

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (07/06):**

BUTTER: Grade AA closed at \$1.5325. The weekly average for Grade AA is \$1.5288 (+.0073).

CHEESE: Barrels closed at \$1.6750 and 40# blocks at \$1.6400. The weekly average for barrels is \$1.6750 (+.0030) and blocks, \$1.6400 (-.0090).

BUTTER HIGHLIGHTS: The CME cash AA butter price held steady for most of the holiday week but firmed on Friday to settle at \$1.5325. Churning schedules were enhanced at varying rates throughout the country as additional cream volumes became available due to the midweek holiday. A major storm in the Mid-Atlantic region of the East Coast caused extensive power outages that interrupted and shut down operations at numerous dairy facilities. The combination of the storm and holiday related shut downs decreased cream demand and increased cream volumes clearing to churns. Some Eastern cream was cleared to Midwestern butter operations to keep volumes moving. Overall butter demand slowed this week as retailers and food service outlets prepared for the holiday period in recent weeks. With the holiday occurring at midweek, butter producers and handlers are speculating that orders will probably not resume until early next week after buyers have had a chance to evaluate holiday period disappearance. For the period of June 25 - 29, the CWT program announced that there was no export assistance issued. Thus far in 2012, 45.2 million pounds of U.S. butter/anhydrous milk fat received export assistance.

CHEESE HIGHLIGHTS: Cheese prices were mostly unchanged for the holiday interrupted week. Trading activity at the CME Group was very light. The important news this week involved record hot, humid weather across much of the country. The Midwest and East both experienced extended record high temperatures. With milk solids already decreasing, now cheese plants are anticipating reductions in volume due to the weather. Rising prices since early May, have advanced cheese prices from 14-20 cents at the CME Group. Retail demand has been good, but higher prices have slowed export demand. Prices are higher but, well below year ago levels when monthly average prices for June 2011 at the CME Group were at \$2.0483 for barrels and \$2.0995 for blocks.

FLUID MILK: Hot weather conditions are commonplace over the vast majority of the milk producing regions of the country. The conditions are causing milk production declines and drops in fat and protein levels of the milk. News reports are noting wide areas of the

Eastern U.S. experienced periods without power and many remained without power. The power outages created quandaries for processors, suppliers, retailers and consumers. Processors in affected areas were struggling to handle milk and components to make products that require refrigeration down the marketing chains to retailers and consumers who did not have working appliances to keep the products. News accounts are noting that retailers that lost power are discarding refrigerated and frozen items. There will be big volumes to restock, but with an uncertain timeframe to get all segments of the chain in place with refrigeration and demand. Milk production is trending lower in the Midwest as hot temperature surpassing 100 degrees and high humidity levels are creating adverse conditions for milk cows. Receipts are lower at processing plants and product yields are lower because of the drop in solids in the milk. Hot conditions are reaching into Arizona and New Mexico and are impacting milk production. Conditions are not as severe in California, where milk receipts are declining slightly on a week-to-week basis. The Pacific Northwest is experience more moderate temperatures and milk output is staying up at levels above a year ago. Conditions are favorable for milk production in Utah and Idaho and no issues are noted in handling the supplies.

DRY PRODUCTS: The dry dairy product complex was expectedly quiet over the holiday week. Trading activity was limited and shipments tended to be at low levels. Nonfat dry milk prices are mixed. While processors attempt to reestablish pricing structures, state and national indices are still moving lower. International prices for SMP are also lower. Dry buttermilk prices are unchanged to slightly higher. Demand has improved seasonally and buyers have been more aggressive. Dry whey markets are mixed. Light trading and unsettled pricing patterns are noted. WPC 34% prices are unchanged with drying schedules active. Crossover demand from protein buyers is being seen in the WPC market. Lactose prices are steady and reflect new quarterly contract levels. Demand is mixed from domestic and export accounts.

INTERNATIONAL DAIRY MARKET NEWS (DMN): Milk production in **Western Europe** continues to decline seasonally. Milk output varies from country to country in the E.U., but overall volumes are running about 2% ahead of last season at this time. Milk producers and handlers are indicating that milk production this season developed well and remains positive at this time of the summer. As milk volumes decline, manufacturing plant capacities are not as stressed as they were

CONTINUED ON PAGE 1A

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

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)
DAIRY FUTURES (PAGE 9)
JUNE MONTHLY AVERAGES AND SUMMARY (PAGES 10-12)
JUNE AGRICULTURAL PRICES (PAGE 13)
APRIL FLUID MILK SALES (PAGE 14)

MAY DAIRY PRODUCTS (PAGE 15)
CONSUMER PRICE INDEX & COMMERCIAL DISAPPEARANCE (PAGE 16)
JUNE CLASS AND COMPONENT PRICES (PAGE 17)
DAIRY GRAPHS (G1-G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 02	TUESDAY JUL 03	WEDNESDAY JUL 04	THURSDAY JUL 05	FRIDAY JUL 06	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6750 (N.C.)	\$1.6750 (N.C.)	HOLIDAY	\$1.6750 (N.C.)	\$1.6750 (N.C.)	:: (N.C.)	:: \$1.6750 (+.0030)
40# BLOCKS	\$1.6400 (-.0100)	\$1.6400 (N.C.)		\$1.6400 (N.C.)	\$1.6400 (N.C.)	:: (-.0100)	:: \$1.6400 (-.0090)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1950 (N.C.)	\$1.1950 (N.C.)	NO	\$1.1950 (N.C.)	\$1.1950 (N.C.)	:: (N.C.)	:: \$1.1950 (+.0020)
GRADE A	\$1.2275 (N.C.)	\$1.2275 (N.C.)		\$1.2275 (N.C.)	\$1.2275 (N.C.)	:: (N.C.)	:: \$1.2275 (N.C.)
BUTTER							
GRADE AA	\$1.5275 (N.C.)	\$1.5275 (N.C.)	TRADING	\$1.5275 (N.C.)	\$1.5325 (+.0050)	:: (+.0050)	:: \$1.5288 (+.0073)

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.

CONTINUED FROM PAGE 1

earlier in the spring. At this time, when possible, plant managers are able to shift milk volumes from one product to another for better returns or need. Traders and handlers are indicating that stock availability varies from product to product. Butter stocks are sufficient for domestic needs with volumes continuing to clear to PSA. As of June 24th, 99,574 MT of butter have cleared to the PSA program since March 1. This volume compares to 72,839 MT last year at this time. The PSA program will remain open for about 6 more weeks and will close on August 15. On August 16th, volumes that have been retained within the program for the specified period of time can start to be removed. Last year, over 100,000 MT of butter cleared to the program during the open season. Butter traders are indicating that International buyer interest is limited as European prices are often higher than buyers are willing to pay. Skim milk powder volumes are available, but not excessive. International sales have been active in recent weeks, but are not as aggressive at this time. Prices were starting to increase and buyers returned to the market at that time, but now have backed away. Whole milk powder stocks are available and are basically clearing through internal or domestic markets as prices are often higher than international buyers are willing to pay. Traders and handlers of manufactured dairy products are indicating that buyer interest, both domestically and internationally, is projected to start to ease as the summer vacation season gets underway.

Eastern Europe milk production remains strong as milk volumes start to decline from seasonal peak levels. Milk volumes remain readily available to manufacturing facilities which continue to run at or very near capacity levels. Traders and handlers are indicating that international sales were more aggressive a few weeks ago when prices were starting to firm, but now this buyer interest has eased. Stocks are available, although not as readily available as previously projected.

The Oceania 2012 - 2013 milk production season is off and running. Although milk volumes remain at low seasonal levels, milk producers and handlers are very optimistic about the upcoming season. In **New Zealand**, official figures are not yet released, but milk producers and handlers are speculating that the 2011 - 2012 production year finished around 9% stronger than the previous year. Looking forward to the 2012 - 2013 year, estimates are that milk volumes will run between 4 - 5% ahead of the year just completed. In **Australia**, the milk production season was equally positive and unofficial annual production figures are around 4% stronger than last season. Early estimates for the current year are running in a positive 2% range. Winter weather patterns are being reported in both countries. Temperatures and moisture conditions are typical in New Zealand, while wet and cold in Australia. Some areas of Australia, especially in the Gippsland area of Victoria, continue to struggle with wetter than usual conditions, even in the winter months. Traders and handlers are reporting that order books are filling for the first half of the upcoming production season. Most needs and contracts are in place for the next six months with volumes comparable to previous needs. Traders do indicate that some additional buyer inquiry is occurring, but this inquiry is going unfilled at this time as manufacturers and handlers make sure that regular and ongoing customer needs are acknowledged first. Prices for most dairy products were firming a few weeks ago, but this trend has stabilized and, in instances, eased a little. At the July 3 g/DT event, average prices for all products declined from the previous event. Average prices for all products decline 0.7% - 10.4%. Whole and skim milk powder prices eased 4.1% and 9.8% respectively, while anhydrous milk fat declined 10.4%.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the June 2012 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$14.32 (-\$0.87), Class III \$15.63 (+\$0.40), and Class IV \$13.24 (-\$0.31). Product price averages used in computing Class prices are: butter \$1.3991, NDM \$1.1023, cheese \$1.5846, and dry whey \$0.5013. The Class II -1A-

butterfat price is \$1.4936 and the Class III/IV butterfat price is \$1.4866. Further information may be found at: www.ams.usda.gov/AMSV1.0/PriceFormulas2012

CROP WEATHER AND PRICES (NASS & CME): According to the NASS Crop Progress report for July 1, the soybean condition report indicates that 45% of the U.S. surveyed crop is good-excellent, a decline of 8 points from last week and down sharply from last year's level of 66%. Looking at the Corn Belt, for the very poor-poor category, Illinois is 31%, Indiana is 43%, Iowa is 12%, and Ohio is 30%. Since the recent low point in the CME Group futures market for July beans, prices have increased about \$2.40 or 17% to settle at \$16.26 on July 5. Likewise for the corn condition report, the good-excellent category is rated at 48%, down 8 points from last week and compared to 69% last year. Again, looking at the Corn Belt, for the very poor-poor category, Illinois 33%, Indiana 50%, Iowa 10%, and Ohio 26%. For corn, the price story is much the same. From the recent futures market low point at the CME Group less than ten days ago, prices have climbed more than \$1.75 to settle at \$7.68 on July 5, up about 30%.

