

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/14):**

BUTTER: Grade AA closed at \$1.5950. The weekly average for Grade AA is \$1.5940 (+.0070).

CHEESE: Barrels closed at \$1.6250 and 40# blocks at \$1.7250. The weekly average for barrels is \$1.6440 (-.0370) and blocks, \$1.7460 (-.0140).

BUTTER HIGHLIGHTS: Butter production is active throughout the country as cream use for ice cream, sour cream, dips, and other holiday related items declines seasonally. Many manufacturers are churning only their internal cream supplies as they wait for the anticipated decline in cream multiples to allow for profitable purchase/production/packaging/storage. Cream multiples vary from region to region, but are decreasing steadily as the end of the year approaches. Domestic demand is tapering off as most stores have stocked up for holiday shopping. Butter prices on the CME regained one-half cent early in the week, and held that gain through the remainder of the week.

CHEESE HIGHLIGHTS: Cheese production in the United States is increasing as more milk is finding its way to Class III plants. Manufacturers are surprised at much of the increased volume. Increased milk volumes in the East and Midwest have plants expanding their schedules. Western manufacturers are seeing steady to slowly increasing volumes. Better than expected component levels are adding to cheese yields. Holiday sales and shipping have slowed. Lower wholesale prices over the last month have allowed plants to put more cheese into aging programs. The Foreign Agricultural Service reported quota imports of cheese for January-November 2012 total 160.5 million pounds, up 6.6% from a year ago. Exports of cheese for January-October 2012 total 486.6 million pounds, up 20% from the same period a year ago. Exports account for 5.4% of U.S. production. The CWT program has assisted with exports of 115.7 million pounds so far this year. Retail ads for cheese as reported in the National Dairy Retail Report increased this week, up 37.4% from two weeks ago. Cheese prices at the CME Group this week were lower as the week wore on. Barrels closed Friday at \$1.6250, down \$.0350 from last Friday's close. Blocks closed at \$1.7250, down \$.0350 from last Friday.

FLUID MILK: Manufacturing milk supplies are increasing in the Northeast and Mid-Atlantic regions. Class II demand has slowed as many holiday products have been shipped. Out of state shipments of Florida milk have increased recently as production builds. Milk production in the Midwest is increasing on a seasonal basis.

Manufacturers are cautious to take on additional loads unless discounts under Class are offered. Processors are preparing for increased offerings over the upcoming holidays. Milk volumes in the West are slowly increasing, but are below year ago levels in many cases. Dairies in California are having a difficult time maintaining profitability. The CDFA announced a public hearing on December 21 to consider amendments to the Class 1,2,3,4a and 4b prices for a period not to exceed six months. Cream is available and supplies are exceeding demand as manufacturers finish production of holiday items. Multiples are weak as butter churns are looking to lower input costs before putting butter into inventory.

DRY PRODUCTS: Nonfat dry milk prices are mixed with instances of higher and lower sales being made. Contract prices firmed following pricing indices, while some spot sales to clear inventory were offered. Demand is moderate as most needs have been met for year end production. Schedules are allowing time for production of high heat NDM. Much of this will go to inventory for 1Q needs. Plants anticipate heavier volumes of skim milk over the holiday period. Stocks of NDM are adequate and being held with confidence. Buttermilk prices are mixed as interest for additional product before the end of the year is waning. Increased churning of butter is increasing the supply of buttermilk solids. Dry whey prices were unevenly steady. Contract prices increased marginally, but there is evidence of pushback as buyers inventories are increasing. Export prices are significantly lower than domestic price levels. Export sales account for 48% of U.S. production. Exports of dry whey for January-October of this year total 407.3 million pounds, down 9% from the same period last year. Whey protein concentrate 34% prices are mostly unchanged with a weak undertone being expressed. Demand for year-end purchases is light. Lactose prices are steady to weak. Supplies of lactose are building and buyers are looking for discounts to make additional purchases. Export sales for January-October of 2012 total 311.1 million pounds, a 14% decrease from last year.

ORGANIC DAIRY MARKET NEWS (DMN): Total Organic Milk Products sales for October 2012, 194 million pounds, were up 8.3% from October 2011. Organic Whole Milk sales for October 2012, 50 million pounds, were up 14.6% compared with October 2011. Organic

CONTINUED ON PAGE 1A

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

ORGANIC DAIRY MARKET NEWS (PAGES 8-8B)
SEPTEMBER MAILBOX MILK PRICES (PAGE 9)
OCTOBER MILK SALES (PAGE 10)

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES (PAGES 11-12)
GRAPHS (PAGES G1-G2)
NATIONAL DAIRY RETAIL REPORT (ATTACHED)

CME GROUP CASH TRADING

COMMODITY	MONDAY DEC 10	TUESDAY DEC 11	WEDNESDAY DEC 12	THURSDAY DEC 13	FRIDAY DEC 14	:: WEEKLY :: CHANGE*	:: WEEKLY :: AVERAGE#
CHEESE							
BARRELS	\$1.6600 (N.C.)	\$1.6600 (N.C.)	\$1.6500 (-.0100)	\$1.6250 (-.0250)	\$1.6250 (N.C.)	:: :: (-.0350)	:: \$1.6440 :: (-.0370)
40# BLOCKS	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7250 (-.0350)	\$1.7250 (N.C.)	:: :: (-.0350)	:: \$1.7460 :: (-.0140)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: :: (N.C.)	:: \$1.5600 :: (N.C.)
GRADE A	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	:: :: (N.C.)	:: \$1.5575 :: (N.C.)
BUTTER							
GRADE AA	\$1.5900 (N.C.)	\$1.5950 (+.0050)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	:: :: (+.0050)	:: \$1.5940 :: (+.0070)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

Fat-Reduced Milk sales for October 2012, 144 million pounds, were up 6.3% compared with October 2011. The national weighted average advertised price of organic milk half gallons, \$3.83, is 31 cents higher than two weeks ago. The price range is \$2.99 to \$4.99, unchanged on the bottom of the price range and 30 cents higher on the top. The current national organic half gallon milk weighted average advertised price of \$3.83 compared with the weighted average advertised price for non-organic half gallons, \$2.76, yields an organic-conventional half-gallon milk advertised price spread of \$1.07, compared with \$0.67 two weeks ago. All ads for organic yogurt in 4-6 ounce containers are priced \$1.00. While this price has been previously reached during many weeks as a high price, never before since this data series began during the Fall of 2009 has \$1.00 been the only price advertised and hence, the national weighted average advertised price. All ads are for national brands. As with the last several reporting periods, the lowest price for organic butter, \$3.99, equals the highest price for conventional butter, \$3.99. Organic dairy advertising volume this survey period increased to the highest level since the first week of October. Organic milk ads significantly dominate organic dairy ads, appearing in greater numbers than any cycle since the first week of September. Organic yogurt ad volume continues a five period stretch of being lower than the annual average.

NATIONAL DAIRY RETAIL REPORT (DMN): Butter ads “churned” ahead in the home stretch to Christmas and Passover, increasing in number by 137% from two weeks ago and reaching the second highest level reported this year. Overall ad volume for all products also increased, being up by 40% from the last reporting period, reaching the fourth highest level of this year. Butter weighted average advertised prices declined from two weeks ago by 22 cents, to \$2.84 for a 1# package. Prices for butter ranged from \$1.99 to \$3.99, with the lowest price found in the Northeast and Midwest, and the highest prices in the Northeast. Cheese prices were mostly up, with only 8 ounce shredded down, by 11 cents, to \$2.29. The other cheese variety most featured, 8 ounce blocks, increased 10 cents to \$2.53. Egg nog and cream cheese ad numbers also increased significantly, with egg nog up 62.9% and cream cheese up 56.5%. Egg nog average prices were \$2.68 for quarts, up 3 cents, and \$3.32 for half gallons, up 11 cents. Cream cheese average prices were down 13 cents to \$1.47. Yogurt ad prices for 4-6 ounce containers declined 3 cents to an average of 43 cents for regular yogurt, and declined 1 cent to 99 cents for Greek yogurt. Yogurt ad numbers were up, being 93.8% and 41.3% higher, respectively, for regular and Greek 4-6 oz. sizes. Sour cream feature prices declined 9 cents to an average of \$1.54. The national weighted average advertised conventional milk price for half gallons this period, \$2.76, is 9 cents below two weeks ago but 6 cents above four weeks ago. For Organic milk, the national weighted average advertised price for half gallons is \$3.83, up 31 cents from last period but 3 cents lower than 4 weeks ago. This results in an organic-conventional half-gallon spread of \$1.07, compared to \$0.67 two weeks ago and \$1.16 four weeks ago.

SEPTEMBER MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA (AMS & CDF): In September 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.88, up \$1.66 from the August 2012 average, and down \$1.51 from the September 2011 average. The component tests of producer milk in September 2012 were: butterfat, 3.69%; protein, 3.09%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas from the previous month. Mailbox prices in September 2012 ranged from \$22.39 in Florida to \$18.87 in Indiana.

OCTOBER FLUID MILK SALES (AMS & FMMO): During October, 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9% higher than October 2011. After adjusting for calendar composition, sales in October 2012 were 0.6% lower than October 2011. Estimated sales of total -1A-

conventional fluid milk products increased 1.6% from October 2011 and estimated sales of total organic fluid milk products increased 8.3% from a year earlier.

DECEMBER SUPPLY AND DEMAND ESTIMATES (WAOB): The 2012 and 2013 milk production forecasts are unchanged from last month. Lower forecast fat basis exports in 2012 reflect weakness in butter exports but exports in 2013 are raised on higher expected cheese and whey protein solids shipments. Cheese prices are forecast lower in 2012 on current weakness but the forecast is raised for 2013 as demand is expected to improve. Butter prices for both 2012 and 2013 are lowered as demand is expected to remain relatively weak. Nonfat dry milk (NDM) and whey prices are raised for 2012 and 2013. The Class III price for 2012 is reduced on the lower cheese price but the Class IV price is unchanged as the lower butter price is offset by a higher NDM price. For 2013, Class III and Class IV price forecasts are raised as prices for cheese, NDM, and whey are increased. The 2012 all milk price is unchanged from last month at \$18.50 to \$18.60, but the range of the 2013 price is tightened to \$19.15 to \$19.95.

CME GROUP

MONDAY, DECEMBER 10, 2012

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

TUESDAY, DECEMBER 11, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS GRADE AA: 2 @ \$1.5900, 1 @ \$1.5950, 2 @ \$1.5975, 1 @ \$1.5950, 1 @ \$1.5925; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5950; LAST OFFER UNCOVERED: NONE

WEDNESDAY, DECEMBER 12, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6600; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6450; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.6500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6000

THURSDAY, DECEMBER 13, 2012

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.6300, 2 @ \$1.6250; 2 CARS 40# BLOCKS: 1 @ \$1.7275, 1 @ \$1.7250; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6200; 1 CAR 40# BLOCKS @ \$1.7200; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5900; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 14, 2012

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.6350, 1 @ \$1.6250; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6000; 1 CAR 40# BLOCKS @ \$1.7000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5500; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Cream supplies have become very heavy with increased volumes being channeled to churns. Some butter makers are continuing to work inventories lower by not purchasing surplus cream at discounted prices. Other butter makers have been prompted by the cream price discounts to expand production and inventories. Increased production of 82%, unsalted butter to fill export orders has been noted at some plants. Domestic demand has weakened as most holiday orders have been or are about to be filled. According to the National Dairy Retail Report, retail butter ads in the Northeast totaled 2,622, 24.6% of the total national ad count of 10,663 and the second highest number for any region. The weighted average price for a 1 lb. package of butter in the Northeast was \$3.20, 36 cents more than the national weighted average price and 1 cent more than the previous reporting period. Export demand has increased, sparked by export incentive programs. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

ample and churns are running some extra hours to clear supplies. Butter manufacturers are content to build inventories. Holiday orders have been shipped in most cases, leaving the majority of sales to restock shelves at retail and club stores. Bulk butter sales are steady for contract needs with little spot activity. Wednesday's close on the CME Group exchange for butter is unchanged close at \$1.5950. Butter prices at the exchange this week are steady to \$.0050 higher on Tuesday. Sales were active on Tuesday with seven loads selling. Prices for bulk butter range from 3 cents under to 5 cents under the market, based on the CME with various time frames and averages used. Advertised U.S. butter prices from the National Dairy Retail Report showed a weighted average price of \$2.84 per pound compared to \$3.06 two weeks ago. Featuring of butter at the retail level increased over two fold from the previous period. Western advertised prices ranged from \$2.29-2.99 per pound. The weighted average for butter in the Northwest was \$2.83 and the Southwest was \$2.94.

