

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/28):**

BUTTER: Grade AA closed at \$1.4975. The weekly average for Grade AA is \$1.4975 (-.0600).

CHEESE: Barrels closed at \$1.7100 and 40# blocks at \$1.7400. The weekly average for barrels is \$1.6825 (+.0420) and blocks, \$1.7400 (+.0110).

BUTTER HIGHLIGHTS: Butter prices declined by 4 cents at the beginning of the holiday week on light trading. Retail interest in print butter is minimal as most holiday shopping needs were filled earlier in the month. Bulk butter inventories are building steadily as spot cream supplies continue to be readily available, with few takers outside of churning operations. Manufacturers' inventories are building seasonally. Some 82% production is scheduled for the next 7 – 10 days, to fill export interest. According to NASS's *Cold Storage* report, manufacturers' inventories of butter at the end of November totaled 127.1 million pounds, a 12% decrease from one month ago, but a 36% increase from one year ago.

CHEESE HIGHLIGHTS: Cheese production was higher this week as increased volumes of milk were offered to cheese plants. Lower Class I usage combined with some plants shuttered during the holidays increased volumes of milk for manufacturing. Additional milk supplies were offered below Class III levels, especially in the Midwest. Cheese demand is lackluster for end of year purchases. The buyers are taking a wait and see attitude in many cases until they feel that prices have bottomed out. Export buyers are also watching price movement. Advertised U.S. cheese prices as reported in the National Dairy Retail Report were mostly lower except for shredded varieties. Packages of 8 ounce shredded cheese were 3 cents higher from \$2.29 two weeks ago to \$2.32 per package. November 30th stocks of natural cheese in cold storage totaled 941.8 million pounds, down 1% from a month ago and down 4% from a year ago. Cash cheese prices at the CME Group this week were steady for blocks on no sales with barrels moving higher on moderate sales. Blocks closed on Friday at \$1.7400 and barrels closed the week at \$1.7100. Barrels and blocks had carried an unusually large spread for the past three weeks. Late this week, barrel prices increased to end the week at a more typical spread of 3 cents.

FLUID MILK: Handling of milk and milk components were becoming more unsettled as the week progressed into the weekend. The disruptions occurring early in the holiday week remain in full force ahead of the second holiday. Fluid needs are highly

unsettled with schools and colleges on break this week with many still off the following week. Smaller manufacturing plants are taking extra down days and scaled back on milk ordering around the holidays. While larger manufacturing plants are running on extended schedules at this time, the trade sentiment ranges from expecting no issues handling the milk supply in the West to a more complicated outlook of shipments and juggling in the East. The news along that front is that overall milk production trends have been lower than year ago levels in many Western states. The New Year's holiday is typically a poor milk event for retail and food service; better for eggnog and other cream based items such as cream cheese, sour cream, whipped cream, dips, and similars. However, the vast majority of those items are produced and placed. The current cream markets are sloppy with cream being shipped far and wide at reduced multiples and pricing levels to find a processing home. Milk production patterns were stressed by winter storms and aftermaths in the Midwest and Northeast, and milk processing has been challenging. Milk plants in the Northeast are being run hard to process milk supplies and processors are utilizing all plants and tankers to maximize storage. Discounted milk offerings were common across the Midwest with milk being priced down to \$7 below class to stimulate buyer interest. Production in the Northwest is mostly steady, yet levels are below a year ago in the Southwest.

DRY PRODUCTS: The dry dairy product markets are mainly unchanged in a light test over the last full week of 2012. The holidays have dulled buyers' interests and there are no advantages to being an active market participant. Market participants are aware of the implications of the expiration of the current Farm Bill and the news about the Fiscal Cliff negotiations in Washington, D.C. While official details are elusive, the speculation and conjecture about what could happen are not impacting current week market pricing. Only minor price changes were noted on the nonfat dry milk market with the holiday bringing increased drying schedules. Dry buttermilk prices are unchanged with very light demand. Dry whey prices are steady to lower with more pricing pressure being noted. Additional whey offerings are showing up on the market. Lactose and WCP 34% market pricing are unchanged and untested in light trading.

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

RETAIL DAIRY MARKET NEWS (attached)
ORGANIC DAIRY MARKET NEWS (PAGES 8-8B)NOVEMBER COLD STORAGE (PAGES 9-10)
GRAPHS (PAGE G1)CME GROUP CASH TRADING

COMMODITY	MONDAY DEC 24	TUESDAY DEC 25	WEDNESDAY DEC 26	THURSDAY DEC 27	FRIDAY DEC 28	:: WEEKLY :: CHANGE*	:: WEEKLY :: AVERAGE#
CHEESE							
BARRELS	\$1.6550 (N.C.)	CME	\$1.6550 (N.C.)	\$1.7100 (+.0550)	\$1.7100 (N.C.)	:: :: (+.0550)	:: \$1.6825 :: (+.0420)
40# BLOCKS	\$1.7400 (N.C.)	CLOSED	\$1.7400 (N.C.)	\$1.7400 (N.C.)	\$1.7400 (N.C.)	:: :: (N.C.)	:: \$1.7400 :: (+.0110)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5600 (N.C.)	HOLIDAY	\$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.)	:: :: (N.C.)	:: \$1.5575 :: (N.C.)
BUTTER							
GRADE AA	\$1.4975 (-.0400)		\$1.4975 (N.C.)	\$1.4975 (N.C.)	\$1.4975 (N.C.)	:: :: (-.0400)	:: \$1.4975 :: (-.0600)

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

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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ORGANIC DAIRY MARKET NEWS (DMN): Organic fat-reduced milk sales for October 2012 totaled 144 million pounds. Compared to the previous month, sales increased 15 million pounds or 11.6%. Compared to the same month the previous year, sales increased 8 million pounds or 5.9%. Cumulative organic fat reduced sales, January through October 2012, total 1,338 million pounds, up 34 million pounds compared to the same period a year ago. The national weighted average advertised price of organic milk half gallons, \$3.44, is 39 cents lower than two weeks ago. The price range is \$2.49 to \$4.99, declined 50 cents on the bottom of the price range and was unchanged on the top. This period, the concentration of advertised organic half gallon brands was more heavily weighted toward store brands than national brands. Store brands had the lowest and highest prices in the price range. The weighted average advertised price for national brands is \$3.92 and for store brands, \$3.25. The national weighted average advertised price for organic butter is \$4.01, down from \$4.13 two weeks ago. Prices ranged from \$3.49 to \$4.79. The lowest price for organic butter, \$3.49, is 50 cents below the highest price for conventional butter this period.

RETAIL DAIRY MARKET NEWS (DMN): Holiday themes continued this reporting period with dairy ads geared towards snacking, baking, cooking, and having desserts for holiday meals. Egg nog transcends the holiday season, with national ad numbers 55% higher this period, averaging \$3.39 for a half gallon and \$2.65 for a quart of conventional product, up 7 cents but down 3 cents, respectively.

The national butter price was \$2.75, down 9 cents from 2 weeks ago as features grew 25%. Cheese ad features were higher, with pricing at \$2.32 for 8 oz. shreds, the highest featured cheese item, a 3 cent increase over two weeks ago. Cheese in 8 oz. blocks averaged \$2.29, down 24 cents. Cream cheese average prices were up 2 cents to \$1.49. Regular yogurt ad prices in 4-6 oz. packs increased 11 cent to \$0.54; while Greek yogurt increased 1 cent to \$1.00. Sour cream ad numbers increased 45% and the price was steady at \$1.54 per pint. Ice cream in 48-64oz containers averaged \$3.15, up 7 cents with the top ad category at 18,709 store ads.

The national weighted average advertised conventional milk price for half gallons this period, \$2.95, increased 19 cents from two weeks. The Organic half gallon price averaged \$3.44, down 39 cents from two weeks ago. The resulting organic-conventional half-gallon spread is \$0.49, the lowest spread since this report was started in March 2012.

COLD STORAGE (NASS): On November 30, U.S. cold storage holdings of butter totaled 127.1 million pounds, down 12% from October, but 36% more than November 2011. Natural American cheese holdings total 581.2 million pounds, 0.2% less than October and 2% less than November 2011. Total cheese stocks were 941.8 million pounds, 1% less than last month and 4% less than November 2011.

CME GROUP

MONDAY, DECEMBER 24, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6650; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6550
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4975; LAST OFFER UNCOVERED: NONE

TUESDAY, DECEMBER 25, 2012

HOLIDAY - NO TRADING

WEDNESDAY, DECEMBER 26, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4975; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4700; LAST OFFER UNCOVERED: NONE

THURSDAY, DECEMBER 27, 2012

CHEESE -- SALES: 7 CAR BARRELS: 1 @ \$1.6750, 5 @ \$1.7000, 1 @ \$1.7100; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7075; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4975

FRIDAY, DECEMBER 28, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4900; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price dropped \$0.0400 on Monday and closed at \$1.4975. Butter prices declined in each of the trading sessions leading up to Christmas and tallied a net loss of \$0.0725 with 5 loads transacted. Cream supplies are heavy and nearly all churns are working at/or near capacity in order to handle the increased cream volumes. The increased butter production will invariably add to inventories, but some butter makers have scheduled some domestic and/or export orders to fill this week to limit inventory expansion. All varieties of butter, 80%, 82%, salted and unsalted are in production to fill various current and/or possible future needs. Domestic butter demand has substantially weakened now that holiday orders have been filled. Export demand continues to be fairly good, but a looming Longshoremen's strike could close Eastern and Gulf coast ports and delay shipments and/or possible sales. Current bulk butter prices range from 4-7 cents over the market based on the CME Group with various time frames and averages used. According to the latest NASS Cold Storage report, butter in storage on November 30, totaled 127.1 million pounds, 18.0 million pounds less (-12%) than the prior month stocks, but 33.6 million pounds more (+36%) than November 2011 stocks.