JUNE AGRICULTURAL PRICES (NASS): The All Milk price received by farmers was \$16.10 in June, down \$0.10 from May 2012 and down \$5.00 from June 2011. Alfalfa hay price was \$201.00 in June, up \$21.00 from June 2011. Corn price was \$6.25 in June, down \$0.13 from June 2011. Soybean price was \$13.70 in June, up \$0.50 from June 2011. The milk-feed price ratio was 1.38 in June, down 0.49 from June 2011. The index of prices received by farmers for dairy products during the month of June 2012 was 123, down 1 point from May 2012. Compared with June 2011, the index was down 39 points (24.1%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2012 was 215, unchanged from May 2012. Compared with June 2011, the index was up 12 points (5.9%).

APRIL FLUID MILK SALES (AMS & CDFA): During April, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.5% lower than April 2011. After adjusting for calendar composition, sales in April 2012 were 2.7% lower than April 2011. Estimated sales of total conventional fluid milk products decreased 4.6% from April 2011 and estimated sales of total organic fluid milk products decreased 1.7% from a year earlier.

MAY 2012 DAIRY PRODUCTS (NASS): Butter production was 163.3 million pounds, 4.8% above May 2011 but 3.8% below April 2012. American type cheese production totaled 375.9 million pounds, 0.9% above May 2011 and 1.1% above April 2012. Total cheese output (excluding cottage cheese) was 915.8 million pounds, 0.4% above May 2011 and 1.4% above April 2012. Nonfat dry milk production, for human food, totaled 195.5 million pounds, 31.4% above May 2011 and 1.7% above April 2012. Dry whey production, for human food, was 82.0 million pounds, 5.6% below May 2011 but 2.0% above April 2012. Ice cream (hard) production totaled 76.3 million gallons, 5.6% above May 2011 and 9.7% above April 2012.

CONSUMER PRICE INDEX (BLS): The May CPI for all food is 233.3, up 2.8% from May 2011. The dairy products index is 216.1, up 2.3% from a year ago. The following are the May to May changes for selected products: fresh whole milk is -1.1%; cheese, +2.4%; and butter, -9.9%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first four months of 2012 totals 65.4 billion pounds, 0.7% above the same period in 2011. Comparing disappearance levels on a daily average basis with year earlier levels: butter is -5.4%; American cheese, +1.0%; other cheese, +1.2%; NDM, +29.5%; and fluid milk products, -3.3%.

CME GROUP

MONDAY, JULY 2, 2012					
CHEESE	--	SALES:	2 CARS 40# BLOCKS @ \$1.6400;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6850; 1 CAR 40# BLOCKS @ \$1.6400
NONFAT DRY MILK	--	SALES:	NONE;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: NONE
BUTTER	--	SALES:	NONE;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: NONE
TUESDAY, JULY 3, 2012					
CHEESE	--	SALES:	NONE;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6750; 1 CAR 40# BLOCKS @ \$1.6400
NONFAT DRY MILK	--	SALES:	NONE;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: NONE
BUTTER	--	SALES:	3 CARS GRADE AA: 1 @ \$1.5200, 1 @ \$1.5225, 1 @ \$1.5275;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5275
WEDNESDAY, JULY 4, 2012					
HOLIDAY, CME CLOSED					
THURSDAY, JULY 5, 2012					
CHEESE	--	SALES:	1 CAR 40# BLOCKS @ \$1.6400;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.6850; 2 CARS 40# BLOCKS @ \$1.6500
NONFAT DRY MILK	--	SALES:	NONE;	LAST BID UNFILLED:	NONE; LAST OFFER UNCOVERED: NONE
BUTTER	--	SALES:	NONE;	LAST BID UNFILLED:	1 CAR GRADE AA @ \$1.5275; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5500
FRIDAY, JULY 6, 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:	NONE;	LAST BID UNFILLED:	1 CAR GRADE AA @ \$1.5325; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5450

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$1.5275. CME Group average price for June 2012 for butter is \$1.4774 compared to \$2.1077 for June 2011. A major storm in the Mid-Atlantic region caused extensive power outages that interrupted and shut down operations at numerous dairy manufacturing facilities. The combination of storm and Holiday related shut downs decreased cream demand and increased cream volumes going to churns. The increased butter production added to inventories in the Mid-Atlantic region. Butter production in New England was not affected by the storm and was in balance with current orders. The best demand for butter is currently coming from food service and private label orders. Butter production is expected to decrease next week as numerous cream based manufacturers return to full production schedules. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used. Cooperatives Working Together (CWT) announced June 26 the acceptance of requests for export assistance to sell a total of 220,462 lbs. (100 metric tons) of butter and 2.646 million pounds (1,100 metric tons) of Cheddar cheese to customers in Asia and the Middle East. The product will be delivered July through December 2012. During 2012, CWT has assisted member cooperatives in making export sales of butter and anhydrous milk fat (AMF) totaling 45.2 million pounds. According to NASS, cumulative 2012 butter production through May was 7.8% above cumulative year production for the same period for 2011. May's monthly U.S. butter production totaled 163.3 million pounds, down 3.8% from April, but 4.8% more compared to May 2011. Atlantic region butter production in May totaled 15.3 million pounds, down 12.6% from April and 5.0% less than May 2011.

CENTRAL

The CME cash butter price remains firm at \$1.5275 early in the holiday week. Churning schedules during the midweek holiday week are mixed and will vary depending on cream availability. Some butter producers anticipate increased cream availability as Class II operations adjust their production schedules. Reports of some Eastern cream based dairy operations shuttering their facilities for the entire week have some Central butter producers anticipating additional cream offerings might be heading back to the central part of the country. Overall churning schedules are

seasonally active, but trending lower as total cream volumes decline. Hot and often record setting temperatures are impacting the milk flow and butterfat levels on incoming milk. Active churning schedules are basically keeping pace with demand and lighter volumes of butter are clearing to inventory. Butter demand remains good, although orders for this holiday week are lighter. Many retailers have stocked their shelves for the holiday period and are waiting until after the holiday before renewing orders. Food service buying patterns have also been good as the summer vacation season and away from home eating patterns continue. Within the past week, there was no CWT butter export assistance reported, but thus far in 2012, 45.2 million pounds of U.S. generated butter did receive export assistance. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Butter prices in the West are mostly steady with retail sales reported to be good at current prices. Churning activity has slowed seasonally as ice cream manufacturers have stepped up demand for cream. The holiday in the middle of the week will allow for some unexpected cream to find its way to butter plants as some ice cream plants close for the day. Inventories of butter are said to be comfortable for both current and expected future needs. Prices for bulk butter range from 2 cents under to 4 1/2 cents under the market, based on the CME with various time frames and averages used. CME Group average price for June 2012 for butter is \$1.4774 compared to \$2.1077 for June 2011. Tuesday's close on the CME Group exchange for butter is unchanged at \$1.5275. The market has been steady for the last three sessions. Activity has been light in the holiday shortened week. Tuesday did have three loads sell in the last session before the holiday. According to the NASS *Dairy Products* report, May butter production for the U.S. totals 163.3 million pounds, up 4.8% or 7.4 million pounds from May of last year. Cumulative output through May for the U.S. is 859.1 million pounds, up 7.8% or 62.1 million pounds from the same period in 2011. May output in the Western region totals 88.1 million pounds, up 3.7% or 3.1 million pounds more than May of 2011. The West produced 54.0% of the butter in the U.S. in May.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
June 30, 2012	1.4695 5,137,665	1.6346 10,677,216	1.6220 9,209,695	0.4868 9,417,213	1.0977 35,647,215

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were unchanged Tuesday with barrels closing at \$1.6750 and blocks \$1.6400. The CME Group monthly average price for June 2012 for barrels is \$1.5871 compared to June 2011 at \$2.0483. Blocks averaged \$1.6313 for June 2012 compared to \$2.0995 for last year. Cheese production is beginning to decline as hot humid weather is accelerating the seasonal decline in milk production, limiting milk volumes going to cheese plants. Cheese makers are also reporting lower milk components as a result of the heat and humidity. Some cheese production declines are self-imposed as some cheese plants are comfortable with their current inventories and are attempting to match production with current sales. Domestic demand for cheese remains good with numerous retail sales promotions and improved food service demand. Export demand remains fairly good, but there is growing concern that the increased price levels on the CME Group may decrease export interest. Cooperatives Working Together (CWT) announced June 26 the acceptance of requests for export assistance to sell a total of 2.646 million pounds (1,100 metric tons) of Cheddar cheese to customers in Asia and the Middle East. The product will be delivered July through December 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 64.1 million pounds. According to the latest NASS report, total cheese production for May in New York was 60.0 million pounds, 0.4% less than April and 0.5% less than May, 2011. Pennsylvania produced 35.0 million pounds in May, 1.2% less than one month earlier and 5.4% less than one year ago. Vermont produced 9.2 million pounds, 12.9% less than last month and 10.2% less than May 2011. The total of all cheese production for May in the Atlantic region was 112.8 million pounds, down 2.1% from April and 2.3% less compared to the same period last year. Atlantic region cheese production accounted for 12.3% of total U.S. production. Total U.S. cheese production in May totaled 915.8 million pounds, 1.4% more than April and 0.4% more than May 2011. Cumulative 2012 U.S. Cheese production through May was 3.1% greater than comparable 2011 production.