MIDWEST

Cream is readily available this week, with multiples reported ranging from 110 to 118. More cream is moving closer to 110 than 118. Butter production is steady to higher. Some manufacturers have experienced a late surge in orders to fill the last of the Christmas demand. Bulk butter is also moving into storage. The CME weekly average has declined in each of the last seven weeks. Nevertheless, last week's average was higher than the same point in 2010 and 2011, but lower than 2008 and 2009. The only price movement this week through Wednesday has been a one half cent increase on Tuesday to \$1.5950. Butter retail advertising volume reported in the National Dairy Retail Report is the second highest level of the year and up 137% from two weeks ago. The national weighted average advertised price, \$2.84, declined 7.2% (22 cents) from two weeks ago. For surveyed stores in the Midwest, the weighted average advertised price is \$2.38.

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

	(Million Lb.)	% Change From	% of
		1 Year Ago	Yearly Quota
Nov Quota Imports	1.23	+ 1.4	8.0
Jan. - Nov. High Tier	.36	-49.1	N.A.
Quota Imports	10.35	+33.6	67.3

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

	(Million Lb.)	% Change From
		1 Year Ago
Oct. Total	9.4	+ 48
Total, Jan - Oct.	93.2	- 25
1 Saudi Arabia	31.7	+ 30
2 Iran	11.5	+ 192
3 Morocco	7.4	- 7
4 Egypt	6.8	- 12
5 Mexico	4.9	- 63

WEST

Western butter prices are mostly lower this week, although some higher sales at the CME Group have buyers taking note. Cream supplies are

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
December 8, 2012	1.6351 3,612,447	1.8641 12,153,287	1.8093 9,622,035	0.6632 7,231,269	1.5436 14,370,691

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were unchanged Tuesday with barrels closing at \$1.6600 and blocks at \$1.7600. Barrel prices have held steady for past 3 trading sessions, while block prices have remained unchanged for the last 7 sessions. Weekly average prices on the CME Group declined for both blocks and barrels, resulting in a \$0.0525 decline in wholesale prices for cheddar blocks and Muenster with a \$0.0700 decline for processed cheese slices. Swiss cut cheese prices increased \$0.2300 following the release of the Class III price Wednesday. Milk volumes going to cheese vats continue to be at increased levels, prompting an increase in cheese production. Inventories are building as most holiday orders are filled. Some cheese makers are increasing the volumes of cheese going into aging programs. Domestic and export demand continue to be fairly good. According to the National Dairy Retail Report, retail cheese ads for 8 oz. block cheese in the Northeast totaled 3,527, 47.5% of the total national ad count of 7,419 and was the highest ad count for any region. Retail cheese ads for 8 oz. shredded cheese in the Northeast totaled 3,502, 35.4% of the total national ad count of 9,897 and was the highest number of ads for any region. The weighted average price for 8 oz. cheese blocks in the Northeast was \$2.37, 16 cents lower than the national weighted average price and 5 cents lower than the previous reporting period. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.30, 1 cent more than the national weighted average price, but 20 cents less than the previous reporting period. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.068 million pounds (938 metric tons) of Cheddar, Gouda and Monterey Jack cheese. The product will be delivered December 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 115.7 million pounds.

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

Cheddar 40# Block	:	2.1625-2.4475
Process 5# Sliced	:	1.8975-2.0175
Muenster	:	2.1825-2.5425
Grade A Swiss Cuts 10 - 14#	:	3.8600-4.1825

MIDWEST

There is "lots" of milk going to cheese plants this week. The surprise is that there is even more milk than had been expected. That reality is expected to increase leading to Christmas week and New Year's week. A number of plants are already tentatively planning expanded schedules to accommodate expected holiday milk volumes, especially with a number of other manufacturing facilities, such as nonfat dry milk plants, already actively operating. "The milk has to clear somewhere", one cheese manufacturer noted. Some manufacturers also expect this situation to result in manufacturing milk being available priced "nicely" below class prices. Discussion of cheese markets and prices this week focuses on production, inventory and sales factors – not always the case earlier this year when traders found reasons to move market prices for unclear reasons. With most cheese plants reporting that farm milk production available to them is "much higher" than had been expected, the result is higher cheese production and extra cheese availability. Recent CME prices have been trending downward, with the weekly average for blocks down for the last five weeks

and barrels down during four of the last five weeks. The only price movement this week through Wednesday has been barrels moving down by 1 cent. Some manufacturers describe the overall cheese situation as "listless", resulting from "uncertainty surrounding the spot cheese markets". The uncertainty primarily is said to relate to economic issues and weather. Whereas economic issues hold the potential to reduce demand or demand growth, and weather the potential to reduce supply, uncertainty about which factor may push the other aside and impact markets in the near future is far from any consensus. This is what is behind the description of the overall cheese situation as being "listless". For now, the lower prices are resulting in more cheese moving into aging, an especially significant dimension of Midwest Italian variety cheese manufacturing with the required aging to meet product standards. Cheese retail advertising volume reported in the National Dairy Retail Report is a bit above average for the year, up 37.4% from two weeks ago, but still below the level four weeks ago. The national weighted average advertised price of 8 ounce shredded declined 4.6% to \$2.29; 8 ounce blocks increased 4.1% to \$2.53; 2 pound blocks increased 11.0% to \$8.07; 1 pound blocks increased 15.3% to \$4.61; and 1 pound shredded increased 6.9% to \$3.41. The largest percentage of cheese ads nationally, 36.8%, are for 8 ounce shredded cheese. The Midwest is similar, with 35.8%. Ads for 8 ounce block are at similar levels nationally, 27.6%, and in the Midwest, 28.7%. So too with 1 pound block, 17.3% nationally and 19.4% in the Midwest. Ad emphasis diverges with 2 pound blocks, where there are no ads in the Midwest but 10.1% of national ads are for this package size. That leaves the Midwest with nearly twice the percentage of ads for 1 pound shredded, 16.0%, than nationally, 8.2%. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.068 million pounds (938 metric tons) of Cheddar, Gouda and Monterey Jack cheese, to customers in Asia, the Middle East and North Africa. The product will be delivered December 2012 through May 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 115.7 million pounds.

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

Process American 5# Loaf	:	1.8700-2.5750
Brick And/Or Muenster 5#	:	2.1500-2.7100
Cheddar 40# Block	:	2.1500-3.0225
Monterey Jack 10#	:	2.1200-3.0225
Blue 5#	:	2.4150-3.4000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9950-3.1225
Grade A Swiss Cuts 6 - 9#	:	3.3800-3.4975

WEST

Western wholesale cheese prices continued to move lower as weekly cash averages at the CME Group are down. An exception was in the Swiss trade as those prices were higher reflecting Class III price changes. Cheese production levels are mostly steady in the West. Milk production is steady, with better than expected component levels helping to maintain cheese production. Demand is reported to be good, but end of year buying is fading. Buyers are waiting to

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

see where the market will find equilibrium. Export interest is increasing with the lower prices, but buyers are still cautious. Cheese stocks are at manageable levels. Cheese prices at the CME Group were uneven on Wednesday as barrels were lower and blocks remained steady. Barrels closed \$.0100 lower at \$1.6500, while blocks were steady to close at \$1.7600. Sales have been light with two sales of barrels and no blocks sold by midweek. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed prices are mostly higher with the exception of the 8 oz. shred category. The most heavily advertised category of 8 oz. shred cheese was 11 cents lower than two weeks ago at \$2.29 per package. Advertising levels for the 2 lb. block cheese in the West increased from two weeks ago and prices ranged from \$5.49-8.99 per package. According to FAS, quota imports of cheese for January-November 2012 total 160.5 million pounds, up 6.6% from a year ago. The imports stand at 53.7% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 24.3 million pounds, up 4.4% compared to imports for January-November of 2011. Imports of quota Swiss cheese for January-November 2012 total 39.3 million pounds, down 4.5% from last year. The two main countries for the Swiss imports are Norway and Finland, and they accounted for 23.7 million pounds or 60.3% of the total imports of Swiss. According to FAS, exports of cheese and curd for January - October 2012 total 486.6 million pounds, up 20% from the same period a year ago. The exports account for 5.4% of total cheese production in the U.S. for January - October 2012. Mexico is the largest importer of cheese with 116.7 million pounds for the year or 24.0% of U.S. cheese exports.

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

Process 5# Loaf	:	1.8050-2.0625
Cheddar 40# Block	:	1.8825-2.2350
Cheddar 10# Cuts	:	2.0625-2.2825
Monterey Jack 10#	:	2.0725-2.2325
Grade A Swiss Cuts 6 - 9#	:	3.4375-3.8675

FOREIGN

The weekly average CME Group block price declined, lowering domestic wholesale foreign type cheese prices by \$0.0525. Consecutive declines over the last 5 weeks now total \$0.3500 cents for domestic cheese varieties. Import varieties were unchanged. Swiss cut prices rose 23 cents as a result of the Class III price release Wednesday. Imports of high tier and quota Italian-type cheese from January through November this year totaled 28.3 million pounds, up 0.4% for the same period last year. Imports of quota Italian-type cheese January through November totaled 15.0 million pounds, 10.3% above the same period last year and 50.4% of the annual quota. Imports of high tier Italian-type cheese January through November totaled 13.3 million pounds, down 8.9% from the same period in 2011. Imports of high tier and quota Swiss/Emmentaler varieties from January through November 2012 totaled 39.3 million pounds, 4.5% less than the same period last year.

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

VARIETY	:	NEW YORK	
	:	IMPORTED	DOMESTIC
Blue	:	2.6400-5.2200	2.3025-3.7900*
Gorgonzola	:	3.6900-6.1900	2.8050-3.2600*
Parmesan (Italy)	:	-0-	3.6925-5.7825*
Provolone (Italy)	:	3.4400-5.5800	2.3450-2.5025*
Romano (Cows Milk)	:	-0-	3.4925-5.6425*
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-	3.9575-4.2800*
Swiss Cuts Finnish	:	2.5900-2.8500	-0-

* = Price change.

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

BUTTER : CHEESE

	:		
12/10/12	:	4,448	115,584
12/01/12	:	4,881	114,041
CHANGE	:	-433	1,543
% CHANGE	:	-9	1

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

(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Nov. Quota Imports 24.2	+ 32.4	8.1
Jan. - Nov. High Tier 24.3	+ 4.4	N.A.
Quota Imports 160.5	+ 6.6	53.7

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

	(Million Lb.)	% Change From 1 Year Ago
Oct. Total	42.2	+ 13
Total Jan.-Oct.	486.6	+ 20
1 Mexico	116.7	+ 38
2 South Korea	75.9	+ 13
3 Japan	51.2	+ 26
4 Canada	24.8	+ 28
5 Saudi Arabia	22.7	+ 20

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	70	0	40	14	0
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies are increasing in the Northeast and Mid-Atlantic regions. The increase in the milk supply is mostly attributable to the slowdown in various dairy product production schedules, now that most holiday orders have been filled. Steady Class I demand and marginal milk production increases also contributed to manufacturing milk supplies. Some plants in both regions have noted some decline in protein levels of incoming milk, which may be related to lower quality grain and/or grain rations due to this year's drought. Hot, muggy weather returned to Florida, lowering cow comfort levels and limiting milk production increases. The change in weather has also brought some timely rains for some drought stressed areas of the state. Class I demand has increased as more seasonal residents are returning to their homes. Florida exported 70 spot loads of milk this week. Southeast milk supplies are nearly in balance with needs. Most auxiliary manufacturers are being held to their contract minimums. A few loads were rejected due to high aflatoxin levels. Class I demand has leveled off this week. Cream supplies are readily available and quickly exceed demand. Increased volumes are moving to churns and price discounts are being applied in order to place excess loads. Numerous loads are being shipped outside the region, at significant discounts. Demand for cream is weak as many cream based product schedules are slowing down, now that most holiday orders have been filled. Some butter makers are hesitant to expand production, even at lower cream prices, until their inventories have been lowered. Multiples are in a wide range, 105-117, and depend on need, day of week and location. Condensed skim supplies have also increased, due to declines in Class II holiday product production. Price discounts have been utilized to move extra spot loads of condensed skim. Condensed skim volumes channeled to dryers are a little heavier, compared to last week.