MIDWEST

Churning is active in the Central region as cream sales into Class II facilities are sharply lower. Spot cream loads from the East are also clearing into Central churns as East churns are maxed out on capacity. In some cases, multiples for East spot cream loads are below even market. Most Central region churning is for 80% butter sales, but some butter makers continue to field calls for 82% butter and some churning will be directed toward fulfilling new contracts for the higher butterfat product once the holidays are over. Several butter plant operators indicated this week's early decline in CME Grade AA butter prices that held through today do not encourage strong butter production, but

current cream supplies demand attention. Manufacturers are building bulk butter inventories steadily as print butter interest is lower for the week.

WEST

Western butter prices continued the lower trend of the past few weeks. Cash trading at the CME was below \$1.5000 for the first time since June 14, 2012. Cream markets are sloppy as Class II demand is light for the holidays. Spot loads of cream are finding reluctant buyers and lower multiples. Bulk butter production is increasing as print manufacturing slows after the holiday. Much of the new production is going into inventory. 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 \$2.75 per pound compared to \$2.84 two weeks ago. Increased featuring of butter at the retail level continued from the previous period. Western advertised prices ranged from \$1.78-3.99 per pound. The weighted average for butter in the Northwest was \$2.75 and the Southwest was \$3.07. According to the NASS *Cold Storage* report, stocks of butter as of November 30, 2012, total 127.1 million pounds, +36% or 33.6 million pounds more than November of last year. Butter stocks are at the third highest level for November since 2004. Stocks were 12% lower or 18.0 million pounds less than end of October 2012. Wednesday's close on the CME Group exchange for butter is unchanged at \$1.4975. The cash market was 4 cents lower on Monday's light trading of one load. Sales and offerings are light as expected for the holiday shortened week.

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 22, 2012	1.6017 2,793,846	1.7833 10,729,805	1.7151 10,055,284	0.6678 7,430,335	1.5596 12,302,358

CHEESE MARKETS

NORTHEAST

CME Group cheese prices were unchanged Monday with barrels closing at \$1.6550 and blocks closing at \$1.7400. Trading was very active prior to Christmas with 33 loads of barrels and 6 loads of blocks transacted in the 5 days leading up to the holiday. Domestic demand received support from recent governmental purchases of barrel cheese from domestic food distribution programs. Export demand may be dealt a blow if negotiations between the Longshoremen's Association and the Maritime Alliance fail to come to agreement prior to December 29 strike deadline. A strike would interfere with export shipments out of ports on the East and Gulf coasts. Milk volumes going to vats have increased over the holiday period, increasing production and expanding inventories. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of November 30, 2012 totaled 941.8 million pounds, down 1% compared to one month ago and down 4% from one year ago. A majority of the holdings are in the form of American cheese (61.7%) totaling 581.2 million pounds, slightly less than the amount one month ago and 2% less than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.0%) totaling 329.8 million pounds, 4% less than one month ago and 7% less from one year ago. Swiss cheese accounts for 3.3% of holdings at 30.8 million pounds, up 3% from one month ago and 3% more than one year ago.

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

Cheddar 40# Block	:	2.1300-2.4150
Process 5# Sliced	:	1.8575-1.9775
Muenster	:	2.1500-2.5100
Grade A Swiss Cuts 10 - 14#	:	3.8600-4.1825

MIDWEST

Wednesday's trading on the CME Group saw prices unchanged with barrels closing at \$1.6550 and blocks at \$1.7400. The CME weekly average prices for barrels and blocks declined and lowered Wisconsin wholesale cheese prices. Process American 5# Loaf declined \$0.0025, while all other cheeses with the exception of Swiss Cuts declined \$0.0175. The Swiss Cut wholesale price was unchanged. Cheese production is at higher levels this week as more milk is being channeled to vats as manufacturers work through increased holiday milk volumes. The increases in production will be adding to inventories. Domestic demand is lackluster now that holiday sales have been completed, but there were some recent government purchases of barrel cheese for domestic food distribution programs. Export interest is picking up with increased calls from exporters. Export interest may be stymied if negotiations fail to produce an agreement this week with the Longshoremen's union, which could close port operations along the East and Gulf coasts. It has not yet been determined how the potential lack of a Farm Bill will affect day to day operations at cheese plants, cheese prices or domestic demand. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of November 30, 2012 totaled 941.8 million pounds, down 1% compared to one month ago and down 4% from one year ago.

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

Process American 5# Loaf	:	1.8300-2.5350
Brick And/Or Muenster 5#	:	2.1175-2.6775
Cheddar 40# Block	:	2.1175-2.9900
Monterey Jack 10#	:	2.0875-2.9900
Blue 5#	:	2.3825-3.3675
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9625-3.0900
Grade A Swiss Cuts 6 - 9#	:	3.3800-3.4975

WEST

Western wholesale cheese prices are lower as the weekly average price continues to move lower. The market tone remains unsettled as buyers and sellers look for signs of stability. Cheese production schedules remain busy as more milk is available for manufacturing over the holiday period. Milk production in the West is below year ago levels in many areas and there is sufficient manufacturing capacity to handle any excess offerings. Lower prices have increased interest in making purchases, but sales above contracted needs are slow to develop. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed prices are mostly lower with the exception of the 8 oz. and 1 lb. shred category. The most heavily advertised category of 8 oz. shred cheese was 3 cents higher than two weeks ago at \$2.32 per package. Advertising levels for the 2 lb. block cheese increased from two weeks ago. In the West, prices ranged from \$4.99-8.99 per package. The weighted average in the Southwest was at \$6.10 and the Northwest at \$5.99. According to NASS, *Cold Storage* stocks of cheese (total) at the end of November 2012 are 941.8 million pounds, down 4% or 35.9 million pounds less than November 2011. American stocks were 2% lower, and Other Natural stocks were 7% lower than last year. Swiss stocks at the end of November total 30.8 million pounds, up 3% or 0.8 million pounds more than November 2011. November Swiss stocks in storage are 3% higher or 0.8 million pounds above the previous month. Cheese prices at the CME Group were unchanged on Wednesday. Barrels closed at \$1.6550 and blocks at \$1.7400. Sales at midweek of the holiday shortened period are light with one sale of barrels and no blocks sold by midweek.

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

Process 5# Loaf	:	1.7650-2.0225
Cheddar 40# Block	:	1.8500-2.2025
Cheddar 10# Cuts	:	2.0300-2.2500
Monterey Jack 10#	:	2.0400-2.2000
Grade A Swiss Cuts 6 - 9#	:	3.4375-3.8675

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

BUTTER : CHEESE

	:	
12/24/12	4,730	114,286
12/01/12	4,881	114,041
CHANGE	-151	245
% CHANGE	-3	0

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CHEESE MARKETS

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FOREIGN

The weekly average CME Group block price continued its downward trend and declined for the seventh consecutive week. The decline lowered domestic wholesale foreign type cheese prices by \$0.0175. Swiss cuts and import varieties were unchanged. The International Longshoremen's Association and the Maritime Alliance have agreed to a request by the Federal Mediation and Conciliation Service to resume stalled contract negotiations. The agreement to keep talking is no assurance that a compromise can be reached prior to Sunday's strike deadline. A strike would shut down port operations from Maine to Texas and cause major problems for cheese importers. Importers are reminded that December 31 is the last day for licensees to make entries to fulfill the requirement to use 85% of their calendar year 2012 license amount. It is also the last day for which calendar year 2012 licenses are valid.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2700-3.7575*
Gorgonzola	: 3.6900-6.1900	: 2.7725-3.2275*
Parmesan (Italy)	: -0-	: 3.6600-5.7500*
Provolone (Italy)	: 3.4400-5.5800	: 2.3125-2.4700*
Romano (Cows Milk)	: -0-	: 3.4600-5.6100*
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.

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	94	0	70	0	20
SOUTHEAST STATES	0	0	0	0	0	0

The yearend holidays are here and so are the heavy manufacturing milk supplies. Milk supplies are burdensome from the Southeast to the Northeast with major unloading delays developing at most balancing plants. To complicate matters, plant managers are not sure how the absence of a Farm Bill will affect their operations next week, a major winter storm is moving from the Mid-Atlantic region to the Northeast and Longshoremen are set to go on strike December 29. Milk production is increasing along the seasonal trend in the East and Class I demand is weak with schools closed for the holidays. The Florida milk supply situation is in better balance than the rest of the East as Class I demand remains fairly good. A return of cooler weather has increased cow comfort levels and milk production. Export spot loads increased to 94 this week. Cream supplies are very heavy with numerous loads moving to the Midwest at significant discounts. Cream has no place to go, but to churns as most cream based product manufacturers are shut down for the holidays or are limiting their production to match their contracted cream supplies. Finding truckers to move loads is becoming an increasing problem as unloading delays and weather problems are taking their toll. Multiples declined significantly and range from 85-110 and are dependent on need, day of week and location. Condensed skim supplies are also very heavy with few alternatives to drying nonfat dry milk as many Class II manufacturers are on extended holiday shut downs. There are few spot sales of condensed skim milk, but what limited transactions are occurring, include significant discounts. Truckers at drying operations are experiencing increasing unloading delays as milk supply volumes overwhelm drying operations, even when operating at capacity.