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

Cheddar 40# Block	:	2.0500-2.3350
Process 5# Sliced	:	1.8900-2.0100
Muenster	:	2.0700-2.4300
Grade A Swiss Cuts 10 - 14#	:	3.2550-3.5775

MIDWEST

Milk volumes going to cheese plants this week were holding steady, but cheese makers are becoming concerned about the possible steep declines in milk production due to the current heat wave and the forecast for its continuation over the next 3-5 days. Though milk volumes have not declined as of yet, butterfat levels have declined a full percentage point at some plants in the last couple of weeks. Some cheese plants running seven days a week, will maintain that schedule through the 4th of July holiday week. Demand for barrel cheese is sluggish as most buyers had supplies in position for the holiday week and also due to some shredding and slicing operations taking extended Holiday shut downs. Block cheese demand has fared somewhat better with steady food service demand. Export demand for cheddar cheese remains good, but there are concerns that the current price levels may soon dampen export interest. Fresh pizza sales are outperforming frozen sales

due to various fresh pizza promotions, but not enough to change the overall sluggish mozzarella sales activity. Cooperatives Working Together (CWT) announced June 26 the acceptance of requests for export assistance to sell a total of 2.646 million pounds (1,100 metric tons) of Cheddar cheese and 220,462 lbs. (100 metric tons) of butter to customers in Asia and the Middle East. The product will be delivered July through December 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 64.1 million pounds. According to the NASS Dairy Products report, total cheese production in the U.S. in May reached 915.8 million pounds, up 0.4% from last year. Cumulative total cheese output for the U.S. for the year is 4.5 billion pounds, up 3.1% from the same period in 2011. May total cheese production in the Central region was 410.2 million pounds, up 0.9% from May 2011.

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

Process American 5# Loaf	:	1.8625-2.5675
Brick And/Or Muenster 5#	:	2.0375-2.5975
Cheddar 40# Block	:	2.0375-3.0225
Monterey Jack 10#	:	2.0075-3.0225
Blue 5#	:	2.3025-3.2875
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8825-3.1225
Grade A Swiss Cuts 6 - 9#	:	2.6650-2.9825

WEST

Western cheese prices are steady to firm this week. The market continues its movement upward, although it is meeting some resistance from buyers. Cheese production schedules are considered busy. As milk solid levels decrease, plants are increasing usage of dairy powders and skim concentrates to fortify cheese vats. Domestic demand is good into retail outlets. Export sales are slowing due to competition from lower priced foreign offerings. The CWT program is assisting with some sales into export markets. Some buyers are uncertain if prices can maintain this price level and are slow to make advance purchases. The CME Group monthly average price for June 2012 for barrels is \$1.5871 compared to June 2011 at \$2.0483. Blocks averaged \$1.6313 for June 2012 compared to \$2.0995 for last year. Barrel trading at the CME Group on Tuesday was unchanged at \$1.6750. Blocks were also unchanged at \$1.6400. Barrel cheese continues to be priced above blocks. Blocks sold two loads on Monday with barrels not making any sales so far this week. According to the NASS Dairy Products report, total cheese production in the U.S. in May reached 915.8 million pounds, up 0.4% or 3.3 million pounds from last year. Cumulative total cheese output for the U.S. through May is 4.5 billion pounds, up 3.1% or 136.3 million pounds from 2011. May total cheese production in the Western region was 392.8 million pounds, up 0.6% or 2.3 million pounds from May 2011. The West produced 42.9% of all the cheese in the U.S. in May. Swiss output for the U.S. in May is 28.4 million pounds, down 2.2% from last year.

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

WEST CONTINUED

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

Process 5# Loaf	:	1.7950-2.0525
Cheddar 40# Block	:	1.7750-2.1275
Cheddar 10# Cuts	:	1.9550-2.1750
Monterey Jack 10#	:	1.9650-2.1250
Grade A Swiss Cuts 6 - 9#	:	2.8325-3.2625

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKSBUTTER : CHEESE

	:	
07/02/12	:	11,975 : 131,244
07/01/12	:	11,983 : 130,832
CHANGE	:	-8 : 412
% CHANGE	:	-0 : 0

FOREIGN

The weekly average price for block cheese on the CME Group rebounded this week causing domestic wholesale cheese prices to increase by \$0.0300. Domestic wholesale Swiss cuts and imported varieties were unchanged. European milk production has been and remains above year ago levels with much of the excess going to cheese production. U.S. cheese prices have been working higher with the perception that barrel supplies are fairly tight. The contrasting supply and price situation between the U. S. and Europe is providing enhanced opportunities for cheese importers, especially when the strong dollar, compared to the Euro, provides an additional price advantage. According to the latest NASS report, domestic Parmesan production during May totaled 26.4 million pounds, 10.6% more than April and 4.1% more than May 2011. Provolone production during May totaled 29.8 million pounds, 1.2% less than April and 2.4% less than May 2011. Romano production during May totaled 4.2 million pounds, 9.2% less than April, but 3.6% more than May 2011. Swiss production during May totaled 28.4 million pounds, 2.5% more than April, but 2.2% less than May 2011.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		:
Blue	:	2.6400-5.2200	: 2.1900-3.6775*
Gorgonzola	:	3.6900-6.3900	: 2.6925-2.9525*
Parmesan (Italy)	:	-0-	: 3.3125-3.8675*
Provolone (Italy)	:	3.4400-6.1800	: 2.2325-2.3900*
Romano (Cows Milk)	:	-0-	: 3.3800-5.5300*
Sardo Romano (Argentine)	:	2.8500-3.9800	: -0-
Reggianito (Argentine)	:	3.2900-4.1900	: -0-
Jarlsberg-(Brand)	:	2.9500-5.2900	: -0-
Swiss Cuts Switzerland	:	-0-	: 3.3475-3.6700
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	100	0	120	0	159
SOUTHEAST STATES	0	0	0	0	0	0

Milk production declines in the Northeast and Mid-Atlantic regions are accelerating due to hot humid weather. Washington D.C. set a record high on Friday, June 29, with a temperature of 103 and a heat index of 112. Manufacturing milk supplies in the Mid-Atlantic region were heavy over the weekend as a major storm took down trees, causing power outages over much of the region and disrupting and/or shutting down numerous dairy operations. Some dairy facilities were not yet in full operation as of noon Monday. The substantial rainfall dropped on Florida by tropical storm Debby has washed away all of the state's severe drought conditions. Farmers are waiting for fields to thoroughly dry out prior to beginning their corn silage harvest. Pasture conditions are rapidly improving. Milk production continues to decline at an accelerated pace as cow comfort levels have declined with the onset of heat and humidity following the tropical storm. Milk production in the Southeast region has seen significant declines due to the heat and humidity. Some bottling plants are adding loads, because delivered loads were running light. Only a few loads are being sent to auxiliary manufacturing plants. Class I demand is also feeling the heat and is steady at best. Cream demand was significantly lower this week due to Holiday and storm related shutdowns. Cream supplies were plentiful with some loads making their way to the Midwest. In general, cream sellers are trying to vacate any and all supplies prior to the Holiday and are selling at prices below last week's levels. How low depends on location and day of the week. The demand situation will change dramatically after the holiday with multiples "off to the races" as many cream based manufacturers will be returning to full production and with cream supplies tightening due to lower milk production. Cream multiples ranged from 123-142. Condensed skim supplies were more than ample as storm related interruptions at numerous dairy facilities, lowered demand and pushed additional volumes to balancing plants and ultimately to Class IV production. Some cheese makers are fortifying their operations with condensed skim rather than using nonfat dry milk. Some ice cream operations were shut down for extended periods in observance of the 4th of July Holiday, but are expected to be at full production next week. According to NASS, ice Cream production in the Atlantic region for May totaled 15.8 million gallons, 9.4% more than April and 2.4% more than May 2011. U.S. Yogurt production (plain and flavored) for May totaled 371.1 million pounds, up 0.9% from April and 7.1% more than for the same period last year. Cumulative 2012 production through May totaled 1,893.4 million pounds, 3.9% higher than through May 2011.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast -	1.8714-2.1605
F.O.B. producing plants: Upper Midwest -	2.0388-2.1605

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.10 - 1.18
Northeast - Class III - spot prices -	1.27 - 1.35

MIDWEST

Central milk supplies are showing the effects of recent record high temperatures. Various plants are reporting drops of up to 10% in milk intakes. This is causing plants to balance production schedules to optimize their efficiencies. Some additional milk and solids became available as some plants in the East experienced power outages from recent storms. This was welcomed in the region as there is excess manufacturing capacity in the Midwest. The hot weather is expected to reduce milk production for much of the upcoming summer months. Cream prices in the Midwest are mostly steady with an occasional offering from distressed areas. Cream multiples are expected to firm as plants come back on line following the holiday week. Drought conditions of varying degrees in the region are causing concern about feed costs and availability in the Midwest. Dairy farmers are watching corn and soybean prices move higher at the CME Group. The hot dry weather is taking some of the optimism out of early hay harvesting and expectations of bumper forage production.