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 -	1.6664-1.8568
F.O.B. producing plants: Upper Midwest -	1.7774-1.8727

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.50 - 1.59
Northeast - Class III - spot prices -	1.68 - 1.77

MIDWEST

Milk handlers state farm milk volumes on many milk pickup routes are increasing on a farm to farm basis. In some cases herd expansion through recent acquisitions yielded 15 - 20% milk production increases for individual dairy producers. The flip side is that milk from the acquired herds has been moved away from the previous handler and/or processor. Currently, milk processors' intakes are increasing on a seasonal basis, but some processors indicate they are aware a small number of their dairy farmers/milk suppliers will be exiting dairy farming near the end of the year.

Sales of spot loads of milk bogged down this week. Milk handlers indicate few cheese manufacturers are showing interest in processing additional milk this week, due to the current disadvantageous relationships among milk pay prices, cheese yields, and commodity cheese prices. Also, some Central operations are bringing in UF milk from the southeast region under contract arrangements and do not need additional spot loads of milk to meet production targets. Spot milk prices remain in the neighborhood of \$2.00 to \$2.50 under Class. Snow storms early in the week closed some schools and caused some minor delays on farm milk pickups in the far North Central region. Fluid milk demand is mostly steady as milk processors indicate they have not been called upon to fill heavy fluid orders, however many processors expect fluid demand to increase sharply just ahead of the holiday weekend. Class II cream demand is seasonally slow as ice cream and ice cream mix manufacturers are back to basic cold weather production schedules. Demand from cultured products is decreasing somewhat as many dips and sour cream orders have been filled. Churns are actively churning internal cream supplies, which are building steadily. Most butter manufacturers indicate they are still waiting for multiples to decrease before taking on cream loads from outside sources. The next big challenge for milk handlers is finding processing room for farm milk intakes during the next two weeks. A few balancing plant operators indicate some of their regular customers are shutting down for up to 11 days, to encompass both holiday weekends and New Year's Day. This extends the possible running schedules for many NDM dryers in the region for clearing holiday milk intakes.

WEST

CALIFORNIA milk production is holding mostly steady on a week-to-week basis at total volumes around 5% lower than a year ago at this time. Current rainy conditions are present across a wide part of the state, but are not adversely affecting the milk cows. Balancing plants are beginning to receive more milk as other plants begin to adjust their intakes as the yearend approaches. Further manufacturing cuts will take place, along with Class 1 plants taking less milk as schools and colleges recess for the holidays. No issues are expected for handling the milk supplies over the yearend. There are some more dairies that are closing and additional cows that are leaving the milk production scene. Feed and other input costs remain high and continue to affect the bottom line for the dairies in the state. With cheese and butter prices declining, lower milk prices are expected for the near term. The CDFA announced that a public hearing will be held on December 21st to consider proposed amendments to the Class 1, 2, 3, 4a, and 4b prices for a period not to exceed six months. The January 2013 Class 1 prices in CALIFORNIA range from \$20.24 in the north to \$20.51 in the south. The statewide average Class 1 price based on production is \$20.26. The average is \$2.84 lower than December 2012 but \$0.36 higher than January 2012. ARIZONA milk production is holding steady. Total intakes are running a couple percentage points ahead of the same week a year ago. Processing plants are running on longer schedules to process milk from other facilities that are taking down days. Weather conditions have been nice recently, but rainy and cool weather forecasts could spell some production issues. Class I needs have been slower. CREAM prices and markets are weaker. Demand has slowed from higher class item producers and more cream is available to the churns. Butter producers have some

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

reluctance to make butter at current prices and are pushing back for lower multiples on cream sales. At the CME Group, the Grade AA butter price closed at \$1.5950 on Wednesday, December 12, up 1.5 cents from a week ago. Cream multiples range from 103 to 118, and vary depending on basing points and averages. Milk supplies in the PACIFIC NORTHWEST are at expected levels for this time of year. Coastal areas are receiving rain with snow at the higher elevations of the Cascades. Some rain is also making its way East of the mountains. Weather conditions are a nonfactor in the handling of farm milk. Class I usage is at expected levels with manufacturers preparing for additional supplies over the upcoming holidays. High feed costs remain a barrier to expansion plans for dairies. UTAH and IDAHO milk volumes are at manageable levels for current manufacturing capacity. Dairy farmers are encouraged by new increased processing capacity in the region, but input costs and uncertain future milk prices are limiting herd expansion. Replacement heifer prices at a recent auction in the region were steady to weak with the top heifer at \$1410 and the top 50 averaging \$1300.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for Central nonfat dry milk are both lower and higher on a mixed market. Contract prices based on variable indices shifted higher while a few manufacturers used price incentives to adjust end of the year inventories via spot sales. Other plants are filling 2012 NDM contracts as needed and building NDM inventories to accommodate early contract fulfillment in 2013. Nonfat dry milk production is steady to higher as interest in spot loads of milk into both Class II and III stalled during the last few weeks. Condensed skim sales are also declining seasonally as various manufacturers finish up runs of holiday related products. Production of low heat nonfat dry milk dominates drying schedules at most locations, but some plant operators are scheduling in high heat production intermittently.

EAST: The price range for low heat nonfat dry milk widened this week with the low end of the range declining and the high end of the range increasing. The mostly range also expanded as the high end of the range increased 1 cent. High heat prices increased as the low end of the price range advanced 1 cent. Production of nonfat dry milk is mostly steady with last week. Milk volumes going into dryers are at levels conducive for high heat production. Some plants are attempting to build high heat inventories prior to the expected heavy holiday milk volumes, when manufacturers typically focus on low heat NDM production. Low heat inventories are being worked lower as production is limited and supplies are moving through contracts. Demand has shown some weakness as end users have completed their major holiday production runs and are not inclined to build inventories prior to the end of the year. Export demand has also declined with October exports down 5% compared to year ago levels. This trend will likely continue through the end of the year as Oceania's SMP production has been strong this year as well as their sales in Asia. The market has a weaker undertone as it approaches the yearend holidays.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5100 - 1.6150 MOSTLY: 1.5300 - 1.6000
 HIGH HEAT: 1.6500 - 1.6800

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	73.0	- 5
TOTAL, JAN - OCT	843.9	+ 5
1 Mexico	370.8	+ 18
2 Philippines	87.1	- 13
3 Indonesia	61.6	- 32
4 Vietnam	42.3	- 49
5 China	30.7	+ 10

NONFAT DRY MILK - WEST

Pricing levels for Western nonfat dry milk are unchanged to marginally higher. The market tone is steady to slightly firm. Index basing points continue to trend higher for both state and national NDM series. Spot trading interest is lighter. Many buyers have current needs met and are not wanting to hold any more product. There are also some additional offerings in the resale market at prices somewhat lower than producer offerings, yet buyers are not that interested. Milk volumes are trending higher into balancing

plants and more NDM is being produced. Projections are for schedules to ramp up over the yearend holiday periods. Stocks are light to moderate and being held with confidence. Western high heat prices are slightly higher in a limited test. The market price is moving slightly based on index pricing changing with limited product moving on the spot market. Buyer interest has slowed entering the yearend. Holdings are light and adequate for trade needs. FAS export data for NDM/SMP show U.S. January-October 2012 exports at 843.9 million pounds, up 5% from the same period in 2011. October 2012 exports total 73.0 million pounds, down 5% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.5900 MOSTLY: 1.5100 - 1.5500
 HIGH HEAT: 1.5200 - 1.6300

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices declined on the bottom on the range this week on a mixed market. Interest in dry buttermilk is steady, but buyers are starting to look for pricing discounts, especially when multiple loads are involved. Several manufacturers indicate current production is increasing and inventories are building. In addition, butter and dry buttermilk production during the last 2 weeks of the year are expected to increase significantly as milk availability soars.

EAST: Dry buttermilk prices were lower this week as the price at the low end of the range declined. Production of dry buttermilk increased this week as cream supplies exceeded demand, channeling increased volumes to churns. This trend is expected to continue through the end of the year as Class II demand typically trends lower. Demand for dry buttermilk is declining as most end users have adequate supplies to complete yearend production and are not inclined to expand inventories. Manufacturers' inventories are building. The market undertone has weakened heading into the yearend holidays.

F.O.B. CENTRAL/EAST: 1.5300 - 1.6600

DRY BUTTERMILK - WEST

Pricing for Western dry buttermilk continues to move slightly higher in a light market test. The market tone is steady to slightly firm. Buying interest is generally limited around contracted volumes. There is light interest in spot buying in a big part because most end of the year needs are filled and buyers are not actively pursuing any additional product. Drying schedules are active at moderate levels. The influence of heavier churning is creating more buttermilk solids. Condensed buttermilk interest is slowing. Ice cream accounts are taking less buttermilk as they approach the end of the year. Dry buttermilk stocks are light to moderate. Volumes are adequate to service current needs.

F.O.B. WEST: 1.4500 - 1.5500 MOSTLY: 1.4700 - 1.5100

CONTINUED ON PAGE 5A

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

CONTINUED FROM PAGE 5**DRY WHOLE MILK - NATIONAL**

Prices for dry whole milk are unchanged. Spot market interest is light for domestic product as less expensive imported whole milk powder continues to fill some needs.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 7	\$1.5162	5,307,139	0
November 30	\$1.5070	6,579,261	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices are lower and higher on a mixed market. Lower priced edible dry whey loads from one or two manufacturers were plentiful this week and cleared readily to end users. Contract prices notched higher based on various indices. A few resellers are reportedly offering dry whey loads to the market with some price discounts to help clear inventories as the end of the year approaches. Dry whey production in the region is mostly steady despite strong availability of farm milk spot loads. At this time many commodity cheese manufacturers are unwilling to support inventory buildup of commodity cheeses. Thus, the numerous offers of spot loads of milk currently available, even at discount prices, generally do not offer sufficient incentives to speculatively produce commodity cheese and dry whey. Dry whey exports for the year through October are down 9% compared to 2011 during the same timeframe. ANIMAL FEED DRY WHEY prices are unchanged. One or two manufacturers reportedly offered multiple loads to the animal feed market and cleared loads within the current range. Interest is price sensitive and buyers continue to look for attractive pricing on dry whey as well as protein inputs.

F.O.B. CENTRAL: .5700 - .6800 MOSTLY: .6300 - .6525
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4750 - .6300

DRY WHEY - NORTHEAST

The dry whey price range widened this week with the low end of the range declining and the high end of the range increasing. Dry whey production has increased following the increases in cheese production. Market activity is light with supplies primarily moving through contracts. Demand has weakened as end users have adequate supplies to cover their yearend production schedules and are not inclined to expand inventories at current prices. Manufacturers are current with contract deliveries and production levels are expanding inventories. Some resale activity is occurring with prices under the range as some brokers are adjusting their yearend inventories.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6775 - .7050

DRY WHEY - WEST

Western dry whey prices are steady. The market tone for domestic whey remains firm with contract pricing indices providing support. Export prices are mostly steady. Export prices are at a discount to domestic prices currently. Spot sales of whey are limited with buyers looking to finish the year with current supplies and wait for first quarter of 2013 pricing to replenish stocks. Manufacturer stocks are adequate to fill contracted needs. According to the Foreign Agricultural Service, exports of dried whey for January - October 2012 total 407.3 million pounds, down 9% from the same period a year ago. The exports account for 48.0% of the total dry whey production in the U.S. for the year. China remains the leading U.S. export destination for whey with 95.1 million pounds or 23.3% of U.S. exports.