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 -	1.3239-1.7133
F.O.B. producing plants: Upper Midwest -	1.5575-1.6821

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.29 - 1.54
Northeast - Class III - spot prices -	1.48 - 1.68

MIDWEST

Central farm milk intakes are building steadily, to the surprise of many milk handlers in the region. Several contacts indicate they anticipated milk production would register a decrease once Central dairy producers were actively feeding 2012 crop silage. At this point, though, the anticipated drop in farm milk volumes has yet to materialize. Milk processors are busy this week. Weak demand from many fluid accounts means more milk volumes are looking for processing room throughout the region. Offered discounts on spot milk loads range down to \$6 and \$7 under Class prices, but several manufacturers note that even offers of milk loads at \$7 below Class

doesn't provide enough incentive to purchase milk when plants are already at maximum processing capacity. Production of butter and nonfat dry milk is active in the region. Spot cream loads are widely available on the market, but several churn operators indicate they are currently bypassing spot offers due to the need to process internal cream supplies on a timely basis. Class II cream multiples reportedly range from flat to just under 1.10, depending on timing and location. Late last week, winter storms caused some disruptions in milk pickups and transportation problems grew as snow accumulation added up. A number of Central cheese plants suffered power outages for extended periods, which kept truckers waiting to unload. A dryer fire also slowed processing of condensed skim into nonfat dry milk. Another snowstorm is advancing through the Ohio Valley this week, causing some delays in transportation.

WEST

CALIFORNIA milk production trends are following recent patterns and remain affected by many, constant factors. Wet weather conditions are generally neutral to milk output. The positive factors for crop moisture and future water availability are noted. Milk prices are currently favorable, but finished product prices utilized in milk pricing formulas are trending steady to lower. Input costs have stabilized. Farm selloffs and cow culling continue to impact the short term milk supply. However, there are no issues expected handling the holiday week milk supplies across the state. ARIZONA and NEW MEXICO milk supplies are running several percentage points below a year ago. Processors are moving milk around to balance the supplies over the holiday weekend and expect plants to be active in handling milk. CREAM markets and prices are under pressure handling the end of the year placements and shipments. Demand is unsettled as many producers of cream based products have idled their plants. With the holiday season over for many cream-based items, cream movements are tending to move into butter plants for processing. Output of bulk butter is increasing as sales of print decline. The CME Grade AA butter price closed at \$1.4975 on Wednesday, December 26, down 6.25 cents from a week ago. Cream multiples are lower on the top end of the 90 to 115 range, and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST is following seasonal trends. Rainy weather along the coastal areas is mixed with snow in the mountains. There is some increased movement of milk within the region to balance additional supplies from Class I plants that have reduced schedules during the holidays. Cooler weather in the High Desert has left some snow across the area. Transportation of milk to manufacturing plants has not been severely affected by the weather. UTAH and IDAHO milk supplies are up slightly as some Western milk is moving into the area for processing. Weather has yet to have a detrimental effect on milk handling. Manufacturing capacity is sufficient to process any additional milk, with some new added capacity coming on line.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are unchanged to slightly higher for the week, based on fluctuations in variable pricing indices. Buyer interest is light for NDM spot loads as the year winds down. Fluid demand is sharply lower from school accounts. Class II accounts are also calling for fewer loads of condensed skim. Nonfat dry milk production is at maximum capacity at several balancing plants in the Central region. Winter storms at the end of last week caused transportation problems in the North Central region. Power outages from the storms also stalled some processing in the Central region. A dryer fire reportedly disrupted milk processing for a short while, also. Low heat nonfat dry milk inventories are building steadily from week to week.

EAST: Prices for low heat nonfat dry milk moved marginally higher, supported by price increases for transactions based on various price indices. Prices for high heat nonfat dry milk declined on the low end of the range. Nonfat dry milk production has increased dramatically this week as most condensed skim milk supplies are being channeled to dryers, due to numerous dairy product manufacturers being closed for the holiday period. Manufacturers' inventories are building as most buyers are only purchasing for immediate needs, not wanting to build their inventories prior to the end of the year. Many in the industry are standing on the sidelines waiting to see how the fiscal cliff, milk cliff, and possible Longshoreman strike issues resolve themselves prior to implementing their business strategies. Heavy nonfat dry milk production is expected through the holiday period. Production is focused on low heat nonfat dry milk in order to more quickly clear the increased milk supply. Movement of product was primarily through contracts with very limited spot market activity. The market undertone has turned weak as inventories build over the holiday period.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5100 - 1.6300 MOSTLY: 1.5300 - 1.6150
 HIGH HEAT: 1.6400 - 1.6800

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are unchanged to slightly higher in light trading. The market tone is steady. Demand is light during this holiday week with many buyers on the sidelines. Contract negotiations have ceased because of the time of year. Drying activity is increasing to process additional milk and solids entering manufacturing plants. Current stock levels are light to moderate and building. High heat prices are slightly higher on the top end of the range, reflecting the higher trends of pricing indices. Production of high heat is idling a bit as producers optimize the throughput of dryers during the holiday push and make low heat. High heat stocks are generally on the light side of average.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.6050 MOSTLY: 1.5100 - 1.5600
 HIGH HEAT: 1.5200 - 1.6450

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged. Spot market interest is light for the week as the year draws to a close. Demand for contract cream is reportedly steady at prearranged volumes. Spot cream load availability is improved in the Central region compared to last week. Central Class II demand decreased sharply as many ice cream plants are processing only minimum volumes of cream. Also, sellers in the East region are trying to find extra-regional processing room for cream loads. Several Central region butter/dry buttermilk manufacturers indicate they are already at capacity on cream volumes from internal intakes. Strong churning activity sparked by ample cream supplies is sending many dry buttermilk loads to manufacturers' inventories.

EAST: Prices for dry buttermilk remained unchanged this week. Churning is at/or near capacity as plants try to deal with the heavy holiday cream supplies and as a result dry buttermilk production is also near capacity levels. Production is moving through contracts and adding to inventories. Spot market activity is all but nonexistent. Production of dry buttermilk is expected to remain heavy over the holiday period with manufacturers significantly expanding their inventories. Demand for dry buttermilk is declining as most end users have adequate supplies to complete yearend production and are not inclined to expand inventories. The market undertone is weak.

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

DRY BUTTERMILK - WEST

Prices are unchanged for Western dry buttermilk prices. The market tone is steady to slightly unsettled. Offerings are limited. Buyer interest has slowed this week as holdings are adequate for the limited needs. Drying schedules are higher over the yearend holidays with butter churning active and the utilization of condensed buttermilk limited. Stocks are light to moderate and building.

F.O.B. WEST: 1.4500 - 1.5500 MOSTLY: 1.4700 - 1.5150

DRY WHOLE MILK - NATIONAL

Prices held steady for dry whole milk. Buyers/sellers indicate interest this week is flat. Manufacturers' inventories are adequate for meeting near term contract needs. Dry whole milk production at most plants is delayed until after holiday milk volumes clear.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 21	\$1.5262	5,620,376	0
December 14	\$1.5274	7,733,091	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 mostly steady for the week. Buyers are generally reluctant to inventory additional dry whey, especially when future pricing is uncertain. Cheese and dry whey production in the Central region is pushing higher throughout this week. Slowing fluid and Class II demand sent additional farm milk volumes into cheese operations and balancing plants this week. Some spot milk transferred to cheese operations at below Class prices, but several other cheese manufacturers indicate their cheese plants are fully occupied by internal milk supplies. Dry whey production is steady to higher this week due to enhanced milk availability. ANIMAL FEED DRY WHEY prices are steady. Most feed blenders indicate they are closing the year with supplies on hand and will wait until 2013 to reassess dry whey needs.

F.O.B. CENTRAL: .5700 - .6850 MOSTLY: .6300 - .6500
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4750 - .6300

DRY WHEY - NORTHEAST

Dry whey prices declined this week as spot sales moved the low end of the range lower. Dry whey production declined marginally this week as some cheese makers shut down for the Christmas holiday. Current production is moving through contracts and adding to inventories. Some manufacturers' inventories have been expanding in recent weeks, which brought about discounts on the spot market in an effort to better balance their supplies. Dry whey production is expected to be fairly steady through the holiday period. Domestic demand remains fairly weak as buyers have adequate supplies for yearend needs and are not inclined to expand inventories. Export demand is fairly good, but may be stymied if Longshoremen on the East and Gulf coasts go on strike. A strike deadline is set for December 29. The market undertone remains weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5800 - .7200

DRY WHEY - WEST

Western dry whey prices are lower on the top of the range and the mostly series. The market tone is weak at the top as export prices weigh on the overall price. Contract domestic buyers are pushing back on some of their obligations as their inventories are said to be building. International prices are currently at a discount to domestic prices. Increased cheese production over the holiday period has led to higher levels of whey production. Demand for additional loads of whey for the domestic market has slowed with buyers looking to move purchases to 2013 books.

NONHYGROSCOPIC: .5400 - .6725 MOSTLY: .6000 - .6500

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged for the week, due to light F.O.B. spot trading activity. Availability of spot loads tightened this week compared to just two weeks ago, and few buyers and/or end users are actively trying to build inventories as the year draws to a close. Contract pricing is steady. One or two manufacturers indicate they are either behind on contract fulfillment or in an oversold position on spot loads. WPC 34% production is steady to increasing this week as a response to early in the week decreases in fluid demand that sent additional milk volumes into cheese operations.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1800 - 1.3300 MOSTLY: 1.2325 - 1.2600

LACTOSE - CENTRAL AND WEST

Light spot activity kept lactose prices unchanged for the week. Lactose production is steady to higher due to improved cheese milk availability. Lactose inventories are unchanged to improving, depending on cheese production. Contracting activity is lower for the week due to the holiday, but a few contracts were finalized early in the week.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL: .5300 - .8700 MOSTLY: .7200 - .8200

CASEIN - NATIONAL

Prices for both acid and rennet type caseins are unchanged. The market tone is generally steady. Product is in place to service current and nearby needs. Trade information was limited during the holiday shortened week. Casein utilization has been slow over the yearend with many plants taking additional downtime.