WEST

CALIFORNIA milk production is trending slightly lower on a week-to-week basis. Temperature levels are hot during the day, but are cooling off at night. Producers are able to mitigate most of the stress on the milking herds. Schedules at processing plants are expected to remain uneven to handle the milk supplies over the holiday week. Many smaller plants took off July 4th, keeping the milk at the supplying plants. There are no processing capacity concerns. Class I demand has slowed and many bottlers ramped up ahead of the holiday to take some additional downtime. Retail and foodservice accounts reflect slower summer demand for fluid milk. The June 4a price (butter/powder) in CALIFORNIA is \$13.17, down \$0.28 from May and \$7.62 lower than last year. The June 4b price (cheese) is \$14.65, \$1.09 higher than May but \$4.14 less than last year. Hot weather conditions are common over most of the milk producing areas of ARIZONA and NEW MEXICO. In addition, humidity levels are increasing. This is causing seasonal monsoon conditions in Arizona. The overall impact of the weather stress is causing milk production to decline in both states. Fat and protein levels are trending lower. Processing plants are running on reduced schedules as the milk flow declines. No issues are expected due to the mid-week holiday. Class I interest is light. CREAM markets are unsettled, mainly due to the holiday week and uneven demand situations. The Grade AA butter price at the CME Group closed at \$1.5275 on Tuesday, July 3, up 3/4 cents from a week earlier. The midweek holiday creates both problems and opportunities for the cream trade. Ice cream demand is fair to good and cream clearances to those producers within the West and to the Midwest have improved. Class I/1 orders are irregular and creating only limited standardized cream. Shipping is more challenging to find for spot needs. Butter churning schedules are more sporadic around the holiday. Cream multiples range from 113 to 131 and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST continues to be above year ago levels. Favorable weather, with temperate days and cool nights, is helping to keep production levels up. Production in the region is past flush but only slowly coming off peak production. Milk handlers are able

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

to find processing facilities within the region in most cases. Plant maintenance projects are causing some slight adjustments in moving available milk supplies. UTAH and IDAHO milk sheds are also enjoying favorable temperatures and weather conditions. Milk supplies are manageable within the region. With the holiday falling in the middle of the week, no problems are anticipated for processors to handle any excess supplies. Dairy farms are harvesting alfalfa and replenishing feed supplies. Feed costs will become an important factor in profitability as new crop grain prices are gaining strength in other parts of the country. According to NASS, alfalfa hay prices in June for the U.S. stand at \$201/ton, up \$21 from last year but down \$14 from last month. Prices for selected Western states compared to last year are as follows: Arizona \$245, up \$15; California \$211, down \$27; Colorado \$235, up \$65; Idaho \$190, down \$1; Nevada \$215, up \$40; New Mexico \$276, up \$41; Oregon \$224, up \$11; Utah \$198, up \$25; and Washington \$230, up \$65.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices are steady to higher. Record high temperatures in the Midwest are expected to affect milk production over the next few weeks and may limit NDM production. This is resulting in a firm undertone for nonfat dry milk prices. Manufacturers are attempting to build inventories, but current demand is taking a larger percentage of production. Demand for high heat NDM is increasing and plants are scheduling time to meet those needs. The June 2012 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.1973 compared to \$1.1702 one month ago and \$1.6788 in June 2011. The June 2012 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.2676 compared to \$1.2655 one month ago and \$1.7632 in June 2011. **DAIRY PRODUCTS:** NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during May 2012 totaled 195.5 million pounds, up 1.7% from April 2012 production and 31.4% higher than May 2011. Cumulative nonfat dry milk production for 2012 totals 902.3 million pounds, 40.0% higher than 2011 production during the same time span. Month ending stocks, at 215.3 million pounds, are 4.9% less than a month ago and 32.1% higher than one year ago. May 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 13.3 million pounds, 23.7% less than one month ago and 62.7% less than one year ago. Cumulative 2011 skim milk powder production totals 100.6 million pounds, a 44.3% decrease in production compared to production during the same time span in 2011.

EAST: Prices for nonfat dry milk increased this week as spot market and contract sales moved prices higher. Major storms in the East caused extensive power outages limiting numerous dairy facilities from operating at full capacity, resulting in additional volumes of condensed skim milk going to nonfat dry milk production. Most drying operations were focused on low heat production in order to handle the increased milk supply. High heat production was scheduled as milk volumes would allow. Inventories are being held in firm hands as many manufacturers feel the current heat wave, covering much of the country, will significantly reduce milk production and volumes going to nonfat dry milk production. Demand has improved as buyers are attempting to expand inventories in the face of possible tighter supplies in the future. The market undertone remains firm. The latest NASS Dairy Products report indicates nonfat dry milk production for May in the Atlantic region totaled 19.7 million pounds, 10.1% of the nation's total. The Atlantic region production was 13.0% more than one year ago, but 25.8% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1800 - 1.3000 MOSTLY: 1.1850 - 1.2400
 HIGH HEAT: 1.2300 - 1.3600

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mostly steady this week. The market tone is unsettled. Spot pricing is steady but untested during the short week. Producers are attempting to reestablish premiums to basing prices. The index was sharply lower for the California Weighted Price average, down \$.0473 to \$1.0282, still registering applicable sales made around the \$1 mark. Meanwhile, the National MDPPR index will be released later on Thursday because of the Wednesday holiday. Export demand is

holding at steady levels. Contacts are aware of weaker SMP pricing on the gDT auction announced this week. The trade is gauging and assessing how far the U.S. NDM market price can strengthen if the world prices are retreating. Drying schedule are uneven. The mid-week holiday is expected to place some additional milk supplies into butter/powders plants as smaller producers take some downtime on/around the holiday. Western high heat NDM pricing is steady to higher. The market tone is unsettled to firm and largely influenced by the low heat market trend more than by any market force on the high heat market. Demand is fair and along expected levels. Buyers are getting contract orders filled on a timely basis. Production schedules are sporadic, but more dryer times are becoming available to make high heat to fill nearby and future orders. U.S. NDM production in May 2012 totaled 195.5 million pounds, 31.4% more than last year. YTD cumulative NDM output through May totals 902.3 million pounds, up 40.0% or 257.9 million pounds from a year earlier. NDM production in the West region in May totaled 149.0 million pounds, up 30.6% from last year. The West produced 76% of the U.S. total in May. U.S. manufacturers' stocks of NDM at the end of May were 215.3 million pounds, 32.1% higher than a year earlier but 4.9% less than April 2012. U.S. skim milk powder (SMP) production in May totaled 13.3 million pounds, 62.7% less than last year and 23.7% below April. YTD cumulative SMP output through May totals 100.6 million pounds, down 44.3% or 80.0 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1050 - 1.3000 MOSTLY: 1.1400 - 1.2200
 HIGH HEAT: 1.1650 - 1.3300

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for Central buttermilk are unchanged this holiday shortened week. Production of dry buttermilk increased slightly with added butter manufacturing over the holiday. Some additional sales of condensed buttermilk occurred due to increased volumes. Demand for buttermilk is good into Class II accounts as ice cream production increases. Inventories of dry buttermilk are adequate, but are tight. The June 2012 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.0411 compared to \$1.0328 one month ago and \$1.5611 in June 2011. **DAIRY PRODUCTS:** NASS *Dairy Products* reports production of dry buttermilk during May 2012 totaled 8.7 million pounds, 8.3% less than one month ago but 4.9% more than production one year ago. Month ending stocks of dry buttermilk, at 19.2 million pounds, are 18.3% lower than one month ago and 6.9% higher than one year ago.

EAST: Prices for dry buttermilk held steady this week. Major storms in the East caused widespread power outages, some lasting for days, resulting in interruptions and/or shutdowns at numerous dairy operations. These interruptions resulted in more cream being channeled to churns and an increase in dry buttermilk production. Production is expected to decline significantly next week as cream based manufacturers return to full production schedules. Demand for dry buttermilk is improving with good pulls from ice cream manufacturers and also due to some buyers considering dry buttermilk as an ingredient alternative to higher priced nonfat dry milk. Current production is moving through contracts and spot sales with little being added to inventories.

F.O.B. CENTRAL/EAST: .9900 - 1.1500

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 BUTTERMILK - WEST

Western dry buttermilk pricing levels are moving higher on the bottom end of the range. The mostly series is unchanged and untested in a lightly traded holiday week. The market tone is steady to firm and boosted by higher prices for nonfat dry milk markets. Dry buttermilk production levels are trending lower as butter output slows down at seasonal levels. Dryer times are more available. Processors' stocks are trending lower as sales move product and more is shipped out. Buttermilk powder production in May 2012 for the U.S. totals 8.7 million pounds, up 4.9% from last year. Buttermilk stocks at the end of May were 19.2 million pounds, 6.9% higher than a year ago but 18.3% less than a month earlier.