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

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	40.8	- 6
TOTAL, JAN - OCT	407.3	- 9
1 China	95.1	+ 4
2 Mexico	49.1	- 19
3 Canada	38.3	- 13
4 Japan	31.2	- 6
5 Indonesia	27.1	- 22

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

In the Central and West, WPC 34% F.O.B. prices are unchanged to lower on a mixed market. The availability of non-contract F.O.B. WPC 34% loads increased this week from a few manufacturers, while other manufacturers indicate they are behind on contract fulfillment. Resale loads of WPC 34% are available also, with prices mostly steady compared to the last few weeks. WPC 34% production is steady at several locations, lower at others as regularly scheduled maintenance routes milk intakes to other products. Manufacturers are working on 2013 contracts for WPC 34%.

F.O.B. EXTRA GRADE 34% PROTEIN:1.1800 - 1.3300 MOSTLY: 1.2325 - 1.2650

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	23.5	+ 10
TOTAL, JAN - OCT	229.1	+ 20
1 China	90.4	+ 9
2 Mexico	30.3	+ 25
3 Canada	28.1	- 3
4 Vietnam	13.5	+ 171
5 Japan	12.5	- 9

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on both the range and mostly lactose series this week. The number of F.O.B. spot load sales clearing through the market increased as a few manufacturers found pricing that worked for both export and domestic sales. Manufacturers indicate some recent pushback on contract loads, seasonally increasing lactose production, and the approach of the end of the year prompted the push to lighten inventories. Other manufacturers indicate they are slightly lagging on their contract fulfillment schedules and not participating in the spot market. Contracting for 2013 continues. Offers put out by manufacturers for higher prices for Q1 were reported declined by off shore buyers. Many market participants commented they are aware of upcoming increases in domestic lactose production, so lactose supplies should increase during 2013. The latest export information supports the idea that lactose supplies will increase in 2013. Lactose year to date exports specifically for H.S. Code 1702110000 total 311.1 million pounds, a 14% decrease from 2011 exports during the same time frame. Most

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

notable in the export totals is the decline in shipments to New Zealand. Skim milk powder producers in that country are replacing some portion of their lactose usage with milk permeate for standardizing protein levels.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.5200 - .8900 MOSTLY: .7200 - .8200

U.S. Lactose Exports, H.S. Code 1702110000(FAS)

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	34.0	+ 6
TOTAL, JAN - OCT	311.1	- 14
1 China	69.3	+ 19
2 New Zealand	54.0	- 26
3 Mexico	43.9	- 2
4 Japan	24.8	- 14
5 Brazil	17.6	+ 5

CASEIN - NATIONAL

Prices are unchanged for both acid and rennet casein. The market tone remains steady. Market activity is centered on fulfilling contract orders with limited spot interest noted. Buyers are receiving contract volumes on planned schedules. The yearend does create some challenges with transportation, but not to the extent to disrupt trading. Buyers have adequate holdings to utilize in their operations.

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
11/24/2012	49.8	2,781.9	47.1	2,610

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

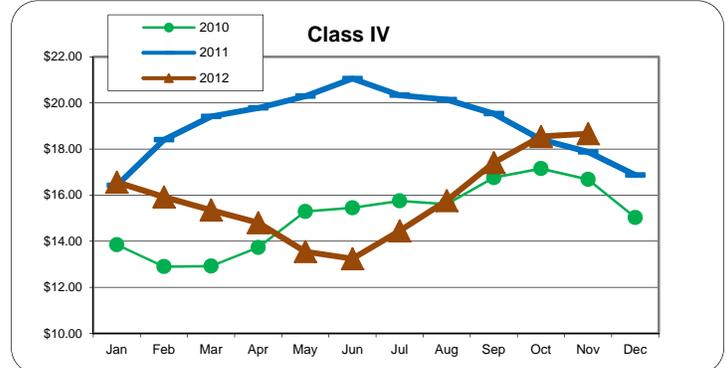
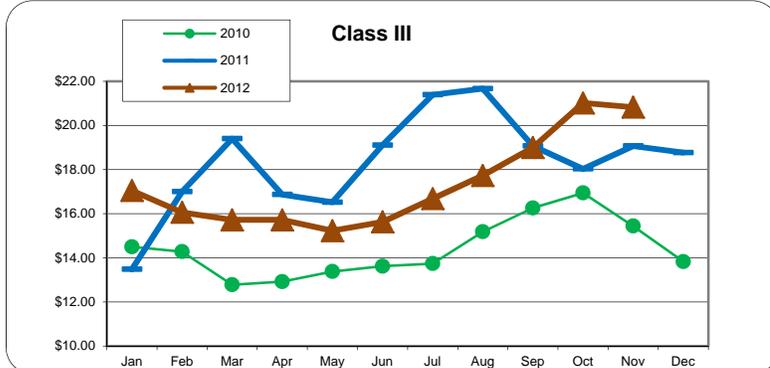
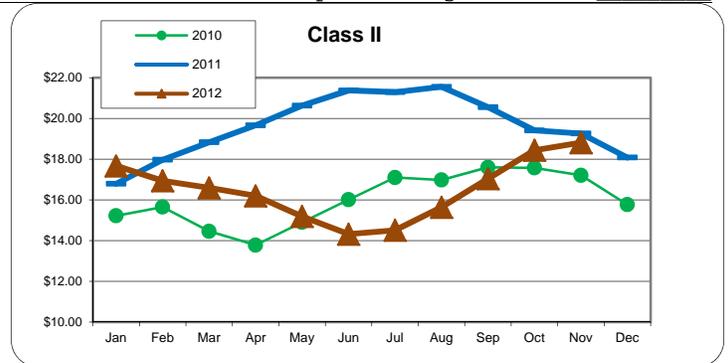
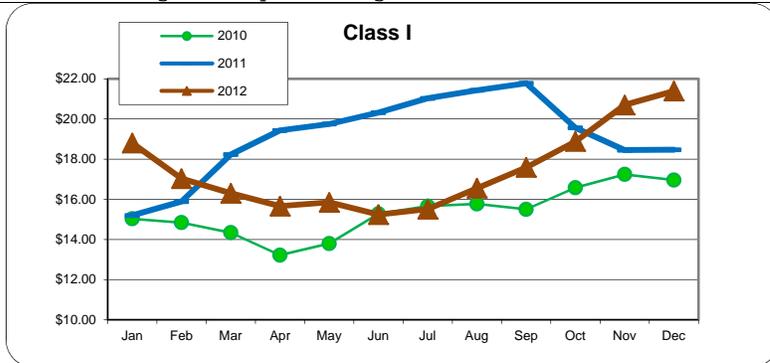
CLASS IV MILK PRICES (3.5% BF)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	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; then select "Prices"; and then select "Principal Pricing Points."



ORGANIC DAIRY MARKET NEWS

Information gathered December 3 - 14, 2012

ORGANIC DAIRY FLUID OVERVIEW

Milk Product Sales: AMS reports Total Organic Milk Products sales for October 2012, 194 million pounds, were up 8.3% from October 2011.

Organic Whole Milk sales for October 2012, 50 million pounds, were up 14.6% compared with October 2011.

Organic Fat-Reduced Milk sales for October 2012, 144 million pounds, were up 6.3% compared with October 2011.

This contrasts with a -0.6% October 2012 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with one year ago. This total Fluid Milk products data is adjusted for calendar year composition.

Total Conventional Milk Products, which does not include organic milk, has a 1.6% increase in sales comparing October 2012 with October, 2011, but a -1.6% decline comparing October 2011 year to date to October 2012 year to date.

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

Product Name	Sales		Change from: 2/	
	October	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,147	11,150	1.4	-1.8
Flavored Whole Milk	51	427	14.6	-1.2
Reduced Fat Milk (2%)	1,543	14,874	1.7	-1.5
Low Fat Milk (1%)	649	5,980	3.2	1.6
Fat-Free Milk (Skim)	619	6,078	-4.4	-5.7
Flavored Fat-Reduced Milk	411	3,130	7.0	-0.4
Buttermilk	41	392	2.6	0.6
Tot. Conv. Milk Products 5/	4,483	42,085	1.6	-1.6
Organic Whole Milk	50	453	14.6	10.0
Organic Reduced Fat Milk	58	525	10.8	7.3
Organic Low Fat Milk	41	382	7.6	9.3
Organic Fat-Free Milk (Skim)	38	366	3.5	-4.5
Organic Flavored Milk	7	60	6.7	-23.5
Organic Fat-Reduced Milk 3/	144	1,339	6.3	0.9
Tot. Organic Milk Products.	194	1,792	8.3	3.0
Tot. Fluid Milk Prod. 4/	4,677	43,877	1.9	-1.4
Tot Fluid Milk Prod Adj 4/5/	4,618	43,923	-0.6	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed price plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy advertising volume this survey period increased to the highest level since the first week of October. Organic milk ads significantly dominate organic dairy ads, appearing in greater numbers than any cycle since the first week of September. Organic yogurt ad volume continues a five period stretch of being lower than the annual average.

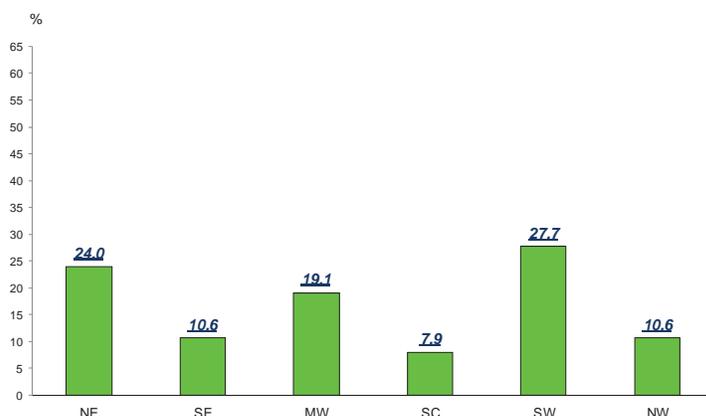
Organic milk's share of total organic dairy ad numbers is 69%. This is followed by organic yogurt, 13%; organic butter, 10%;

organic egg nog, 5%; and organic ice cream, 3%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period November 17, 2012, to December 14, 2012, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

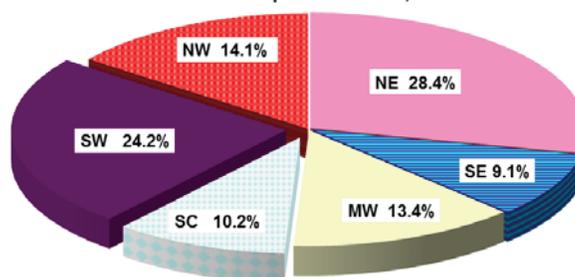
Regional Organic Dairy Ad Trends – Current Period. The regions are more evenly balanced in percentage of national ads than in recent reports. Regional percentages include the Southwest, 27.7%; the Northeast, 24.0%; the Midwest, 19.1%; the Southeast and Northwest tied at 10.6%; and the South Central Region, 7.9%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 50, 2012



Organic Milk. The Northeast leads all regions in organic milk ads for the fourth consecutive period, even if narrowly, with 28.4% of ads. The Southwest was a close second with 24.2%. The other regions having organic milk ads were the Northwest with 14.1%; the Midwest, 13.4%; the South Central Region, 10.2%; and the Southeast, 9.1%.

ORGANIC MILK FEATURES Regional % of Nationally Surveyed Supermarket Ads Report - Week 50, 2012



The vast majority of the organic milk ads, 85.6%, are for half gallons, with 12.2% for 8 ounce containers and 2.2% for gallons.