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
12/08/2012	67.8	2,914.8	61.6	2,793.6

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

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

CLASS III MILK PRICES (3.5% BF)

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

CLASS IV MILK PRICES (3.5% BF)

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

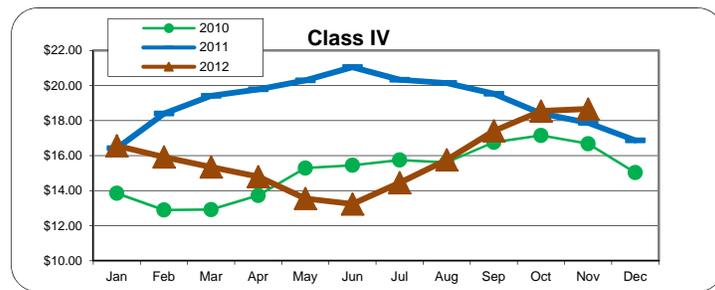
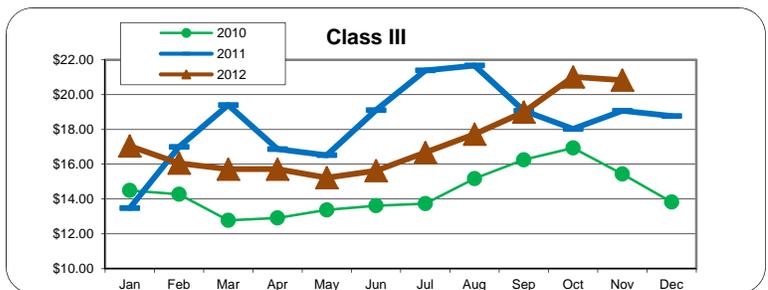
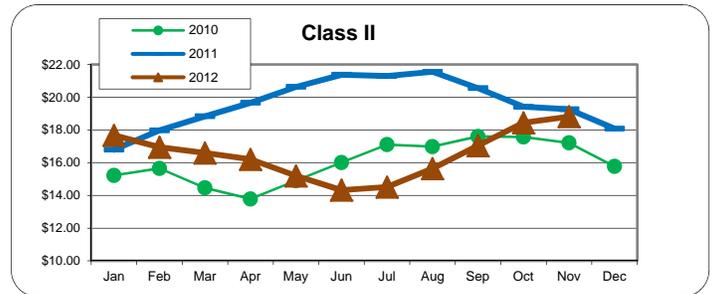
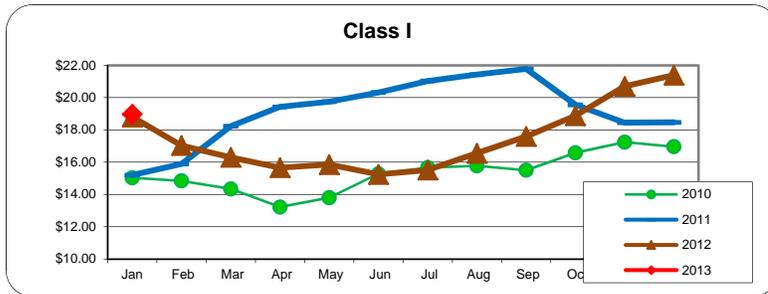
FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	20.70	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	

FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97											
II												
III												
IV												

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."



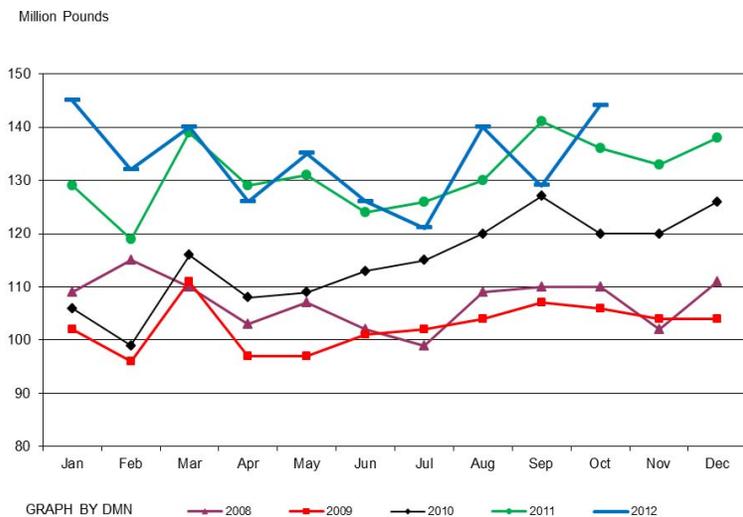
ORGANIC DAIRY MARKET NEWS

Information gathered December 17 - 28, 2012

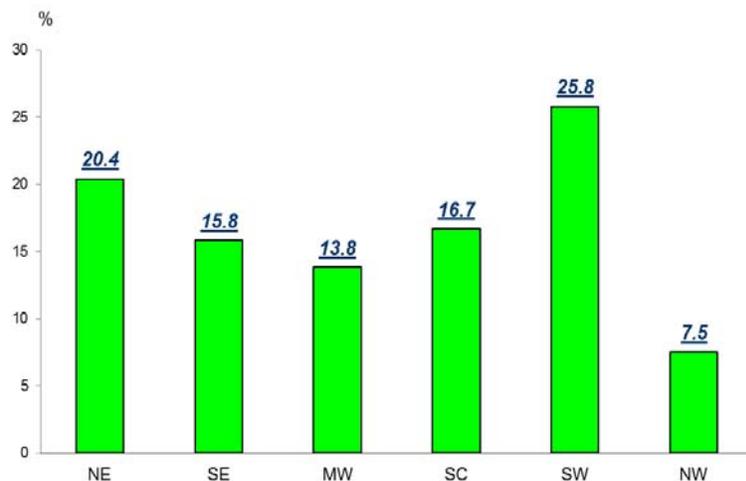
ORGANIC DAIRY FLUID OVERVIEW

Organic Fat-Reduced Milk Sales: Organic fat-reduced milk sales for October 2012 totaled 144 million pounds. Compared to the previous month, sales increased 15 million pounds or 11.6%. Compared to the same month the previous year, sales increased 8 million pounds or 5.9%. Cumulative organic fat reduced sales, January through October 2012, total 1,338 million pounds, up 34 million pounds compared to the same period a year ago.

Estimated Total U.S. Sales Of Organic Fat-Reduced Milk



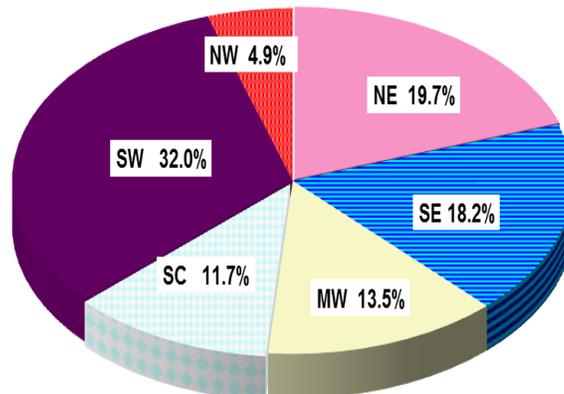
Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 52, 2012



Organic Milk. The Southwest surpassed the Northeast as the regions' leader with 32% of the organic milk ads. The Northeast had 19.7% of the ads followed by the Southeast, 18.2%; the Midwest, 13.5%; South Central, 11.7%; and the Northwest, 4.9%.

ORGANIC MILK FEATURES

Regional % of Nationally Surveyed Supermarket Ads Report - Week 52, 2012



ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy advertising volume this survey period continued to increase and reached the third highest volume of the year. Organic milk ads dominated organic dairy ads, but declined in numbers compared to the previous reporting period. Organic yogurt ad volume declined again and fell to the yearly low point.

Organic milk's share of total organic dairy ad numbers is 48%. This is followed by organic butter, 30%; organic egg nog, 11%; organic cheese, 5%; organic yogurt, 4%; and organic ice cream, 2%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period December 15, 2012, to December 29, 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 continue to be more evenly balanced in percentage of national ads than in recent reports. Regional percentages include the Southwest, 25.8%; the Northeast, 20.4%; the South Central, 16.7%; the Southeast, 15.8%; Midwest, 13.8 and Northwest at 7.5%.

The vast majority of the organic milk ads, 70%, are for half gallons, with 17% for 8 ounce containers and 13% for gallons.

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.44, is 39 cents lower than two weeks ago. The price range is \$2.49 to \$4.99, declined 50 cents on the bottom of the price range and was unchanged on the top. This period, the concentration of advertised organic half gallon brands was more heavily weighted toward store brands than national brands. Store brands had the lowest and highest prices in the price range. The weighted average advertised price for national brands is \$3.92 and for store brands, \$3.25.