F.O.B. WEST: 1.0500 - 1.1700 MOSTLY: 1.0700 - 1.1100

DRY WHOLE MILK - NATIONAL

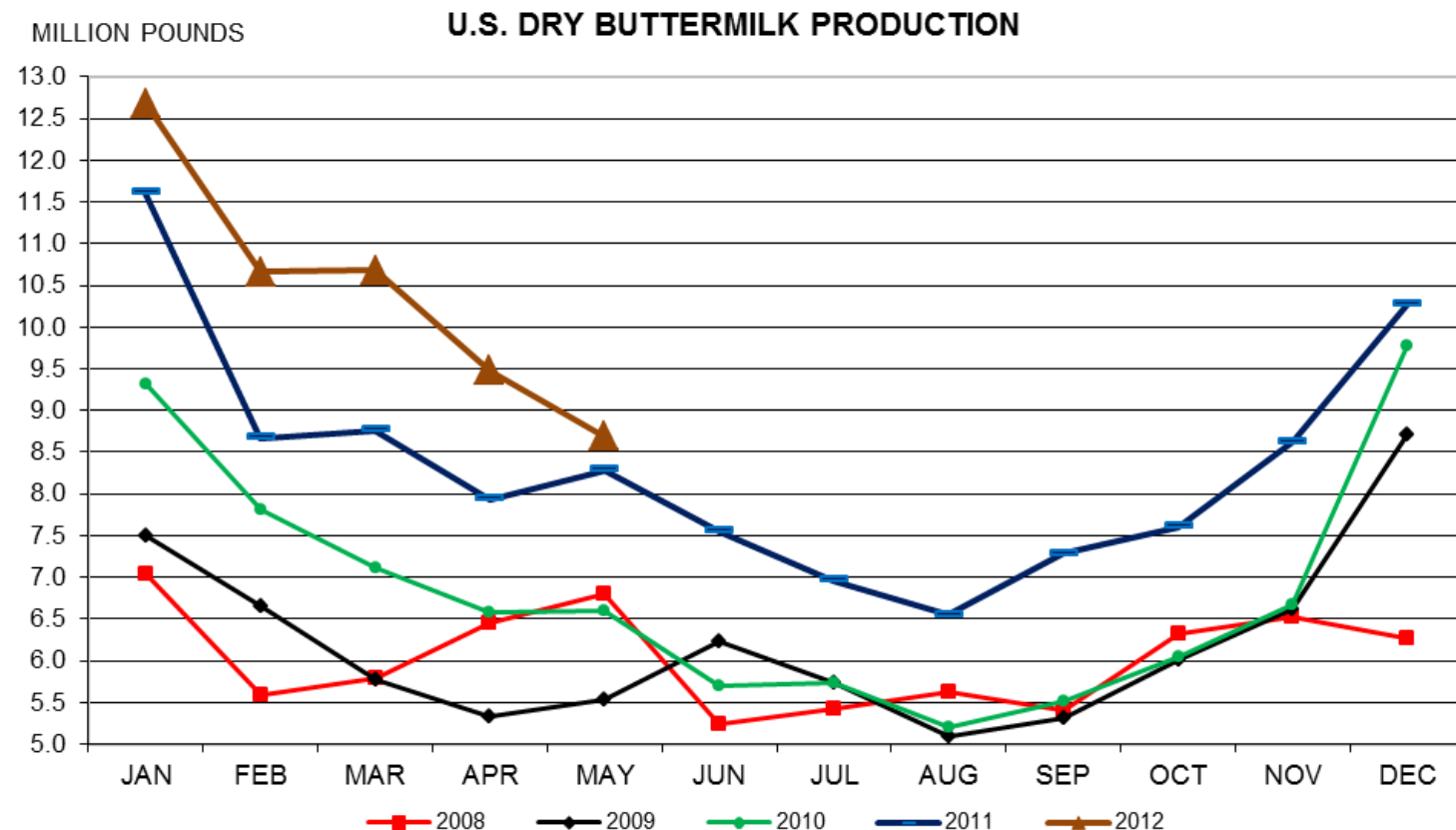
Dry whole milk prices are steady for the holiday shortened week. Hot weather in the Midwest and East is affecting milk intakes and production of dry whole milk is expected to taper back as less milk is available. Severe storms in the East allowed for some increased milk volumes to be sent to dryers temporarily. Inventories of dry whole milk are adequate for current needs with some increased demand surfacing. The June 2011 Dairy Market News national average of the range price series for whole milk powder was \$1.4400 compared to \$1.4602 one month ago and \$1.9875 in June of 2011. Nass's *Dairy Products* report shows dry whole milk production during May 2012 totaled 5.4 million pounds, up 23.9% from April 2012 and 18.8% more than May 2011.

F.O.B. PRODUCING PLANT: 1.3700 - 1.5000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 29	\$1.0282	40,078,216	0
June 22	\$1.0755	18,977,806	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.



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

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. Contract pricing moved fractionally following various pricing indices. Some spot sales were reported from manufacturers as they adjusted inventories. Most spot sales were within the current price ranges. Buyers and sellers are both reporting satisfaction with prices and making inventory decisions accordingly. The June 2012 Dairy Market News average of the mostly price series for Central dry whey was \$0.4769 compared to \$0.4956 one month ago and \$0.5084 June 2011. The June 2012 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.4202 compared to \$0.4269 one month ago and \$0.4452 June 2011. DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during May 2012 totaled 82.0 million pounds, 2.0% more than April 2012 and 5.6% less than production 1 year ago. May ending stocks of HUMAN FOOD dry whey totaled 46.6 million pounds, 2.4% less than 1 month ago and 5.2% lower than May 2011. Production of ANIMAL FEED dry whey during May 2012 totaled 4.3 million pounds, 23.0% less than one month ago and 2.7% less than the production of May 2011. ANIMAL FEED dry whey month ending stocks totaled 3.0 million pounds, 1.5% more than one month ago and 36.4% more than the stocks of one year ago. Cumulative 2012 dry whey production, HUMAN AND ANIMAL FEED, is 0.9% lower than 2011 production, totaling 445.9 million pounds.

F.O.B. CENTRAL: .4000 - .5575 MOSTLY: .4200 - .5300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3575 - .4775

DRY WHEY - NORTHEAST

Dry whey prices moved lower on both ends of the range this week. The market is unsettled as price movements based on indices were mixed. Dry whey production has declined following the declines in cheese production, due to lower milk intakes. Demand for dry whey continues to be good with strong pulls from ice cream and ice cream mix manufacturers. There is the feeling among many in the industry that the current heat wave, covering much of the country, will significantly reduce milk production and eventually reduce dry whey production at a time when demand is increasing. Some buyers are expanding their inventories with the idea that future supplies may run tight and prices will be higher. Resale activity has increased at prices above the range. Though prices declined this week, various market underpinnings are giving the market a firm undertone. The June 2012 Dairy Market News average of the price series for Northeast dry whey was \$0.5188 compared to \$0.5644 one month ago and \$0.5282 in June 2011. The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in May, totaled 82.0 million lbs. The Atlantic region totaled 22.3 million pounds, or 27.1% of the nation's total. The Atlantic area's production is 1.6% less than April and 3.1% less than production one year ago. The national production total was 2.0 more than the previous month, but 5.6% less than for the same period last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4800 - .5425

DRY WHEY - WEST

Western dry whey prices saw fractional changes this week following various pricing indices for contract sales. The range price series narrowed, while the mostly price series was slightly higher. Spot prices for the week were marginally higher with some manufacturers clearing excess production. Whey manufacturing is below year ago levels as more of the whey stream is being directed towards concentrated whey proteins. Buyers and sellers are welcoming the more stable prices as they adjust their inventories. The June 2012 Dairy Market News monthly average price for Western dry whey range was \$0.4894 compared to \$0.5445 for June 2011; the Western dry whey mostly series averaged \$.4843 compared to \$.5434 a year ago. According to the NASS *Dairy Products* report, edible U.S. whey production in May totals 82.0 million pounds, down 5.6% from last year. The Western region produced 21.2 million pounds of whey in May, down 12.0% from last year. The West produced 25.9% of the whey in the U.S. in May. Cumulative U.S. total dry whey production for the first five months of the year is 445.9 million pounds, down 0.9% or 3.9 million pounds from the same period in 2011. Manufacturers' stocks at the end of May for edible whey are 46.6 million pounds, down 5.2% from last year.

NONHYGROSCOPIC: .4650 - .5200

MOSTLY: .4650 - .5150

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are unchanged in the holiday shortened week. Demand for WPC 34% is showing some additional interest as NDM prices increase. Available milk supplies are being directed to cheese plants and that is adding to whey stream production. The June 2012 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.1977 compared to \$1.3010 one month ago and \$1.5570 in June 2011. DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during May 2012 totaled 20.8 million pounds, 2.5% more than one month ago and 2.2% higher than production of one year ago. Cumulative total WPC production for 2012 totals 186.7 million pounds, 6.2% more than 2011 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 30.6 million pounds, 8.2% more than April 2012 and 117.9% more than the stocks of May 2011.