CONTINUED ON PAGE 8-A

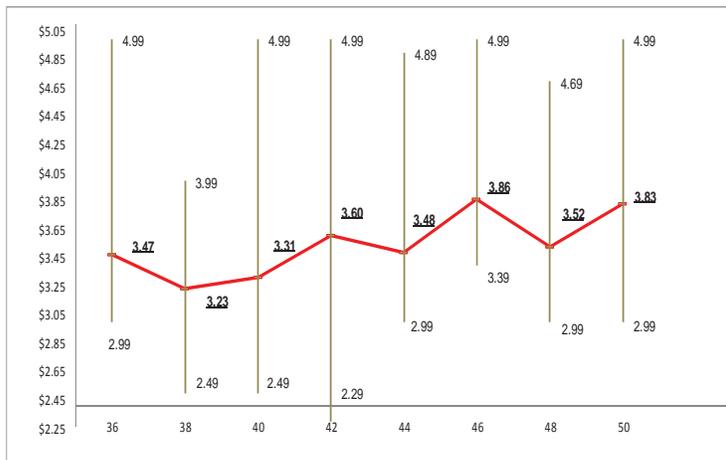
ORGANIC DAIRY MARKET NEWS

Information gathered December 3 - 14, 2012

CONTINUED FROM PAGE 8

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.83, is 31 cents higher than two weeks ago. The price range is \$2.99 to \$4.99, unchanged on the bottom of the price range and 30 cents higher on the top. This period, the concentration of advertised organic half gallon brands was more heavily weighted toward national brands than store brands. There are nearly seventeen times as many national brand ads as store brands. Both national and store brands had the lowest price of \$2.99, but the national brands recorded the highest price of \$4.99. The weighted average advertised price for national brands is \$3.85 and for store brands, \$3.52.

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



ORGANIC MILK 8 OUNCE ADS

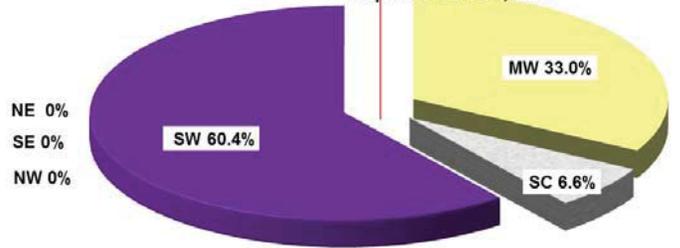
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	83.2	1.00
SE	11.3	1.00
MW	05.5	1.00
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		1.00

Organic Milk Gallons. All of the relatively few ads for organic gallons were in the Southeast, priced \$5.99, the same as two weeks ago.

Organic Yogurt. Organic yogurt ads appeared for 4-6 ounce organic yogurt as well as 4-6 ounce Greek yogurt. The ads appeared in only three regions. The Southwest had the greatest percentage of ads, 60.4%, all ads for 4-6 ounce yogurt. Greek yogurt ads in 4-6 ounce containers appeared in the Midwest, with 33.0% of total yogurt ads, and the South Central Region, with 6.6%.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads Report Week 50, 2011



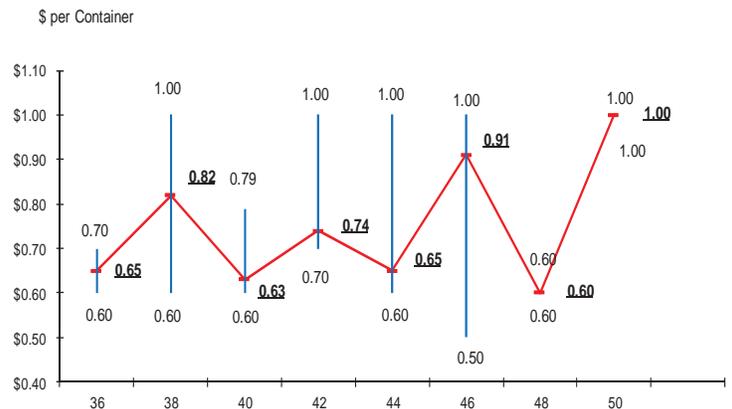
ORGANIC MILK HALF GALLON ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	21.4	4.21
SE	06.4	3.99
MW	14.8	4.03
SC	11.9	3.22
SW	28.3	3.84
NW	17.2	3.52
US		3.83

4-6 Ounce Organic Yogurt. All ads for organic yogurt in 4-6 ounce containers are priced \$1.00. While this price has been previously reached during many weeks as a high price, never before since this data series began during the Fall of 2009 has \$1.00 been the only price advertised and hence, the national weighted average advertised price. All ads are for national brands.

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



Organic - Conventional Milk Half Gallon Price Spread. The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of \$3.83, also determined the weighted average advertised price for non-organic half gallons as \$2.76, an organic-conventional half-gallon milk advertised price spread of \$1.07, compared with \$0.67 two weeks ago.

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

CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered December 3 - 14, 2012

CONTINUED FROM PAGE 8-A

4-6 Ounce Organic Greek Yogurt. Ads for Greek Yogurt in 4-6 ounce containers ranged from \$0.99 to \$1.25 in price, with a national weighted average advertised price of \$1.08. All ads are for national brands.

1 Pound Organic Butter. Organic butter ads occurred in three regions, led by the Midwest with 54.1% of the ads, the Southeast with 42.0% and the Northwest with 3.9%. The weighted average advertised price is \$4.13, down from \$4.70 two weeks ago. Prices ranged from \$3.99 to \$5.99.

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

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	42.0	4.13
MW	54.1	3.99
SC	00.0	----
SW	00.0	----
NW	03.9	5.99
US		4.13

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

Organic Ice Cream. All ads for organic ice cream in 48-64 ounce containers appeared in the Northeast region, were for a national brand. Prices ranged from \$4.99 to \$5.99, with a weighted average advertised price of \$5.30.

Organic Egg Nog. Ads for half gallon containers of organic egg nog appeared in the Northeast and Southwest, in nearly equal numbers. In the Northeast all ads are for quarts priced \$3.79. In the Southeast ads for quarts are priced \$3.49 and ads for half gallons are priced \$3.99. All ads in each region are for national brands.

SUPERMARKET PRICE COMPARISON:

Madison, Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period. Stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store. Organic milk available included 2 national brands, 4 private label store brands, and 3 small local or nearby creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

A table summarizing the survey results follows:

**ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2012 REPORTING WEEK 50**

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
	(in Dollars)		
FLUID MILK			
MILK - gallon			
Whole	5.59*	6.79	1.20*
Reduced fat (2%)	5.59*	6.79	1.20*
Low fat (1%)	5.59*	6.79	1.20*
Nonfat (Skim)	5.59*	6.79	1.20*
MILK - half gallon			
Whole	3.69*	4.89	1.20*
Reduced fat (2%)	3.69*	4.89	1.20*
Low fat (1%)	3.69*	4.89	1.20*
Nonfat (Skim)	3.69*	4.89	1.20*
FLAVMILK - half gallon			
All fat tests	3.09	5.69	2.60
YOGURT			
Yogurt - 4-6 oz			
Yogurt	0.79	1.29	0.50
CHEESE			
Cheese - 8 oz block			
Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10
Cheese - 6 oz string			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10
BUTTER			
Butter - 1 Pound	4.59*	6.19	1.60*

• = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Overall trading this period was light as sellers are waiting until after the first of the year to move inventories. Buyers are hesitating to make any purchases at current prices because expectations are for the market to soften first quarter of 2013. Feed grade corn prices trended mostly steady on limited trading. Demand for current shipments appeared to be light to moderate. Prices on soybeans were steady to weak on moderate demand for light to moderate offerings. Supplies look to be limited, especially on Food grade quality. Limited movement was noted on wheat at generally steady prices. Alfalfa hay in California Good/Premium grade \$280.00. Oregon Alfalfa small square Supreme quality 275.00; Good/Premium 250.00, Meadow grass small square Premium grade 175.00. All hay prices are reported on a per ton bases. Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews

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

In September 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.88 per cwt., up \$1.66 from the August 2012 average, and down \$1.51 from the September 2011 average. The component tests of producer milk in September 2012 were: butterfat, 3.69%; protein, 3.09%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas from the previous month. Mailbox prices in September 2012 ranged from \$22.39 in Florida to \$18.87 in Indiana.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	September 2011	August 2012	September 2012
	Dollars per hundredweight		
New England States <u>3/</u>	22.69	18.73	20.57
New York	21.30	18.03	19.51
Eastern Pennsylvania <u>4/</u>	22.30	18.15	19.65
Appalachian States <u>5/</u>	23.98	19.23	20.03
Southeast States <u>6/</u>	24.76	19.98	20.63
Southern Missouri <u>7/</u>	22.54	18.25	19.08
Florida	26.73	21.41	22.39
Western Pennsylvania <u>8/</u>	22.31	18.15	19.82
Ohio	22.24	17.78	19.44
Indiana	22.03	17.42	18.87
Michigan	21.56	17.45	19.06
Wisconsin	20.95	18.91	20.48
Minnesota	20.59	19.02	20.86
Iowa	21.28	18.60	20.10
Illinois	21.78	18.57	20.29
Corn Belt States <u>9/</u>	20.89	17.85	19.19
Western Texas <u>10/</u>	20.44	17.43	20.44
New Mexico	19.26	16.51	19.26
Northwest States <u>11/</u>	20.73	17.64	19.17
All Federal Order Areas <u>12/</u>	21.39	18.22	19.88
California <u>13/</u>	18.61	16.20	17.36

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

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

OCTOBER MILK SALES

During October, 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9 percent higher than October 2011. After adjusting for calendar composition, sales in October 2012 were 0.6 percent lower than October 2011. Estimated sales of total conventional fluid milk products increased 1.6 percent from October 2011 and estimated sales of total organic fluid milk products increased 8.3 percent from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>.

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

Product Name	Sales		Change from: 2/	
	October	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,147	11,150	1.4	-1.8
Flavored Whole Milk	51	427	14.6	-1.2
Reduced Fat Milk (2%)	1,543	14,874	1.7	-1.5
Low Fat Milk (1%)	649	5,980	3.2	1.6
Fat-Free Milk (Skim)	619	6,078	-4.4	-5.7
Flavored Fat-Reduced Milk	411	3,130	7.0	-0.4
Buttermilk	41	392	2.6	0.6
Total Conventional Milk Products 5/	4,483	42,085	1.6	-1.6
Organic Whole Milk	50	453	14.6	10.0
Organic Reduced Fat Milk	58	525	10.8	7.3
Organic Low Fat Milk	41	382	7.6	9.3
Organic Fat-Free Milk (Skim)	38	366	3.5	-4.5
Organic Flavored Milk	7	60	6.7	-23.5
Organic Fat-Reduced Milk 3/	144	1,339	6.3	0.9
Total Organic Milk Products	194	1,792	8.3	3.0
Total Fluid Milk Products 4/	4,677	43,877	1.9	-1.4
Total Fluid Milk Products Adjusted 4/ 5/	4,618	43,923	-0.6	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous organic milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272> Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

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

Marketing Area	Order Number	Sales		Change from: 2/	
		October	Year to Date	Previous Year	Year to Date
		Million Pounds		Percent	
Northeast	001	798	7,470	2.4	-0.9
Appalachian	005	305	2,912	1.1	-1.9
Florida	006	244	2,373	0.0	-1.4
Southeast	007	421	3,969	1.2	-2.5
Upper Midwest	030	362	3,416	1.2	-2.4
Central	032	407	3,758	4.3	0.1
Mideast	033	523	4,866	2.1	-1.8
Pacific Northwest	124	193	1,812	0.9	-1.1
Southwest	126	398	3,691	3.4	-0.4
Arizona	131	100	959	0.8	-1.9
California	---	551	5,140	0.9	-2.0

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 4/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

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

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES

The 2012 and 2013 milk production forecasts are unchanged from last month. Lower forecast fat basis exports in 2012 reflect weakness in butter exports but exports in 2013 are raised on higher expected cheese and whey protein solids shipments. Cheese prices are forecast lower in 2012 on current weakness but the forecast is raised for 2013 as demand is expected to improve. Butter prices for both 2012 and 2013 are lowered as demand is expected to remain relatively weak. Nonfat dry milk (NDM) and whey prices are raised for 2012 and 2013. The Class III price for 2012 is reduced on the lower cheese price but the Class IV price is unchanged as the lower butter price is offset by a higher NDM price. For 2013, Class III and Class IV price forecasts are raised as prices for cheese, NDM, and whey are increased. The 2012 all milk price is unchanged from last month at \$18.50 to \$18.60 per cwt, but the range of the 2013 price is tightened to \$19.15 to \$19.95 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2011	2012 Projected		2013 Projected	
		November	December	November	December
BILLION POUNDS					
MILK					
PRODUCTION	196.2	199.7	199.7	199.7	199.7
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.8	10.9	10.9	11.1	10.8
MARKETINGS	195.3	198.7	198.7	198.7	198.8
IMPORTS	3.5	3.8	3.9	3.8	3.8
TOTAL COMMERCIAL SUPPLY	209.6	213.4	213.5	213.6	213.4
FAT BASIS USE					
COMMERCIAL EXPORTS	9.4	9.1	8.9	8.8	8.9
ENDING COMMERCIAL STOCKS	10.9	11.1	10.8	11.0	10.7
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	189.2	193.2	193.8	193.8	193.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.8	11.8	10.9	11.1
MARKETINGS	195.3	198.7	198.7	198.7	198.8
IMPORTS	5.3	5.8	5.8	5.4	5.4
TOTAL COMMERCIAL SUPPLY	212.7	216.3	216.3	215.0	215.2
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.5	33.7	33.8	32.8	33.2
ENDING COMMERCIAL STOCKS	11.8	10.9	11.1	11.5	11.2
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	168.3	171.7	171.4	170.6	170.9
MILLION POUNDS					
CCC PRODUCT NET REMOVALS ^{1/}					
BUTTER	0	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding.