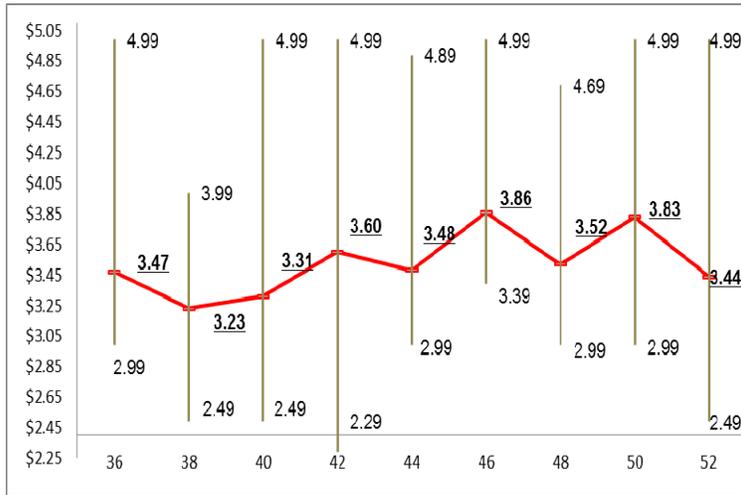
CONTINUED ON PAGE 8A

ORGANIC DAIRY MARKET NEWS

Information gathered December 17 - 28, 2012

CONTINUED FROM PAGE 8

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



ORGANIC MILK GALLONS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	44.6	5.49
SE	20.2	5.99
MW	35.2	5.56
SC	00.0	----
SW	00.0	----
NW	00.0	----
US		5.62

Organic Yogurt. Organic yogurt ads appeared for 32 ounce organic yogurt as well as 4-6 ounce Greek yogurt. There were no ads for 4-6 ounce organic yogurt. The ads appeared in only three regions. The Northeast had the greatest percentage of ads, 66.0%, all ads for 32 ounce yogurt. The South Central Region had 18.3% of the ads and all of the ads were for 32 ounce yogurt. Greek yogurt ads in 4-6 ounce containers appeared in the Midwest, with 15.7% of total yogurt ads.

ORGANIC MILK HALF GALLON ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	19.9	4.07
SE	22.3	3.31
MW	11.7	2.89
SC	16.7	3.05
SW	22.4	3.73
NW	07.0	2.99
US		3.44

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 \$3.44, also determined the weighted average advertised price for non-organic half gallons as \$2.95, an organic-conventional half-gallon milk advertised price spread of \$0.49, compared with \$1.07 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.

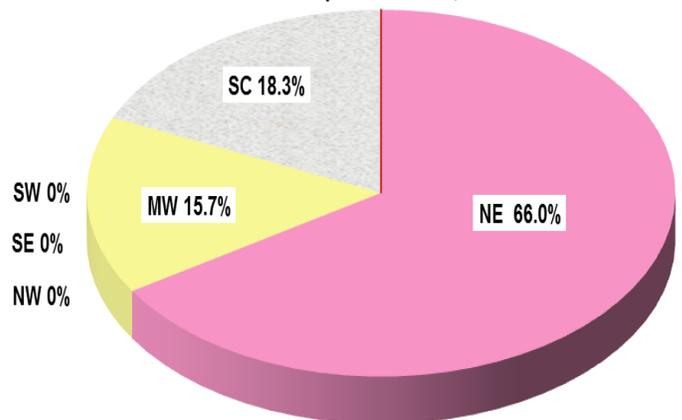
ORGANIC MILK 8 OUNCE ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	00.0	----
MW	05.0	1.00
SC	00.0	----
SW	95.0	1.00
NW	00.0	----
US		1.00

Organic Milk Gallons. Ads for organic gallons were significantly higher this week with ads appearing in 3 of the 6 regions. The national weighted average advertised price organic gallons, \$5.62, is 33 cents lower from two weeks ago.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 52, 2012



32 Ounce Organic Yogurt. Ads for organic yogurt in 32 ounce containers ranged in price from \$3.39-\$3.49 and had a national weighted average price of \$3.47.

4-6 Ounce Organic Greek Yogurt. Ads for Greek Yogurt in 4-6 ounce containers ranged from \$1.25 to \$1.29 in price, with a national weighted average advertised price of \$1.27.

1 Pound Organic Butter. Organic butter ads occurred in five of the six regions. The weighted average advertised price is \$4.01, down from \$4.13 two weeks ago. Prices ranged from \$3.49 to \$4.79.

1 POUND ORGANIC BUTTER ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	00.0	----
SE	24.3	4.06
MW	22.7	3.99
SC	18.3	3.99
SW	30.0	3.99
NW	04.7	3.99
US		4.01

ORGANIC DAIRY MARKET NEWS

Information gathered December 17 - 28, 2012

CONTINUED FROM PAGE 8A

The lowest price for organic butter, \$3.49, is 50 cents below the highest price for conventional butter this period.

Organic Cheese. Ads for organic cheese in 8 ounce blocks and shreds appeared in the Northeast region. All prices for 8 ounce blocks were \$4.99 and for 8 ounce shredded cheese packages, \$3.49.

Organic Ice Cream. Ads for organic ice cream in 48-64 ounce containers appeared in the Northeast and Northwest regions. Prices ranged from \$4.99 to \$5.99, with a weighted average advertised price of \$5.31.

Organic Egg Nog. Ads for half gallon containers of organic egg nog only appeared in the Northwest region and all prices were at \$3.99. Ads for Organic egg nog in quart containers appeared in 4 of the six regions with prices ranging from \$2.99-\$4.49. The national weighted average price was \$3.88.

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 52**

	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	3.49*	4.89	1.40*
Reduced fat (2%)	3.49*	4.89	1.40*
Low fat (1%)	3.49*	4.89	1.40*
Nonfat (Skim)	3.49*	4.89	1.40*
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	4.49*	6.19	1.70*

* = 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 to the year to move inventories. Plus, buyers are hesitating to make any purchases at current prices as expectations are for the market to soften first quarter of 2013. Feed grade corn prices trended mostly steady on limited trading. Demand for current shipment 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 basis. Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated

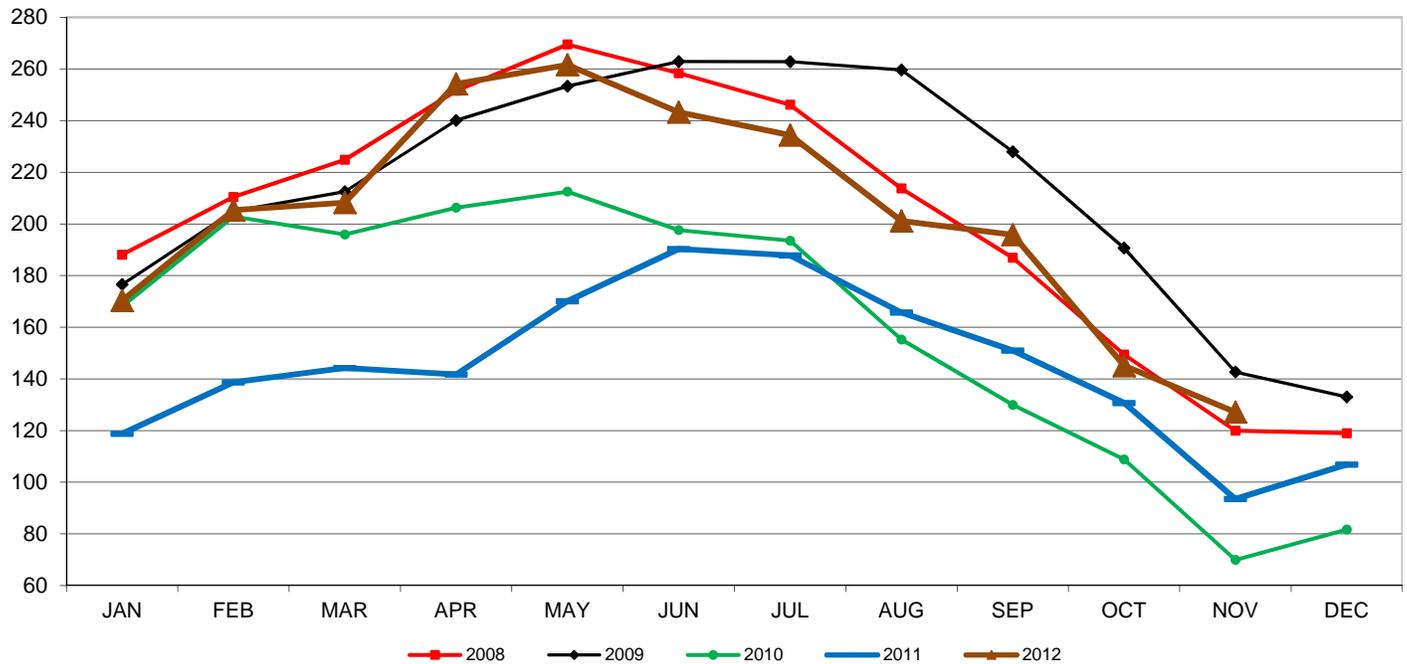
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	OCT 31, 2010	OCT 31, 2011	REVISED OCT 31, 2012	NOV 30, 2010	NOV 30, 2011	NOV 30, 2012
Butter	108,809	130,684	145,098	69,932	93,523	127,141
Cheese, Natural American	639,035	619,376	582,411	625,348	592,773	581,246
Cheese, Swiss	28,605	32,241	30,021	28,877	30,073	30,845
Cheese, Other Natural	390,175	366,010	342,721	371,892	354,919	329,758
Total Cheese	1,057,815	1,017,627	955,153	1,026,117	977,765	941,849

NOVEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
New England	38,637	42,737	35,013	---	---	---	547	1,154	837
Middle Atlantic	51,691	44,786	39,744	---	---	---	14,114	17,965	14,314
East North Central	257,015	250,345	248,024	---	---	---	258,112	256,723	249,843
West North Central	84,401	105,812	105,308	---	---	---	63,877	41,128	29,652
South Atlantic	3,594	88	559	---	---	---	6,305	5,774	4,510
East South Central	4,155	1,278	2,840	---	---	---	89	324	893
West South Central	1,877	1,555	2,984	---	---	---	1,103	1,154	604
Mountain	77,570	47,296	53,197	---	---	---	5,795	5,742	7,386
Pacific	106,408	98,876	93,577	---	---	---	21,950	24,955	21,719
TOTAL	625,348	592,773	581,246	69,932	93,523	127,141	371,892	354,919	329,758