F.O.B. EXTRA GRADE 34% PROTEIN: .9000 - 1.3450 MOSTLY: 1.1000 - 1.2375

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6**LACTOSE - CENTRAL AND WEST**

Lactose prices are mostly steady this week. Third quarter contract prices are in effect. Spot demand is mixed with export demand said to be weak. Buyers are looking for lower pricing to purchase any large blocks of product. Production is following expected seasonal levels. Inventories of lactose are building. The June 2012 Dairy Market News average of the mostly price series for Central and West lactose was \$0.8783 compared to \$0.9100 one month ago and \$0.4700 in June 2011. DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during May 2012 increased 0.2% compared to April 2012 to 87.4 million pounds and was 0.1% higher than May 2011 production. Cumulative 2012 lactose production totals 432.5 million pounds, 5.7% more than during the same time span in 2011. Month ending stocks, at 81.0 million pounds, are 2.0% more than one month ago and 9.1% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL 7500 - 1.0150 MOSTLY: .8200 - .9200

CASEIN - NATIONAL

Casein markets have stabilized with prices generally lower. A new contracting quarter has begun and prices are generally lower, although the recent weak sentiment is not as weak as projected. Many domestic buyers were speculating that prices would ease due to the potential volumes of additional casein when a major casein producing country recently returned to the marketplace. Volumes of this additional casein are being offered within the domestic market, but buyers are not aggressively procuring these offerings. The financial impact on current prices is not occurring to the extent many thought it would. For the most part, buyers are satisfied with their supply situation from regular and ongoing suppliers.

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

RENNET:	3.7500 - 4.4000
ACID:	4.1500 - 4.7000

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
06/16/2012	53.6	1,418.1	50.7	1,369.7

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

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

CLASS III MILK PRICES (3.5% BF)

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

CLASS IV MILK PRICES (3.5% BF)

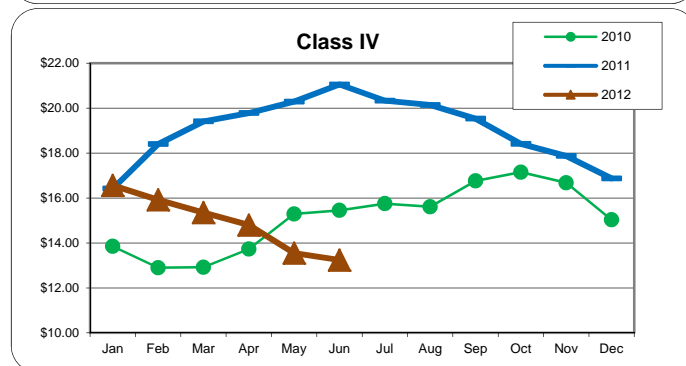
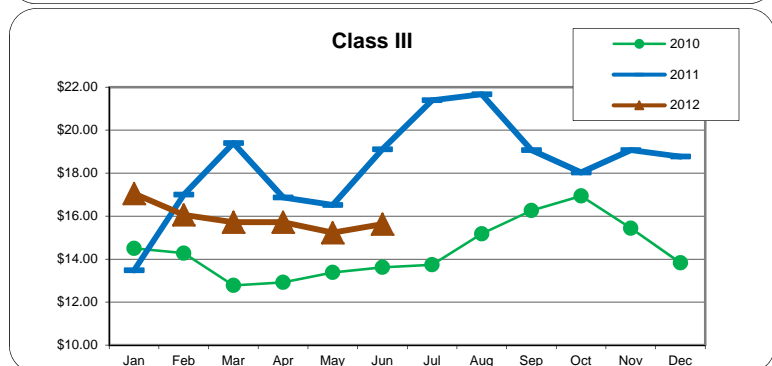
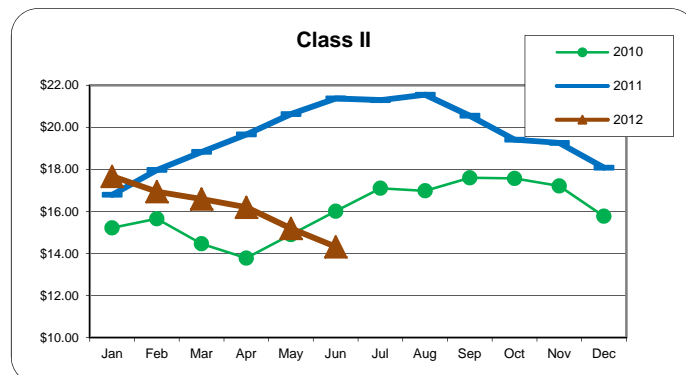
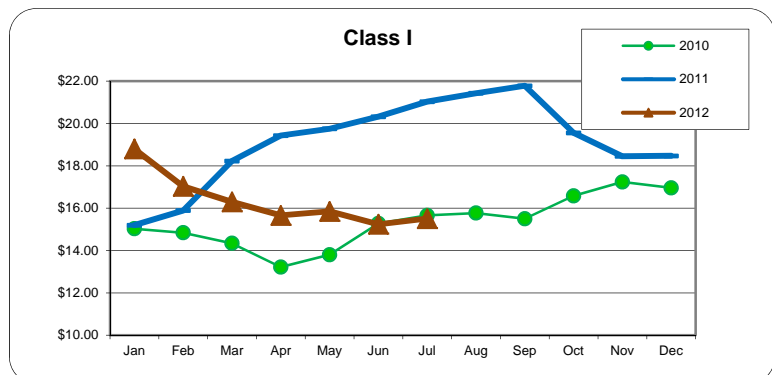
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41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

FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

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

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."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 25 - July 6, 2012

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

WESTERN OVERVIEW: Milk production in Western Europe continues to decline seasonally. Milk output varies from country to country in the E.U., but overall volumes are running about 2% ahead of last season at this time. Milk producers and handlers are indicating that milk production this season developed well and remains positive at this time of the summer. As milk volumes decline, manufacturing plant capacities are not as stressed as they were earlier in the spring. At this time, when possible, plant managers are able to shift milk volumes from one product to another for better returns or need. Traders and handlers are indicating that stock availability varies from product to product. Butter stocks are sufficient for domestic needs with volumes continuing to clear to PSA. As of June 24th, 99,574 MT of butter have cleared to the PSA program since March 1. This volume compares to 72,839 MT last year at this time. The PSA program will remain open for about 6 more weeks and will close on August 15. On August 16th, volumes that have been retained within the program for the specified period of time can start to be removed. Last year, over 100,000 MT of butter cleared to the program during the open season. Butter traders are indicating that International buyer interest is limited as European prices are often higher than buyers are willing to pay. Skim milk powder volumes are available, but not excessive. International sales have been active in recent weeks, but are not as aggressive at this time. Prices were starting to increase and buyers returned to the market at that time, but now have backed away. Whole milk powder stocks are available and are basically clearing through internal or domestic markets as prices are often higher than international buyers are willing to pay. Traders and handlers of manufactured dairy products are indicating that buyer interest, both domestically and internationally, is projected to start to ease as the summer vacation season gets underway.

BUTTER/BUTTEROIL: European butter markets and prices are firm. Seasonal churning activity is trending lower and is actively absorbing available cream volumes. Butter stocks are sufficient for domestic needs with volumes continuing to clear to PSA. As of June 24th, 99,574 MT of butter have cleared to the PSA program since March 1. This volume compares to 72,839 MT last year at this time. The PSA program will remain open for about 6 more weeks and will close on August 15. On August 16th, volumes that have been retained within the program for the specified period of time can start to be removed. Last year, over 100,000 MT of butter cleared to the program during the open season, over 90,000 MT in 2010, and over 170,000 MT in 2009. Butter traders are indicating that sales activity continues to center around an internal market with International buyer interest limited as European prices are often higher than buyers are willing to pay.

82% BUTTERFAT: 3,350 - 3,650
99% BUTTERFAT: 4,000 - 4,275

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are steady to firm. Skim milk powder volumes are available, but not excessive. Powder

production is on the down side of seasonal milk output. International sales have been active in recent weeks, but are not as aggressive at this time. Prices were starting to increase and buyers returned to the market at that time, but now have backed away. Traders and handlers are speculating that buyer interest, both domestically and internationally will slow in the coming weeks as the summer vacation/holiday session begins.

1.25% BUTTERFAT: 2,650 - 2,900

SWEET WHEY POWDER: European whey powder markets and prices are weaker. Whey stocks are tightening as good internal demand is clearing available volumes. Exports have been active, but have slowed recently. Cheese production is seasonally active, but is trending lower as overall milk volumes decline.

NONHYGROSCOPIC: 1,125 - 1,250

WHOLE MILK POWDER (WMP): Whole milk powder markets in Europe are unsettled with prices higher and lower. In recent weeks, prices were starting to firm, but in the past week or so, prices have stabilized. Some firm prices of two weeks ago have eased. Traders and handlers are stating that recent international buyer interest has slowed as current prices are less competitive. Stocks of whole milk powder available and are generally clearing through internal or domestic markets. Traders anticipate buyer interest will slow both domestically and internationally, as the summer holiday season begins.

26% BUTTERFAT: 3,075 - 3,275

EASTERN OVERVIEW: Eastern Europe milk production remains strong as milk volumes start to decline from seasonal peak levels. Milk volumes remain readily available to manufacturing facilities which continue to run at or very near capacity levels. Traders and handlers are indicating that international sales were more aggressive a few weeks ago when prices were starting to firm, but now this buyer interest has eased. Stocks are available, although not as readily available as previously projected.

Exchange rates for selected foreign currencies: July 2, 2012

.9831 Canadian Dollar	.0180 Indian Rupee
.2210 Argentina Peso	.8036 New Zealand Dollar
.0750 Mexican Peso	1.0148 Australian Dollar
.2983 Polish Zloty	.0126 Japanese Yen
	1.2576 Euro

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0750) = 13.3333 Mexican Pesos.