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

^{2/} Domestic commercial use only.

Continued on page 10

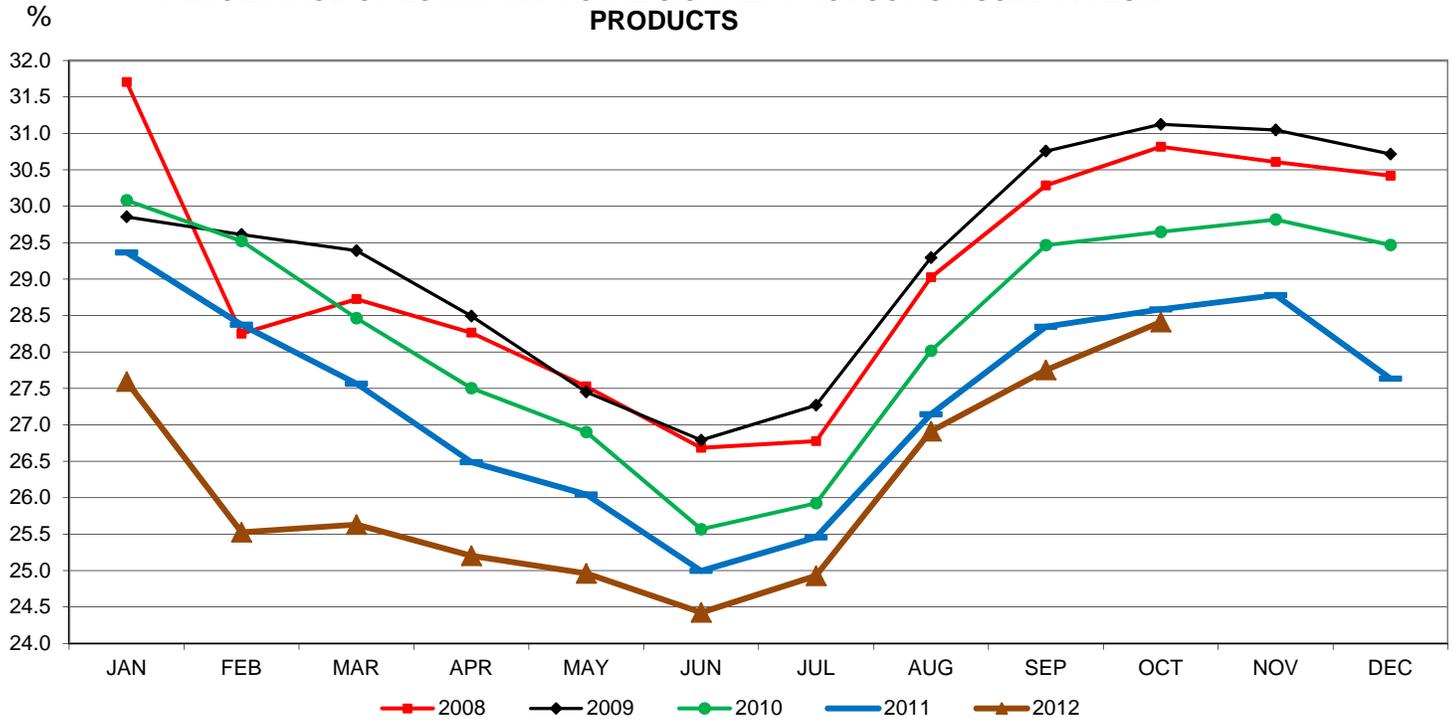
DECEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2012 Projected		2013 Projected	
		November	December	November	December
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.8246	1.720-1.730	1.700-1.710	1.735-1.825	1.750-1.830
BUTTER	1.9498	1.605-1.635	1.585-1.615	1.610-1.730	1.595-1.705
NONFAT DRY MILK	1.5058	1.315-1.335	1.320-1.340	1.420-1.490	1.440-1.500
DRY WHEY	0.5325	0.585-0.595	0.590-0.600	0.595-0.625	0.600-0.630
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	18.37	17.55-17.65	17.40-17.50	17.85-18.75	18.00-18.80
CLASS IV	19.04	15.95-16.15	15.95-16.15	16.90-17.90	17.00-17.90
ALL MILK ^{3/}	20.14	18.50-18.60	18.50-18.60	19.10-20.00	19.15-19.95
QUARTERLY					
	2012 III	2012 IV ^{4/}	2013 I ^{4/}	2013 II ^{4/}	2013 III ^{4/}
BILLION POUNDS					
MILK PRODUCTION	48.7	48.4	49.7	51.2	49.5
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	18.20	21.45-21.65	19.40-19.90	19.15-19.95	18.85-19.85
CLASS III PRICE ^{2/}	17.80	20.05-20.25	17.95-18.45	18.20-19.00	17.95-18.95
CLASS IV PRICE ^{2/}	15.87	18.25-18.55	17.45-18.05	17.15-18.05	16.65-17.75

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

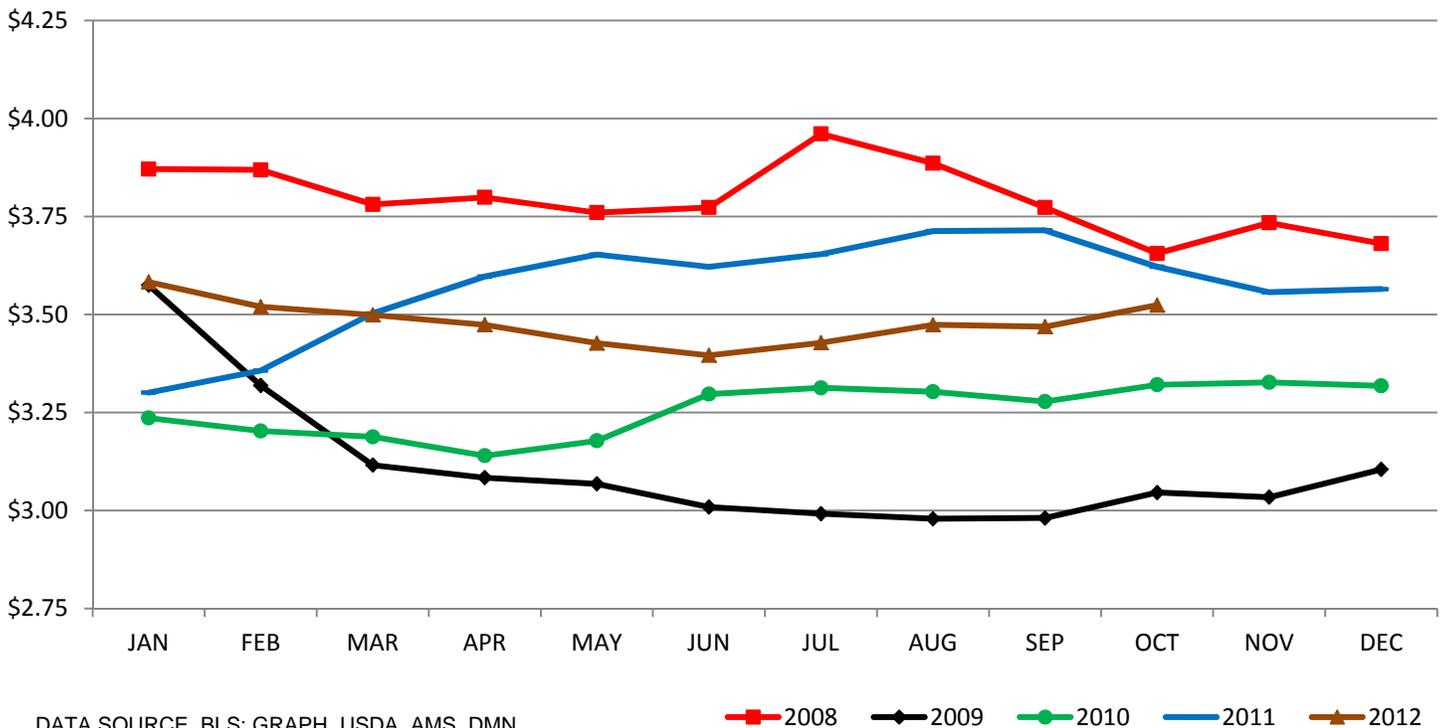
Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-513, December 11, 2012.* Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS



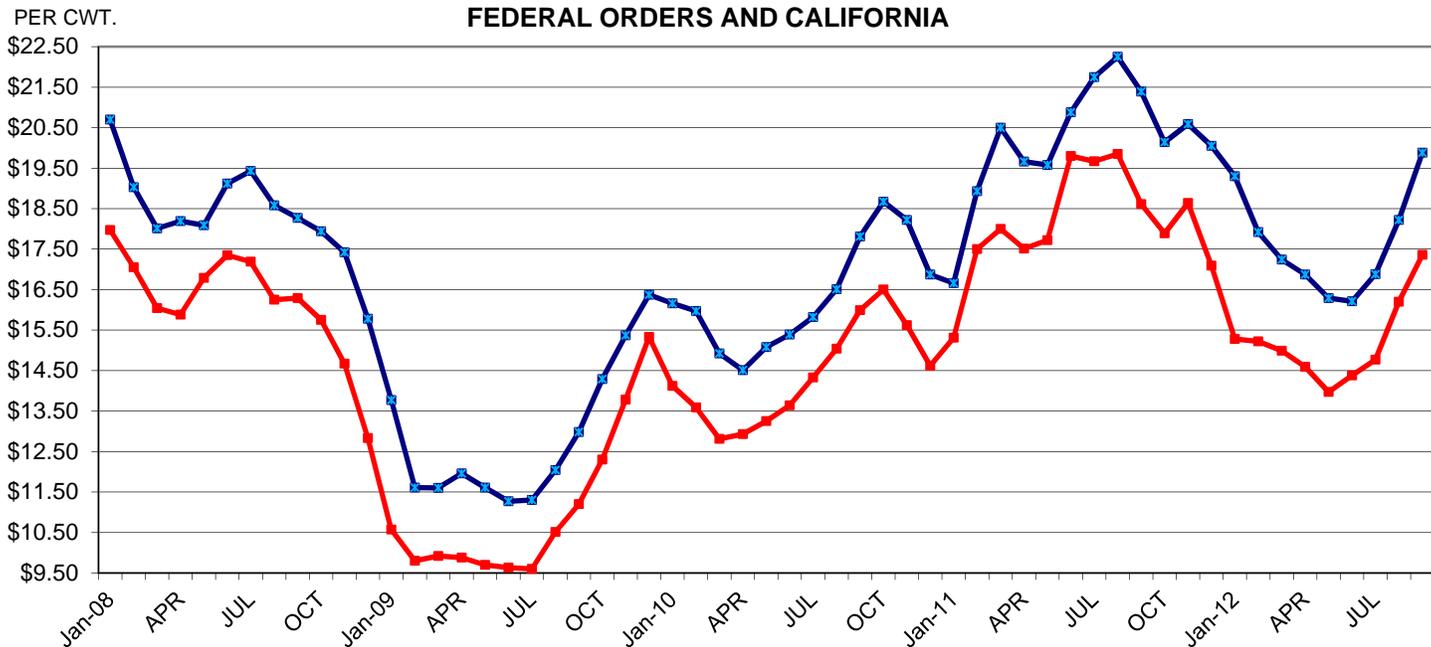
DATA SOURCE, USDA, NASS, USDA, AMS, DAIRY PROGRAMS AND CDFA FLUID SALES DATA; GRAPH, USDA, AMS, DMN