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

MILLION POUNDS

U.S. BUTTER COLD STORAGE HOLDINGS



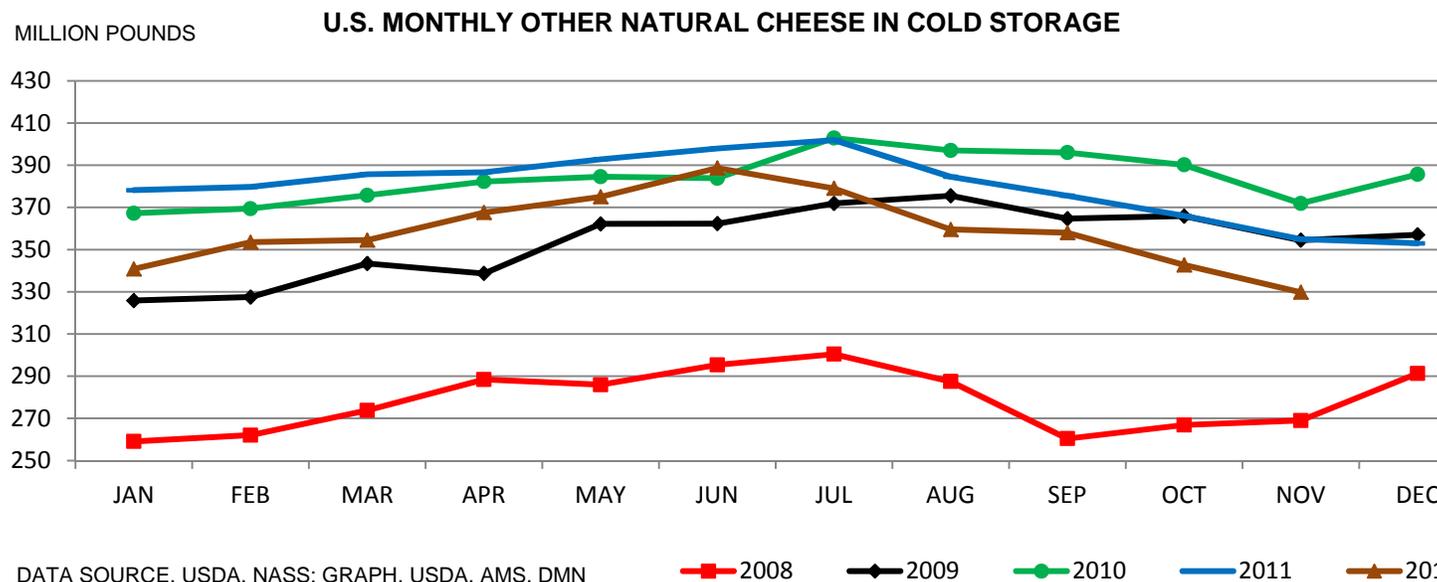
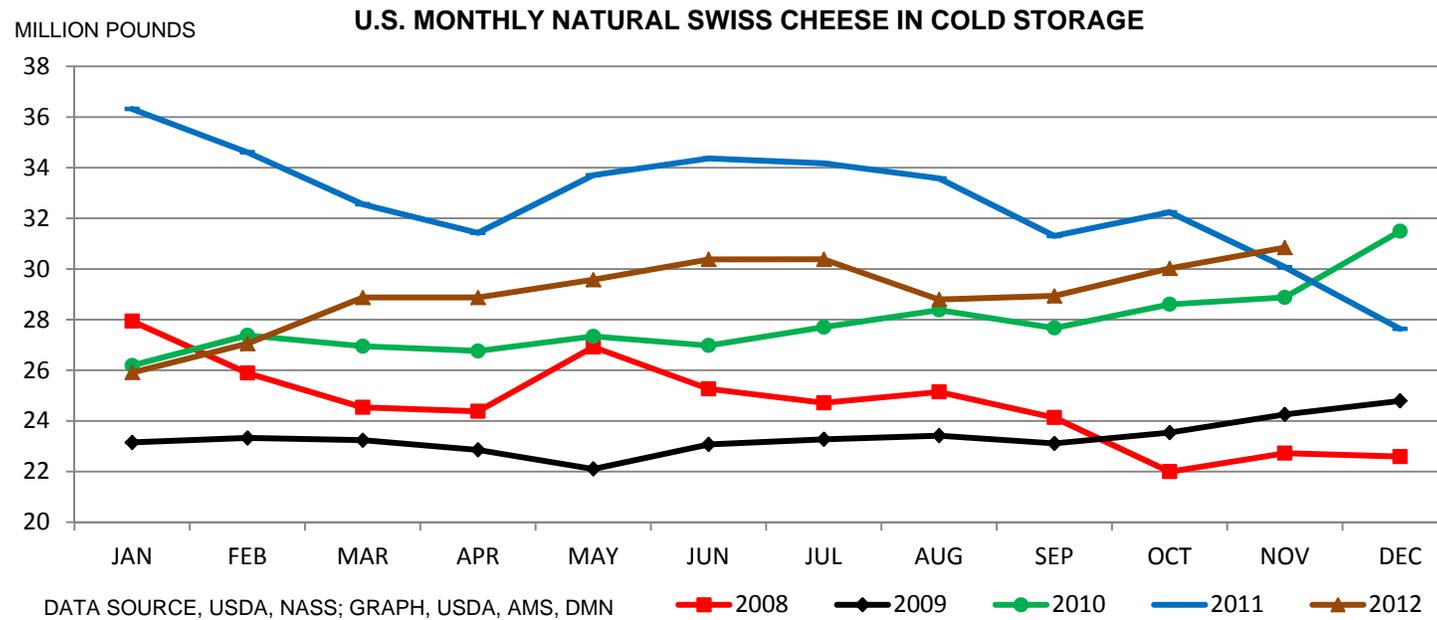
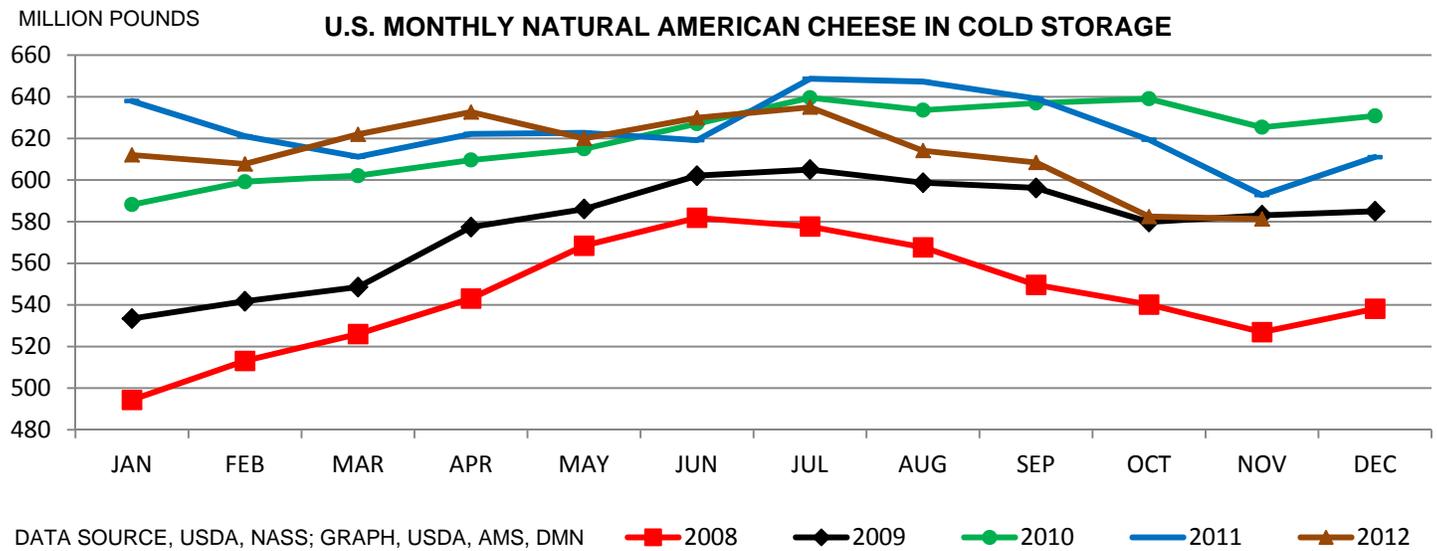
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2011 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total ^{1/}		Commercial		Government	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Million Pounds		Million Pounds		Million Pounds					
January	170	119	612	638	159	128	159	128	0	0
February	205	139	608	621	193	122	193	122	0	0
March	208	144	623	611	210	119	210	119	0	0
April	254	142	633	622	226	147	226	147	0	0
May	262	170	620	623	215	163	215	163	0	0
June	243	190	629	619	144	186	144	186	0	0
July	234	188	635	649	129	192	129	192	0	0
August	201	166	614	647	106	168	106	168	0	0
September	196	151	608	639	118	151	118	151	0	0
October	145	131	582	619	104	143	104	143	0	0
November	127	94	581	593		146		146		0
December		107		611		165		165		0

^{1/} Includes instant nonfat dry milk.

Source: U.S. Department of Agriculture. Farm Service Agency. *Summary of Processed Commodities, September 2012*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, December 2012*.



