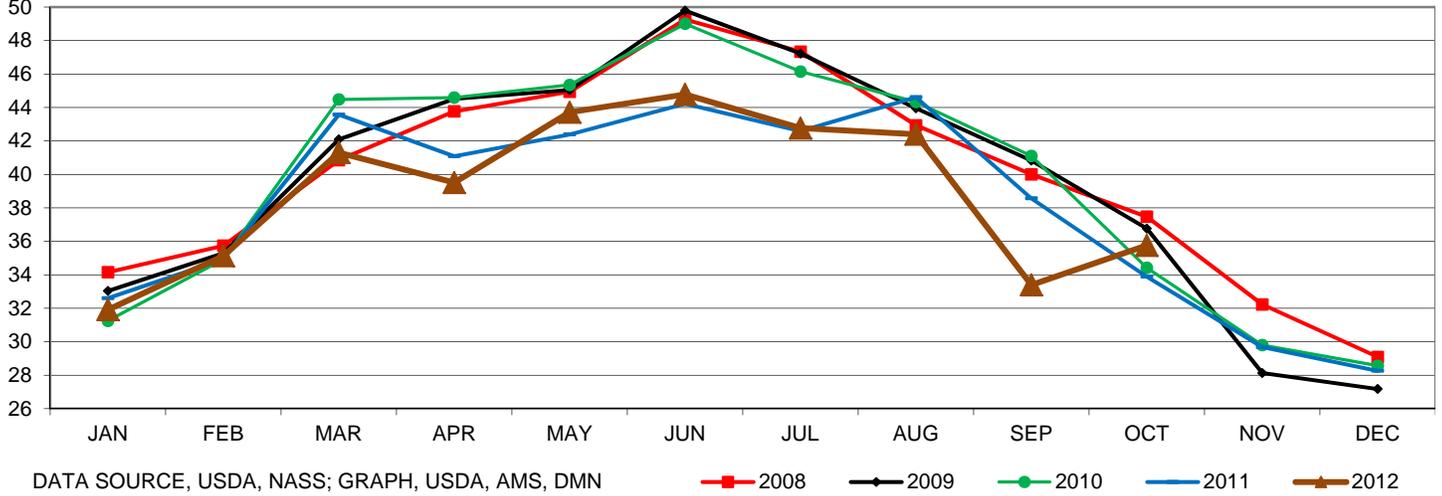
**U.S. YOGURT PRODUCTION, PLAIN AND FLAVORED**

MILLION POUNDS



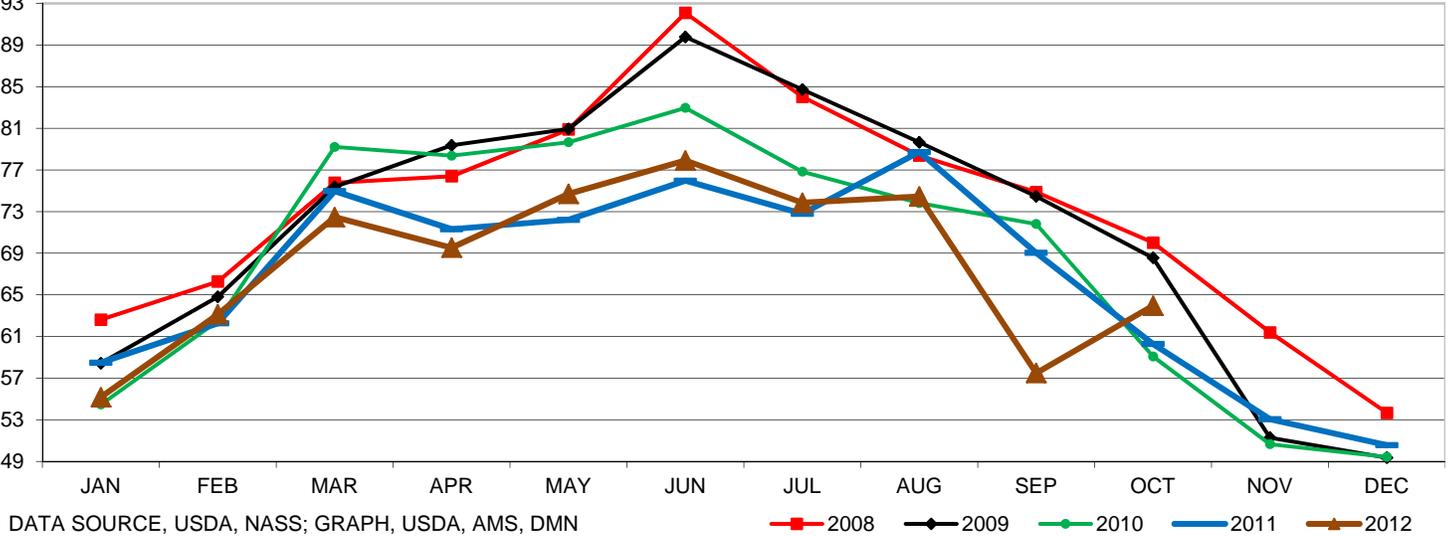
**U.S. REGULAR ICE CREAM MIX PRODUCTION**

MILLION GALLONS



**U.S. REGULAR HARD ICE CREAM PRODUCTION**

MILLION GALLONS



# DAIRY MARKET NEWS

---

**GENERAL NUMBER**  
(608) 278-4200

**VOLUME:** 79

**REPORT:** 49

Elizabeth Frederick  
(608) 278-4150  
Elizabeth.Frederick@AMS.USDA.GOV

**DATE:** 12/07/2012

**EAST**

Rick Whipp  
(608) 278-4151  
Rick.Whipp@AMS.USDA.GOV

**INTERNATIONAL**

Butch Speth  
(608) 278-4154  
Butch.Speth@AMS.USDA.GOV

**CENTRAL/WEST**

Janet Linder  
(608) 278-4157  
Janet.Linder@AMS.USDA.GOV

**ORGANIC**

Eric Graf  
(608) 278-4153  
Eric.Graf@AMS.USDA.GOV

**SOUTHWEST**

Butch Speth  
(608) 278-4152  
Butch.Speth@AMS.USDA.GOV

**INTERNET ADDRESS**

[www.ams.usda.gov/DairyMarketNews](http://www.ams.usda.gov/DairyMarketNews)

**NORTHWEST/MOUNTAIN**

Bob Hunter  
(608) 278-4158  
Robert.Hunter@AMS.USDA.GOV

**MARKET NEWS PORTAL**

[www.marketnews.usda.gov](http://www.marketnews.usda.gov)

**NATIONAL SUPERVISOR**

Donald Nelson  
(608) 278-4156  
DonaldO.Nelson@AMS.USDA.GOV

**RECORDED INFORMATION SYSTEM**

(608) 278-4142

**FAX**

(608) 278-4141

---

USDA, Dairy Market News  
2920 Marketplace Drive, STE 202  
Fitchburg, WI 53719-5337