Source: "Wall Street Journal"

Information gathered June 25 - July 6, 2012

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

OVERVIEW: The Oceania 2012 - 2013 milk production season is off and running. Although milk volumes remain at low seasonal levels, milk producers and handlers are very optimistic about the upcoming season. In New Zealand, official figures are not yet released, but milk producers and handlers are speculating that the 2011 - 2012 production year finished around 9% stronger than the previous year. Looking forward to the 2012 - 2013 year, estimates are that milk volumes will run between 4 - 5% ahead of the year just completed. In Australia, the milk production season was equally positive and unofficial annual production figures are around 4% stronger than last season. Early estimates for the current year are running in a positive 2% range. Winter weather patterns are being reported in both countries. Temperatures and moisture conditions are typical in New Zealand, while wet and cold in Australia. Some areas of Australia, especially in the Gippsland area of Victoria, continue to struggle with wetter than usual conditions, even in the winter months. Traders and handlers are reporting that order books are filling for the first half of the upcoming production season. Most needs and contracts are in place for the next six months with volumes comparable to previous needs. Traders do indicate that some additional buyer inquiry is occurring, but this inquiry is going unfilled at this time as manufacturers and handlers make sure that regular and ongoing customer needs are acknowledged first. Prices for most dairy products were firming a few weeks ago, but this trend has stabilized and, in instances, eased a little. At the July 3 g/DT event, average prices for all products declined from the previous event. Average prices for all products decline 0.7% - 10.4%. Whole and skim milk powder prices eased 4.1% and 9.8% respectively, while anhydrous milk fat declined 10.4%.

BUTTER: Oceania butter markets are unsettled with prices trending lower. Churning activity is at seasonally low levels as is milk output. Butter producers are performing winter maintenance at this time as operations prepare for the upcoming production season which will start to show signs of increases within the next 6 - 8 weeks. At the July 3 g/DT event, the all contract price average for anhydrous milk fat decreased 10.4% to \$2,745 per MT when compared to the previous all contract average. The nearest contracting period is for contract #2 (September) and this price averaged \$2,673 per MT, 14.8% lower than the previous September contract.

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are mixed with prices unchanged to generally lower. Two weeks ago, prices appeared to be stabilizing, but that quickly disappeared within the past two weeks. Traders and handlers are speculating that prices will continue to ease for the time being, or at least until the new production season gets underway. At the July 3 g/DT #71 event, skim milk powder averaged \$2,599 per MT, -9.8% from the previous all contract average. All contracting periods (1 - 5, August - December) were down 3.1% to as much as 11.9%. These declines follow an overall decline of 4.8% during event 70, but a 21.3% increase in event 69.

1.25% BUTTERFAT:

2,550 - 3,200

CHEDDAR CHEESE: Oceania cheese markets and prices are generally holding steady. Milk production is at seasonally low levels, thus is cheese output. Traders and handlers are reporting that contract negotiations for upcoming needs are well underway and, for many, are finalized for at least the first half of the upcoming milk production season. Traders are indicating that needs appear to be in line with projections and buyers are generally comfortable with supplier commitments.

39% MAXIMUM MOISTURE:

3,100 - 4,100

WHOLE MILK POWDER (WMP): Whole milk powder markets are unsettled with prices unchanged to generally higher, although recent g/DT prices were lower. At the July 3 g/DT event, the price for all contracts averaged \$2,760 per MT, 4.1% lower than the previous all contract price. This average price compares to \$2,834 two weeks ago, \$2,763 a month ago, and \$3,638 a year ago. Traders and handlers are surprised at the weakening trend at the g/DT, but remain confident that this easing trend will subside as the new production nears. Milk production and whole milk powder output are at seasonally low levels and will resume in 6 - 8 weeks. Traders and handlers are indicating that whole milk powder order books are fairly well filled for first half production.

26% BUTTERFAT:

2,850 - 3,050

82% BUTTERFAT:

2,700 - 3,000

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 25 - July 6, 2012

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

US\$/MT	Global/Dairy Trading (g/DT) Event 71 Recap - July 3, 2012													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Aug-12		Sep-12		Oct-12		Nov-12		Dec-12		Jan-13			
Anhydrous Milk Fat	n.a.		\$2,673	-14.8%	\$2,685	-12.3%	\$2,703	-12.2%	\$2,879	-6.8%	\$2,949	-3.6%	\$2,745	-10.4%
Buttermilk Powder	n.a.		\$2,370	-6.3%	\$2,600	3.2%	\$2,550	3.0%	n.a.		n.a.		\$2,483	-0.7%
Cheddar	n.a.		\$3,034	-9.2%	\$2,997	-8.9%	\$3,146	9.0%	n.a.		n.a.		\$3,060	-0.7%
Lactose	n.a.		n.a.		\$1,948	-1.4%	\$1,900	-5.0%	\$1,900	-5.0%	n.a.		\$1,916	-3.8%
Milk Protein Concentrate	n.a.		\$4,100	-3.3%	\$4,035	-4.2%	\$4,040	-3.3%	n.a.		n.a.		\$4,065	-3.6%
Rennet Casein	n.a.		\$6,247	-8.9%	\$6,689	-1.2%	\$6,493	-3.5%	n.a.		n.a.		\$6,443	-4.5%
Skim Milk Powder	\$2,670	-3.1%	\$2,591	-11.9%	\$2,601	-8.7%	\$2,593	-10.3%	\$2,588	-8.4%	n.a.		\$2,599	-9.8%
Whole Milk Powder	\$2,845	n.a.	\$2,721	-6.7%	\$2,728	-4.3%	\$2,786	-2.3%	\$2,832	-0.6%	\$2,942	-2.0%	\$2,760	-4.1%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 71 Recap - July 3, 2012													
	Contract 1 Aug-12		Contract 2 Sep-12		Contract 3 Oct-12		Contract 4 Nov-12		Contract 5 Dec-12		Contract 6 Jan-13		All Contracts	
Anhydrous Milk Fat		n.a.	\$1.2125	-14.8%	\$1.2179	-12.3%	\$1.2261	-12.2%	\$1.3059	-6.8%	\$1.3377	-3.6%	\$1.2451	-10.4%
Buttermilk Powder		n.a.	\$1.0750	-6.3%	\$1.1794	3.2%	\$1.1567	3.0%		n.a.		n.a.	\$1.1263	-0.7%
Cheddar		n.a.	\$1.3762	-9.2%	\$1.3594	-8.9%	\$1.4270	9.0%		n.a.		n.a.	\$1.3880	-0.7%
Lactose		n.a.		n.a.	\$0.8836	-1.4%	\$0.8618	-5.0%	\$0.8618	-5.0%		n.a.	\$0.8691	-3.8%
Milk Protein Concentrate		n.a.	\$1.8597	-3.3%	\$1.8303	-4.2%	\$1.8325	-3.3%		n.a.		n.a.	\$1.8439	-3.6%
Rennet Casein		n.a.	\$2.8336	-8.9%	\$3.0341	-1.2%	\$2.9452	-3.5%		n.a.		n.a.	\$2.9225	-4.5%
Skim Milk Powder	\$1.2111	-3.1%	\$1.1753	-11.9%	\$1.1798	-8.7%	\$1.1762	-10.3%	\$1.1739	-8.4%		n.a.	\$1.1789	-9.8%
Whole Milk Powder	\$1.2905	n.a.	\$1.2342	-6.7%	\$1.2374	-4.3%	\$1.2637	-2.3%	\$1.2846	-0.6%	\$1.3345	-2.0%	\$1.2519	-4.1%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	06/21	06/22	06/25	06/26	06/27	06/28	06/29	07/02	07/03	07/04
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 12	15.67 (4482) 10	15.67 (4479) 0	15.65 (4480) 0	15.66 (4459) 0	15.64 (4452) 0	15.63 (4448) 0	15.65 (4434) 0	15.62 (4438) 0	15.62 (4438) 0	NO TRADING
JUL 12	16.72 (4189) 4	16.66 (4130) 0	16.95 (4059) 0	17.06 (4074) 6	17.05 (4062) 2	16.94 (4053) 13	16.87 (4029) 15	16.56 (3992) 13	16.69 (3905) 0	
AUG 12	17.03 (4178) 0	17.19 (4258) 0	17.48 (4316) 0	17.51 (4430) 1	17.48 (4606) 2	17.53 (4667) 42	17.62 (4703) 16	17.25 (4722) 7	17.26 (4795) 0	
SEP 12	17.10 (3207) 0	17.15 (3206) 0	17.47 (3260) 0	17.57 (3241) 1	17.61 (3231) 2	17.70 (3257) 32	17.73 (3266) 4	17.55 (3268) 0	17.60 (3262) 0	
OCT 12	17.10 (2800) 0	17.10 (2805) 0	17.39 (2887) 0	17.50 (2953) 1	17.50 (2968) 2	17.63 (2982) 29	17.62 (2991) 7	17.56 (3003) 0	17.58 (3004) 0	
NOV 12	17.05 (2591) 0	17.05 (2593) 0	17.15 (2630) 0	17.27 (2675) 1	17.27 (2670) 2	17.26 (2676) 29	17.32 (2681) 6	17.29 (2696) 0	17.38 (2696) 0	
DEC 12	16.90 (2379) 0	16.90 (2382) 0	17.02 (2436) 0	17.14 (2443) 1	17.14 (2451) 2	17.13 (2505) 31	17.24 (2508) 4	17.15 (2512) 0	17.15 (2513) 0	
JAN 13	16.64 (454) 0	16.70 (454) 0	16.76 (460) 0	16.90 (465) 0	17.00 (466) 0	17.10 (499) 0	17.06 (500) 0	16.95 (515) 0	16.95 (516) 0	
FEB 13	16.44 (299) 0	16.51 (301) 0	16.57 (300) 0	16.60 (311) 0	16.65 (314) 0	16.70 (321) 0	16.66 (322) 0	16.68 (332) 0	16.69 (331) 0	
MAR 13	16.25 (225) 0	16.25 (225) 0	16.31 (239) 0	16.39 (252) 0	16.48 (272) 0	16.53 (272) 0	16.60 (274) 0	16.60 (289) 0	16.75 (344) 0	
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 12	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	13.50 (283) 0	NO TRADING
JUL 12	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	14.45 (92) 0	
AUG 12	14.60 (74) 0	14.60 (74) 0	14.60 (74) 0	14.60 (74) 0	14.60 (74) 0	14.60 (74) 0	14.71 (74) 0	14.71 (74) 0	14.71 (74) 0	
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 12	143.68 (774) 0	143.68 (774) 0	143.68 (774) 0	143.00 (774) 0	143.00 (774) 0	141.00 (774) 2	141.00 (774) 0	140.25 (774) 0	140.25 (774) 0	NO TRADING
JUL 12	155.00 (780) 2	154.75 (780) 10	154.75 (780) 0	154.75 (780) 0	154.50 (780) 4	154.50 (780) 0	154.50 (780) 0	155.05 (780) 1	153.50 (782) 4	
AUG 12	157.50 (774) 0	156.25 (779) 2	156.25 (778) 1	156.25 (778) 0	156.25 (778) 0	156.25 (778) 0	156.25 (778) 0	156.25 (780) 3	154.28 (780) 5	
CME – NONFAT DRY MILK FUTURES (Pit-Traded)										
JUN 12	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	112.00 (407) 0	111.00 (407) 0	111.00 (407) 0	111.00 (407) 0	111.00 (407) 0	111.00 (407) 0	NO TRADING
JUL 12	118.00 (375) 0	118.00 (375) 0	118.00 (375) 0	118.00 (375) 0	117.00 (375) 0	117.00 (375) 0	117.00 (375) 0	117.00 (375) 0	117.00 (375) 0	
AUG 12	121.75 (389) 0	122.78 (398) 0	122.78 (398) 0	122.78 (398) 0	123.00 (398) 0	123.00 (398) 0	123.00 (402) 0	123.00 (407) 0	123.00 9407) 0	
CME – WHEY (Electronic-Traded)										
JUN 12	50.75 (445) 0	50.50 (446) 3	50.50 (446) 0	50.50 (446) 0	50.50 (446) 0	50.50 (446) 0	50.50 (446) 0	50.50 (446) 0	50.50 (446) 0	NO TRADING
JUL 12	51.43 (312) 0	51.05 (311) 3	51.05 (311) 0	51.25 (311) 0	51.25 (313) 3	51.25 (313) 0	51.25 (313) 0	51.25 (313) 0	51.25 (312) 2	
AUG 12	55.00 (264) 1	53.50 (260) 4	53.50 (265) 7	54.00 (263) 6	54.00 (263) 0	53.00 (261) 6	53.00 (262) 1	53.00 (262) 0	52.50 (262) 0	
CME – CHEESE CSC (Electronic-Traded)										
JUN 12	1.58 (1771) 8	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	1.58 (1771) 0	NO TRADING
JUL 12	1.66 (1425) 0	1.67 (1423) 12	1.69 (1423) 0	1.71 (1421) 10	1.72 (1421) 3	1.70 (1422) 2	1.70 (1421) 6	1.67 (1421) 8	1.68 (1407) 15	
AUG 12	1.70 (1361) 0	1.72 (1358) 9	1.74 (1353) 14	1.75 (1344) 26	1.76 (1343) 11	1.75 (1341) 4	1.76 (1334) 12	1.73 (1341) 23	1.73 (1341) 2	
SEP 12	1.72 (1310) 20	1.72 (1315) 10	1.74 (1309) 27	1.75 (1312) 9	1.76 (1307) 22	1.77 (1307) 2	1.77 (1317) 17	1.76 (1314) 3	1.76 (1315) 5	
OCT 12	1.72 (1081) 1	1.72 (1082) 1	1.74 (1086) 38	1.75 (1086) 8	1.75 (1071) 35	1.76 (1070) 1	1.76 (1059) 16	1.76 (1061) 3	1.75 (1062) 3	
NOV 12	1.71 (1066) 0	1.71 (1069) 3	1.72 (1077) 8	1.72 (1077) 8	1.73 (1075) 35	1.73 (1075) 0	1.73 (1068) 16	1.74 (1079) 25	1.74 (1079) 2	