AVERAGE U.S. MONTHLY PRICE OF WHOLE FORTIFIED MILK PER GALLON



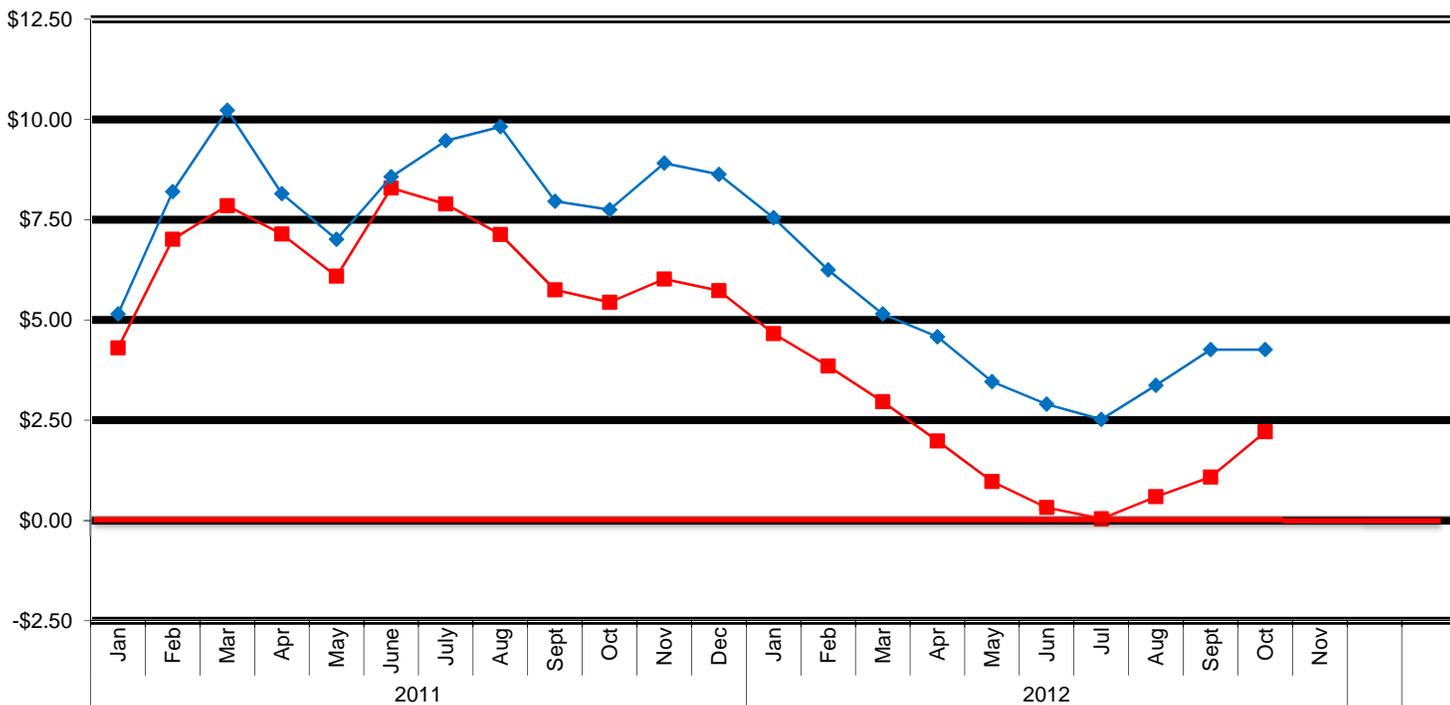
DATA SOURCE, BLS; GRAPH, USDA, AMS, DMN

MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA



DATA SOURCE, USDA, DAIRY PROGRAMS & STATE OF CALIFORNIA, CDFA; GRAPH, USDA, AMS, DMN FO CA

WI & CA MILK INCOME OVER FEED COSTS, 2011 - 2012 YTD
 (\$/CWT INCOME OVER FEED COSTS)
 (NASS WI or CA all-Milk Price) minus (ERS Monthly National Total Feed Costs) =
 Income Over Feed Costs



DATA SOURCE, USDA, NASS & ERS, & STATE OF CALIFORNIA, CDFA; GRAPH, USDA, California Wisconsin



Dairy Market News Branch

Agricultural
Marketing
Service

National Dairy Retail Report

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

Volume 79- Number 50

Issued Biweekly

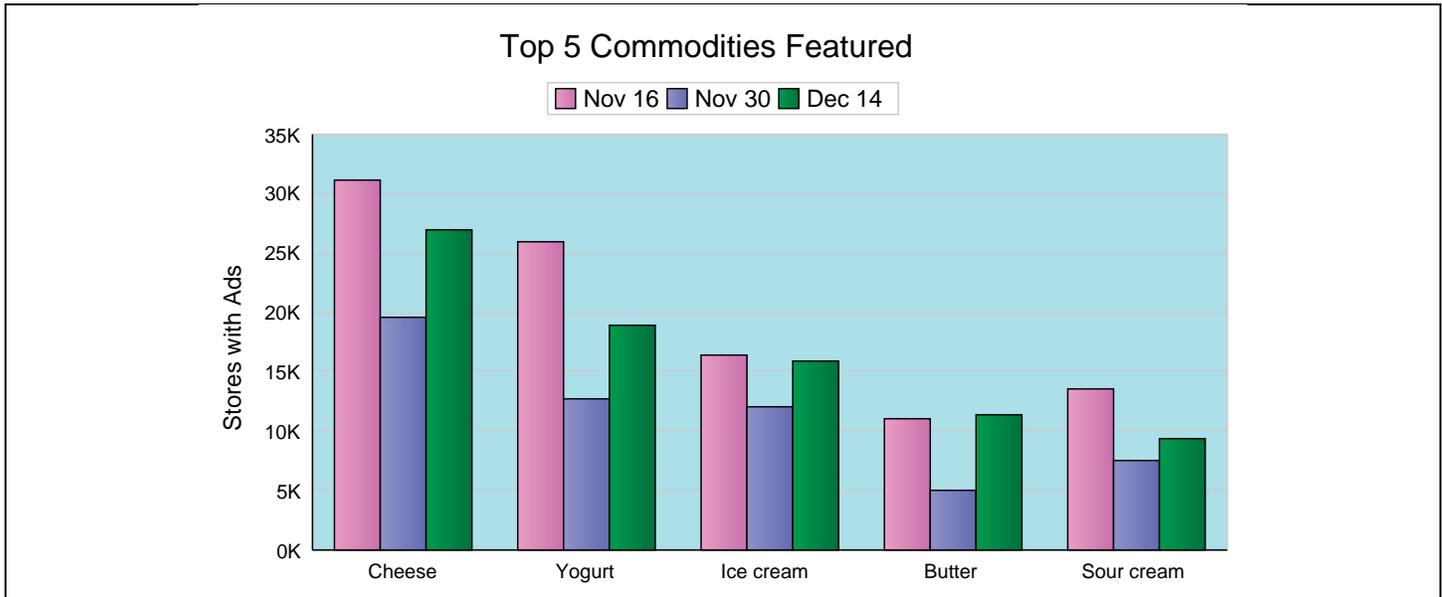
Thursday, December 13, 2012

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 12/03 to 12/14

Butter ads “churned” ahead in the home stretch to Christmas and Passover, increasing in number by 137% from two weeks ago and reaching the second highest level reported this year. Overall ad volume for all products also increased, being up by 40% from the last reporting period, reaching the fourth highest level of this year.

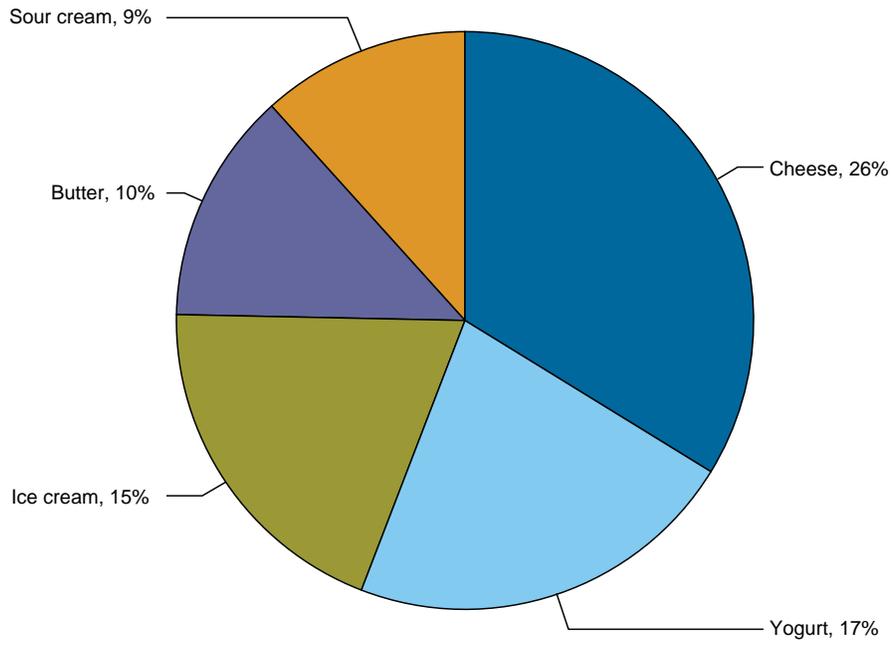
Butter weighted average advertised prices declined from two weeks ago by 22 cents, to \$2.84 for a 1# package. Prices for butter ranged from \$1.99 to \$3.99, with the lowest price found in the Northeast and Midwest, and the highest prices in the Northeast. Cheese prices were mostly up, with only 8 ounce shredded down, by 11 cents, to \$2.29. The other cheese variety most featured, 8 ounce blocks, increased 10 cents to \$2.53. Egg nog and cream cheese ad numbers also increased significantly, with egg nog up 62.9% and cream cheese up 56.5%. Egg nog average prices were \$2.68 for quarts, up 3 cents, and \$3.32 for half gallons, up 11 cents. Cream cheese average prices were down 13 cents to \$1.47. Yogurt ad prices for 4-6 ounce containers declined 3 cents to an average of 43 cents for regular yogurt, and declined 1 cent to 99 cents for Greek yogurt. Yogurt ad numbers were up, being 93.8% and 41.3% higher, respectively, for regular and Greek 4-6 oz. sizes. Sour cream feature prices declined 9 cents to an average of \$1.54.

The national weighted average advertised conventional milk price for half gallons this period, \$2.76, is 9 cents below two weeks ago but 6 cents above four weeks ago. For Organic milk, the national weighted average advertised price for half gallons is \$3.83, up 31 cents from last period but 3 cents lower than 4 weeks ago. This results in an organic-conventional half-gallon spread of \$1.07, compared to \$0.67 two weeks ago and \$1.16 four weeks ago.