DAIRY MARKET NEWS

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EAST

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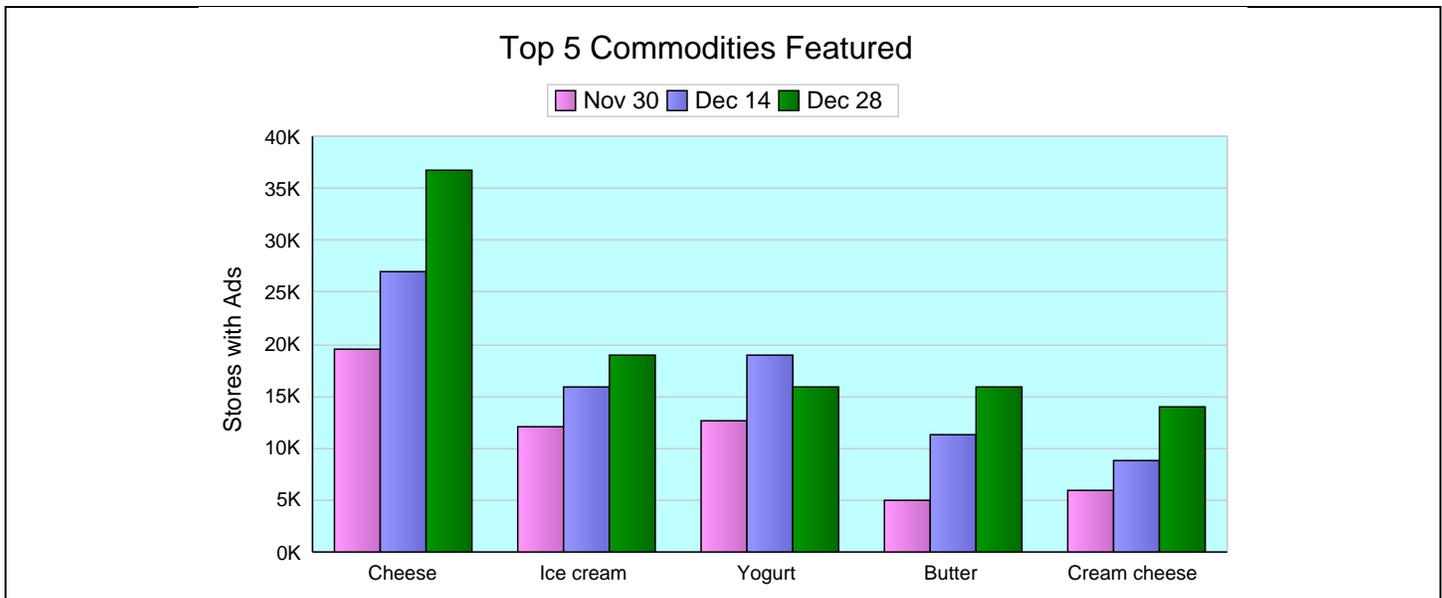
Thursday, December 27, 2012

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 12/17 to 12/28

Holiday themes continued this reporting period with dairy ads geared towards snacking, baking, cooking, and having desserts for holiday meals. Egg nog transcends the holiday season, with national ad numbers 55% higher this period, averaging \$3.39 for a half gallon and \$2.65 for a quart of conventional product, up 7 cents but down 3 cents, respectively.

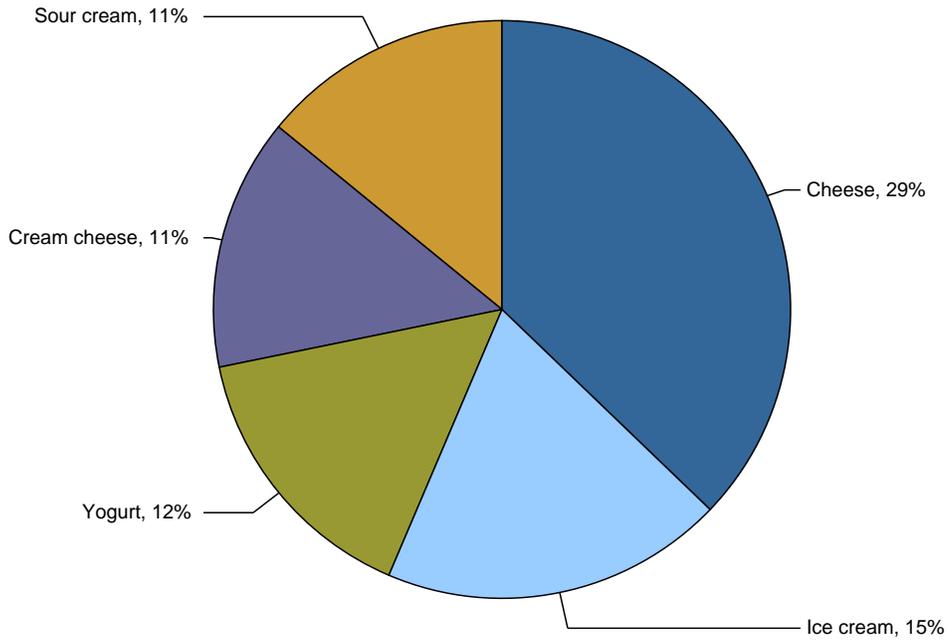
The national butter price was \$2.75, down 9 cents from 2 weeks ago as features grew 25%. Cheese ad features were higher, with pricing at \$2.32 for 8 oz. shreds, the highest featured cheese item, a 3 cent increase over two weeks ago. Cheese in 8 oz. blocks averaged \$2.29, down 24 cents. Cream cheese average prices were up 2 cents to \$1.49. Regular yogurt ad prices in 4-6 oz. packs increased 11 cent to \$0.54; while Greek yogurt increased 1 cent to \$1.00. Sour cream ad numbers increased 45% and the price was steady at \$1.54 per pint. Ice cream in 48-64oz containers averaged \$3.15, up 7 cents with the top ad category at 18,709 store ads.

The national weighted average advertised conventional milk price for half gallons this period, \$2.95, increased 19 cents from two weeks. The Organic half gallon price averaged \$3.44, down 39 cents from two weeks ago. The resulting organic-conventional half-gallon spread is \$0.49, the lowest spread since this report was started in March 2012.

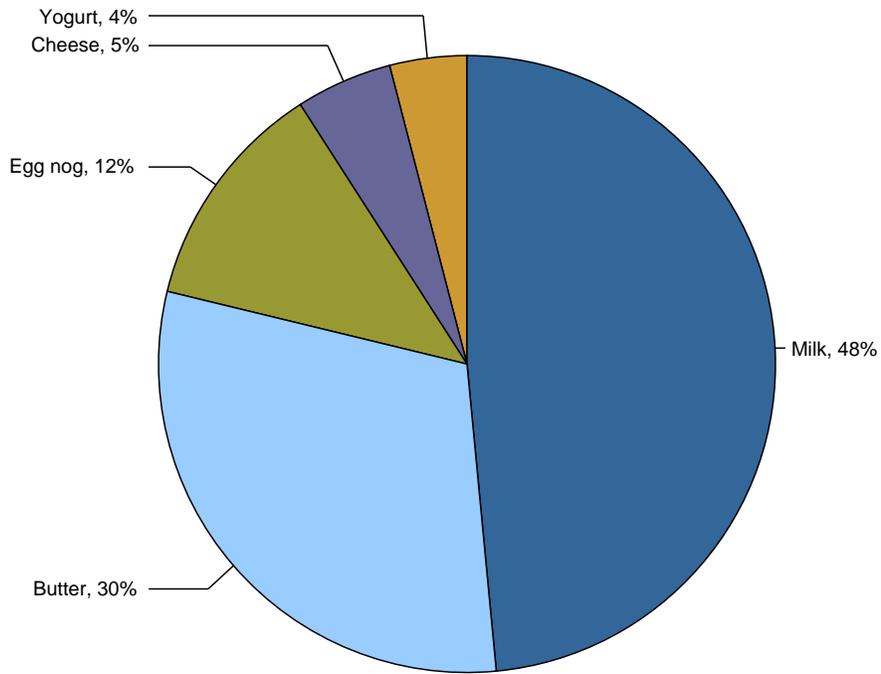


1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

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 #	13332	2.75	10663	2.84
Cheese	Natural Varieties	8 oz block	11640	2.29	7419	2.53
Cheese	Natural Varieties	1 # block	3713	3.82	4649	4.61
Cheese	Natural Varieties	2 # block	4016	5.93	2724	8.07
Cheese	Natural Varieties	8 oz shred	16495	2.32	9897	2.29
Cheese	Natural Varieties	1 # shred	492	4.78	2213	3.41
Cottage cheese		16 oz	971	2.37	1918	2.18
Cream cheese		8 oz	14038	1.49	8890	1.47
Egg nog		quart	2692	2.65	1721	2.68
Egg nog		half gallon	7822	3.39	5048	3.32
Flavored milk	All fat tests	half gallon	520	2.00	725	2.57
Flavored milk	All fat tests	gallon	160	2.93	1051	4.15
Ice cream		48-64oz	18709	3.15	15789	3.08
Milk	All fat tests	half gallon	706	2.95	1741	2.76
Milk	All fat tests	gallon	1798	3.12	1401	2.93
Sour cream		16 oz	13472	1.54	9303	1.54
Yogurt	Greek	4-6 oz	10025	1.00	8454	.99
Yogurt	Greek	32 oz	639	3.10	685	3.85
Yogurt	Yogurt	4-6 oz	3794	.54	7549	.43
Yogurt	Yogurt	32 oz	1078	2.07	1392	2.10