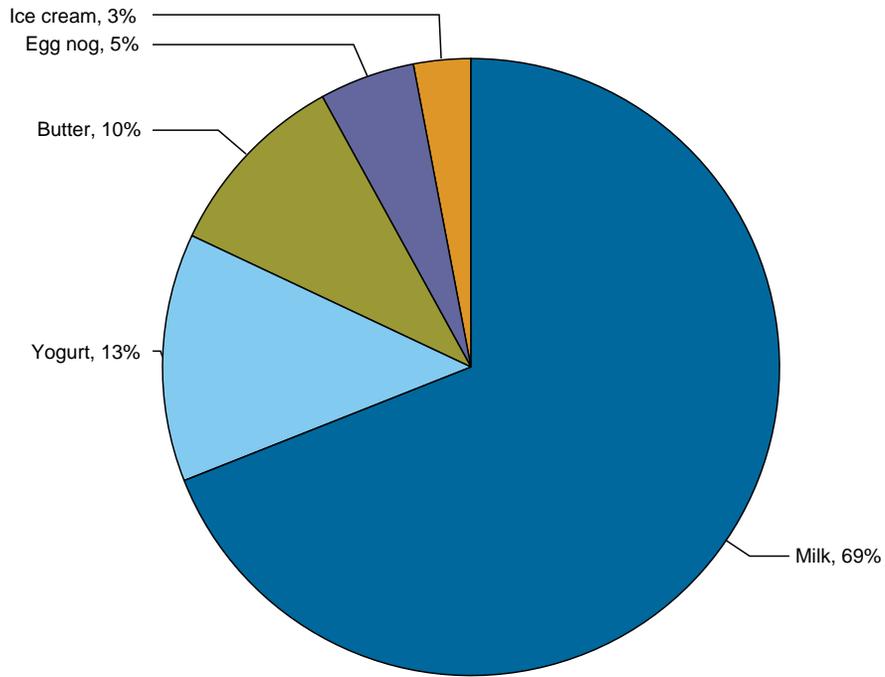


1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	10663	2.84	4500	3.06
Cheese	Natural Varieties	8 oz block	7419	2.53	6939	2.43
Cheese	Natural Varieties	1 # block	4649	4.61	1558	4.00
Cheese	Natural Varieties	2 # block	2724	8.07	2392	7.27
Cheese	Natural Varieties	8 oz shred	9897	2.29	7810	2.40
Cheese	Natural Varieties	1 # shred	2213	3.41	884	3.19
Cottage cheese		16 oz	1918	2.18	1567	1.93
Cream cheese		8 oz	8890	1.47	5682	1.60
Egg nog		quart	1721	2.68	968	2.65
Egg nog		half gallon	5048	3.32	3188	3.21
Flavored milk	All fat tests	half gallon	725	2.57	510	1.98
Flavored milk	All fat tests	gallon	1051	4.15	28	3.77
Ice cream		48-64oz	15789	3.08	11985	3.04
Milk	All fat tests	half gallon	1741	2.76	2157	2.85
Milk	All fat tests	gallon	1401	2.93	4296	2.90
Sour cream		16 oz	9303	1.54	7537	1.63
Yogurt	Greek	4-6 oz	8454	.99	5982	1.00
Yogurt	Greek	32 oz	685	3.85	975	3.83
Yogurt	Yogurt	4-6 oz	7549	.43	3895	.46
Yogurt	Yogurt	32 oz	1392	2.10	1098	2.35

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.99	2622	3.20	2.25-3.50	2339	2.64	1.99-3.29	1313	2.38
Cheese	Natural Varieties	8 oz block	1.50-5.49	3527	2.37	2.50-5.99	1803	2.96	1.29-3.19	1011	2.20
Cheese	Natural Varieties	1 # block	1.99-7.99	2712	5.08	2.99-4.88	835	4.31	2.99-4.99	684	3.86
Cheese	Natural Varieties	2 # block				7.99	103	7.99			
Cheese	Natural Varieties	8 oz shred	1.48-3.99	3502	2.30	1.78-2.79	3148	2.41	1.29-2.50	1262	1.99
Cheese	Natural Varieties	1 # shred	5.00	149	5.00	2.99-3.99	248	3.85	2.99-4.99	565	3.79
Cottage cheese		16 oz	1.99-2.99	1034	2.16	1.67-1.99	135	1.74	1.79-2.50	377	2.17
Cream cheese		8 oz	0.99-2.59	2731	1.55	1.00-2.19	2865	1.66	0.98-2.00	1872	1.24
Egg nog		quart	2.29-3.99	835	2.87	2.50	124	2.50	2.29-2.99	446	2.55
Egg nog		half gallon	3.49-4.49	1287	4.12	2.99-3.49	264	3.19	2.50-3.49	664	3.11
Flavored milk	All fat tests	half gallon	3.49	232	3.49	2.49	107	2.49	1.69-2.50	149	1.90
Flavored milk	All fat tests	gallon	3.99-4.49	562	4.45	4.49	59	4.49	3.99	165	3.99
Ice cream		48-64oz	1.99-3.99	3966	3.01	2.25-3.50	3785	3.03	1.88-3.99	2107	3.01
Milk	All fat tests	half gallon	1.99-3.99	1223	2.79	1.67-3.99	400	3.15			
Milk	All fat tests	gallon	3.59	54	3.59	2.97-2.99	230	2.97	2.29-3.50	419	2.62
Sour cream		16 oz	0.99-2.00	3526	1.55	1.00-2.00	4069	1.59	1.00-1.99	788	1.33

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Greek	4-6 oz	0.80-1.25	2717	.97	1.00-1.25	1549	1.01	0.88-1.29	889	.99
Yogurt	Greek	32 oz	3.00	484	3.00				5.91	201	5.91
Yogurt	Yogurt	4-6 oz	0.33-0.60	2521	.49	0.34-0.50	1379	.41	0.33-0.50	497	.44
Yogurt	Yogurt	32 oz	1.99-2.50	312	2.09	1.88	202	1.88	1.99-2.49	413	2.09

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.29-3.00	936	2.74	2.50-2.99	2638	2.94	2.29-2.99	815	2.83
Cheese	Natural Varieties	8 oz block	1.34-3.69	319	2.47	1.99-3.00	724	2.76	1.99	35	1.99
Cheese	Natural Varieties	1 # block	2.99-4.88	326	3.38	3.47-3.50	92	3.49			
Cheese	Natural Varieties	2 # block	7.99-8.99	359	8.68	5.99-8.99	1437	8.76	5.49-6.99	825	6.61
Cheese	Natural Varieties	8 oz shred	1.00-2.50	875	2.07	1.99-3.00	957	2.52	1.99-2.00	153	2.00
Cheese	Natural Varieties	1 # shred	2.50-2.99	421	2.92	2.99	750	2.99	2.99	80	2.99
Cottage cheese		16 oz	2.00	29	2.00	1.25-2.99	286	2.60	1.50-1.99	57	1.75
Cream cheese		8 oz	1.00-2.59	740	1.21	1.00-1.50	420	1.24	0.99-1.50	262	1.24
Egg nog		quart	1.99-2.69	287	2.44				2.50	29	2.50
Egg nog		half gallon	2.99-3.59	440	3.08	1.99-2.99	1696	2.89	3.29-3.49	697	3.30
Flavored milk	All fat tests	half gallon				2.99	119	2.99	1.25	118	1.25
Flavored milk	All fat tests	gallon	3.99	36	3.99	3.49	229	3.49			
Ice cream		48-64oz	1.99-5.00	1809	3.50	2.50-3.50	3084	3.11	2.00-3.50	1038	2.86
Milk	All fat tests	half gallon							1.25	118	1.25
Milk	All fat tests	gallon	3.00-3.29	172	3.14	1.67-3.39	526	3.02			
Sour cream		16 oz	1.00-1.49	198	1.23	1.25-1.50	192	1.42	0.99-1.79	530	1.51
Yogurt	Greek	4-6 oz	1.00-1.50	529	1.05	1.00	2147	1.00	0.98-1.00	623	1.00
Yogurt	Yogurt	4-6 oz	0.33-0.99	711	.45	0.33-0.60	1758	.39	0.33-0.60	683	.36
Yogurt	Yogurt	32 oz	2.50	43	2.50	1.50-2.49	422	2.18			

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	715	4.13	563	4.70
Cheese	Natural Varieties	8 oz block			32	4.99
Cream cheese		8 oz			228	2.64
Egg nog		quart	192	3.68		
Egg nog		half gallon	143	3.99	26	4.49
Ice cream		48-64oz	178	5.30	56	5.99
Milk	All fat tests	half gallon	4106	3.83	1282	3.52
Milk	All fat tests	gallon	105	5.99	105	5.99

Wtd Avg - Simple weighted average



Milk	All fat tests	8 oz UHT	587	1.00	609	1.00
Sour cream		16 oz			28	2.99
Yogurt	Greek	4-6 oz	354	1.08	232	1.33
Yogurt	Yogurt	4-6 oz	541	1.00	484	.60

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				3.99-4.39	300	4.13	3.99	387	3.99
Egg nog		quart	3.79	122	3.79						
Ice cream		48-64oz	4.99-5.99	178	5.30						
Milk	All fat tests	half gallon	3.89-4.99	877	4.21	3.79-4.29	264	3.99	3.79-4.59	609	4.03
Milk	All fat tests	gallon				5.99	105	5.99			
Milk	All fat tests	8 oz UHT	1.00	487	1.00	1.00	66	1.00	1.00	34	1.00
Yogurt	Greek	4-6 oz							0.99-1.25	295	1.09

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							5.99	28	5.99
Egg nog		quart				3.49	70	3.49			
Egg nog		half gallon				3.99	143	3.99			
Milk	All fat tests	half gallon	2.99-3.79	489	3.22	3.00-3.99	1161	3.84	3.29-3.69	706	3.52
Yogurt	Greek	4-6 oz	1.00	59	1.00						
Yogurt	Yogurt	4-6 oz				1.00	541	1.00			

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

Commodity	Type	Pack Size	NATIONAL BRANDS				STORE BRANDS			
			Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50	3.99	6371	3.13	1.99	2.99	4292	2.42
Cheese	Natural Varieties	8 oz block	1.29	5.99	4726	2.72	1.34	2.50	2693	2.19
Cheese	Natural Varieties	1 # block	1.99	7.99	2631	5.34	2.99	4.99	2018	3.67
Cheese	Natural Varieties	2 # block	5.49	8.99	2482	8.09	6.49	7.99	242	7.82
Cheese	Natural Varieties	8 oz shred	1.29	3.99	5644	2.40	1.00	2.50	4253	2.14
Cheese	Natural Varieties	1 # shred	3.98	5.00	330	4.44	2.50	4.99	1883	3.23
Cottage cheese		16 oz	1.99	2.99	740	2.33	1.25	2.99	1178	2.09
Cream cheese		8 oz	.98	2.59	4506	1.61	.98	2.59	4384	1.32
Egg nog		quart	2.29	3.99	1033	2.72	1.99	3.49	688	2.62

Wtd Avg - Simple weighted average



			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Egg nog		half gallon	2.50	3.99	718	3.64	1.99	4.49	4330	3.27
Flavored milk	All fat tests	half gallon	1.99	3.49	258	3.34	1.25	2.99	467	2.14
Flavored milk	All fat tests	gallon	3.99	4.49	621	4.45	3.49	3.99	430	3.72
Ice cream		48-64oz	1.99	5.00	9936	3.17	1.88	4.00	5853	2.93
Milk	All fat tests	half gallon	1.99	3.99	1460	2.98	1.25	1.99	281	1.64
Milk	All fat tests	gallon	2.29	3.59	106	3.25	1.67	3.39	1295	2.90
Sour cream		16 oz	.99	2.00	4879	1.69	.99	1.99	4424	1.38
Yogurt	Greek	4-6 oz	.80	1.50	7844	.99	.89	1.29	610	1.00
Yogurt	Greek	32 oz	3.00	5.91	685	3.85				
Yogurt	Yogurt	4-6 oz	.33	.99	2856	.50	.33	.60	4693	.39
Yogurt	Yogurt	32 oz	1.99	2.49	518	2.13	1.50	2.50	874	2.08

NATIONAL -- ORGANIC DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99	5.99	145	4.38	3.99	4.39	570	4.06
Egg nog		quart	3.49	3.79	192	3.68				
Egg nog		half gallon	3.99	3.99	143	3.99				
Ice cream		48-64oz	4.99	5.99	178	5.30				
Milk	All fat tests	half gallon	2.99	4.99	3876	3.85	2.99	3.99	230	3.52
Milk	All fat tests	8 oz UHT	1.00	1.00	587	1.00				
Milk	All fat tests	gallon					5.99	5.99	105	5.99
Yogurt	Greek	4-6 oz	.99	1.25	354	1.08				
Yogurt	Yogurt	4-6 oz	1.00	1.00	541	1.00				

REGIONAL DEFINITIONS

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

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

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 79

REPORT: 50

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

DATE: 12/14/2012

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

NORTHWEST/MOUNTAIN

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

MARKET NEWS PORTAL

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