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	2978	2.82	1.99-3.50	2935	2.68	1.49-3.50	2140	2.42
Cheese	Natural Varieties	8 oz block	1.67-3.99	3870	2.33	1.67-3.48	3825	2.35	1.29-2.99	1502	2.13
Cheese	Natural Varieties	1 # block	1.99-6.99	2826	3.23						
Cheese	Natural Varieties	2 # block	5.00	149	5.00	5.00-6.78	305	6.18	5.00	185	5.00
Cheese	Natural Varieties	8 oz shred	1.50-3.99	3947	2.46	1.67-2.99	3603	2.09	1.29-2.99	2552	2.10
Cheese	Natural Varieties	1 # shred	3.50	68	3.50						
Cottage cheese		16 oz	1.99-2.99	716	2.49				1.89-2.00	128	1.92
Cream cheese		8 oz	0.99-2.00	2642	1.42	0.98-2.00	2843	1.28	0.77-2.50	2518	1.33
Egg nog		quart	1.99-3.99	1170	2.92	1.99	105	1.99	1.99-2.50	272	2.32
Egg nog		half gallon	3.49-4.99	1902	4.17	2.98-4.19	1086	3.23	2.00-3.99	1337	3.35
Flavored milk	All fat tests	half gallon	1.99	128	1.99				1.99-2.29	191	2.25
Flavored milk	All fat tests	gallon							2.59-3.66	160	2.93
Ice cream		48-64oz	1.99-3.99	3863	2.81	1.99-5.99	2720	3.04	2.50-5.00	2584	3.16
Milk	All fat tests	half gallon	2.99	68	2.99	1.79-3.50	259	3.22	2.99	244	2.99
Milk	All fat tests	gallon				2.99-3.29	1319	3.27	2.49-3.29	363	2.65
Sour cream		16 oz	0.99-2.00	3683	1.57	0.98-2.09	2361	1.50	0.77-2.49	1652	1.29

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	0.89-1.25	2529	1.02	0.95-1.00	2313	1.00	0.79-1.00	700	.95
Yogurt	Greek	32 oz	2.50-3.99	610	3.11						
Yogurt	Yogurt	4-6 oz	0.39-0.60	1731	.50	0.50-0.60	1722	.59	0.48-0.59	219	.57
Yogurt	Yogurt	32 oz	1.89-2.50	531	2.04				1.99-2.99	432	2.06

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.78-3.69	1656	2.68	1.99-3.49	2630	3.07	1.78-3.99	993	2.75
Cheese	Natural Varieties	8 oz block	0.99-3.00	924	2.25	1.99-2.99	1129	2.34	1.50-2.50	390	1.93
Cheese	Natural Varieties	1 # block	3.79-4.99	75	4.48	3.47-4.99	256	4.79	4.99-6.99	556	6.26
Cheese	Natural Varieties	2 # block	5.00-7.99	402	5.32	4.99-8.99	2741	6.10	5.99	234	5.99
Cheese	Natural Varieties	8 oz shred	0.99-3.50	2415	2.17	1.79-3.50	3041	2.59	1.99-3.50	937	2.78
Cheese	Natural Varieties	1 # shred				4.99	222	4.99	4.99	202	4.99
Cottage cheese		16 oz				1.99	64	1.99	1.99-2.50	63	2.22
Cream cheese		8 oz	0.79-2.50	1767	1.40	0.99-2.50	3101	1.88	0.98-2.50	1167	1.65
Egg nog		quart	1.99-2.99	699	2.46	1.67-2.99	328	2.38	3.29	118	3.29
Egg nog		half gallon	2.99-3.99	776	3.07	2.50-2.99	1967	2.96	2.99-4.59	754	3.20
Flavored milk	All fat tests	half gallon	1.77	201	1.77						
Ice cream		48-64oz	1.59-4.50	2183	3.38	1.97-3.99	5543	3.23	2.50-3.99	1816	3.49
Milk	All fat tests	half gallon	2.29-2.50	106	2.43				1.98	29	1.98
Milk	All fat tests	gallon	2.59-3.00	116	2.90						
Sour cream		16 oz	0.98-2.00	1525	1.51	0.99-2.49	3386	1.66	1.25-2.00	865	1.65
Yogurt	Greek	4-6 oz	1.00	524	1.00	1.00	2783	1.00	1.00	1176	1.00
Yogurt	Greek	32 oz							2.99	29	2.99
Yogurt	Yogurt	4-6 oz	0.33-0.59	88	.44	0.50	34	.50			
Yogurt	Yogurt	32 oz	2.50	43	2.50	1.99-2.00	72	2.00			

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 #	2504	4.01	715	4.13
Cheese	Natural Varieties	8 oz block	173	4.99		
Cheese	Natural Varieties	8 oz shred	235	3.49		
Egg nog		quart	914	3.88	192	3.68
Egg nog		half gallon	80	3.99	143	3.99
Ice cream		48-64oz	174	5.31	178	5.30
Milk	All fat tests	half gallon	2817	3.44	4106	3.83
Milk	All fat tests	gallon	520	5.62	105	5.99

Wtd Avg - Simple weighted average



Milk	All fat tests	8 oz UHT	694	1.00	587	1.00
Yogurt	Greek	4-6 oz	56	1.27	354	1.08
Yogurt	Yogurt	4-6 oz			541	1.00
Yogurt	Yogurt	32 oz	300	3.47		

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	610	4.06	3.99	569	3.99
Cheese	Natural Varieties	8 oz block	4.99	173	4.99						
Cheese	Natural Varieties	8 oz shred	3.49	235	3.49						
Egg nog		quart	4.49	232	4.49						
Ice cream		48-64oz	5.99	56	5.99						
Milk	All fat tests	half gallon	3.99-4.69	562	4.07	2.99-3.79	627	3.31	2.49-2.99	329	2.89
Milk	All fat tests	gallon	5.49	232	5.49	5.99	105	5.99	5.49-5.95	183	5.56
Milk	All fat tests	8 oz UHT							1.00	34	1.00
Yogurt	Greek	4-6 oz							1.25-1.29	56	1.27
Yogurt	Yogurt	32 oz	3.49	235	3.49						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.49-4.79	457	3.99	3.99	750	3.99	3.99	118	3.99
Egg nog		quart	2.99-3.99	421	3.63	3.99	143	3.99	3.49	118	3.49
Egg nog		half gallon							3.99	80	3.99
Ice cream		48-64oz							4.99	118	4.99
Milk	All fat tests	half gallon	2.50-4.99	470	3.05	3.39-3.79	631	3.73	2.99	198	2.99
Milk	All fat tests	8 oz UHT				1.00	660	1.00			
Yogurt	Yogurt	32 oz	3.39	65	3.39						

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	4182	3.27	1.49	3.99	9150	2.52
Cheese	Natural Varieties	8 oz block	.99	3.99	7643	2.41	1.34	2.79	3997	2.07
Cheese	Natural Varieties	1 # block	1.99	6.99	2698	3.22	3.47	6.99	1015	5.41
Cheese	Natural Varieties	2 # block	5.00	8.99	427	7.18	4.99	6.99	3589	5.78
Cheese	Natural Varieties	8 oz shred	.99	3.99	10930	2.46	1.34	2.50	5565	2.06

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
Cheese	Natural Varieties	1 # shred					3.50	4.99	492	4.78
Cottage cheese		16 oz	1.99	2.99	521	2.55	1.89	2.50	450	2.16
Cream cheese		8 oz	.88	2.50	10722	1.59	.77	2.00	3316	1.20
Egg nog		quart	1.99	3.99	984	2.91	1.67	3.29	1708	2.50
Egg nog		half gallon	3.29	4.99	1675	4.14	2.00	4.49	6147	3.19
Flavored milk	All fat tests	half gallon	1.99	1.99	154	1.99	1.77	2.29	366	2.00
Flavored milk	All fat tests	gallon	3.66	3.66	28	3.66	2.59	2.99	132	2.78
Ice cream		48-64oz	1.97	5.99	12776	3.05	1.59	5.00	5933	3.37
Milk	All fat tests	half gallon	1.98	3.50	392	3.08	1.79	2.99	314	2.78
Milk	All fat tests	gallon					2.49	3.29	1798	3.12
Sour cream		16 oz	.98	2.49	6429	1.61	.77	2.49	7043	1.49
Yogurt	Greek	4-6 oz	1.00	1.25	8989	1.01	.79	1.00	1036	.94
Yogurt	Greek	32 oz	2.50	3.99	610	3.11	2.99	2.99	29	2.99
Yogurt	Yogurt	4-6 oz	.39	.60	3102	.56	.33	.59	692	.46
Yogurt	Yogurt	32 oz	1.89	2.50	576	2.02	1.99	2.99	502	2.12

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 #					3.49	4.79	2504	4.01
Cheese	Natural Varieties	8 oz shred					3.49	3.49	235	3.49
Cheese	Natural Varieties	8 oz block					4.99	4.99	173	4.99
Egg nog		quart	2.99	4.49	914	3.88				
Egg nog		half gallon	3.99	3.99	80	3.99				
Ice cream		48-64oz	5.99	5.99	56	5.99	4.99	4.99	118	4.99
Milk	All fat tests	half gallon	3.50	4.69	791	3.92	2.49	4.99	2026	3.25
Milk	All fat tests	gallon	5.95	5.95	28	5.95	5.49	5.99	492	5.60
Milk	All fat tests	8 oz UHT	1.00	1.00	694	1.00				
Yogurt	Greek	4-6 oz	1.25	1.25	30	1.25	1.29	1.29	26	1.29
Yogurt	Yogurt	32 oz	3.39	3.39	65	3.39	3.49	3.49	235	3.49

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

Wtd Avg - Simple weighted average



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