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

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

COMMODITY	::REPORT NUMBER 22 :: JUN 01	::REPORT NUMBER 23 :: JUN 04 - 08	::REPORT NUMBER 24 :: JUN 11 - 15	::REPORT NUMBER 25 :: JUN 18 - 22	::REPORT NUMBER 26 :: JUN 25 - 29	:: 2012 or Total	:: 2011 Average
-----------	---------------------------------	--------------------------------------	--------------------------------------	--------------------------------------	--------------------------------------	---------------------	--------------------

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.6575 - 2.3625	:: 1.7150 - 2.4200	:: 1.7150 - 2.4200	:: 1.7500 - 2.4550	:: 1.7950 - 2.5000	:: 2.0921	: 2.4197
-- Brick And/Or Muenster 5#	:: 1.9025 - 2.4625	:: 1.9975 - 2.5575	:: 1.9950 - 2.5550	:: 2.0325 - 2.5925	:: 2.0075 - 2.5675	:: 2.2831	: 2.4959
-- Cheddar 40# Block	:: 1.9025 - 2.8875	:: 1.9975 - 2.9825	:: 1.9950 - 2.9800	:: 2.0325 - 3.0175	:: 2.0075 - 2.9925	:: 2.4956	: 2.5789
-- Monterey Jack 10#	:: 1.8725 - 2.8875	:: 1.9675 - 2.9825	:: 1.9650 - 2.9800	:: 2.0025 - 3.0175	:: 1.9775 - 2.9925	:: 2.4806	: 2.6310
-- Blue 5#	:: 2.1675 - 3.1525	:: 2.2625 - 3.2475	:: 2.2600 - 3.2450	:: 2.2975 - 3.2825	:: 2.2725 - 3.2575	:: 2.7606	: 3.0147
-- Mozzarella 5 - 6#	:: 1.7475 - 2.9875	:: 1.8425 - 3.0825	:: 1.8400 - 3.0800	:: 1.8775 - 3.1175	:: 1.8525 - 3.0925	:: 2.4681	: 2.6390
-- Grade A Swiss Cuts 6 - 9#	:: 2.6650 - 2.9825	:: 2.6650 - 2.9825	:: 2.6650 - 2.9825	:: 2.6650 - 2.9825	:: 2.6650 - 2.9825	:: 2.8238	: 3.0726

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 1.9150 - 2.2000	:: 2.0100 - 2.2950	:: 2.0075 - 2.2925	:: 2.0450 - 2.3300	:: 2.0200 - 2.3050	:: 2.1581	: 2.4841
-- Process 5# Sliced	:: 1.6850 - 1.8050	:: 1.7425 - 1.8625	:: 1.7425 - 1.8625	:: 1.7775 - 1.8975	:: 1.8225 - 1.9425	:: 1.8271	: 2.2497
-- Muenster	:: 1.9350 - 2.2950	:: 2.0300 - 2.3900	:: 2.0275 - 2.3875	:: 2.0650 - 2.4250	:: 2.0400 - 2.4000	:: 2.2156	: 2.4691
-- Grade A Swiss Cuts 10 - 14#	:: 3.2550 - 3.5775	:: 3.2550 - 3.5775	:: 3.2550 - 3.5775	:: 3.2550 - 3.5775	:: 3.2550 - 3.5775	:: 3.4163	: 3.5869

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.5900 - 1.8475	:: 1.6475 - 1.9050	:: 1.6475 - 1.9050	:: 1.6825 - 1.9400	:: 1.7275 - 1.9850	:: 1.8009	: 2.2409
-- Cheddar 40# Block	:: 1.6400 - 1.9925	:: 1.7350 - 2.0875	:: 1.7325 - 2.0850	:: 1.7700 - 2.1225	:: 1.7450 - 2.0975	:: 1.9168	: 2.3353
-- Cheddar 10# Cuts	:: 1.8200 - 2.0400	:: 1.9150 - 2.1350	:: 1.9125 - 2.1325	:: 1.9500 - 2.1700	:: 1.9250 - 2.1450	:: 2.0306	: 2.4491
-- Monterey Jack 10#	:: 1.8300 - 1.9900	:: 1.9250 - 2.0850	:: 1.9225 - 2.0825	:: 1.9600 - 2.1200	:: 1.9350 - 2.0950	:: 2.0106	: 2.4291
-- Grade A Swiss Cuts 6 - 9#	:: 2.8325 - 3.2625	:: 2.8325 - 3.2625	:: 2.8325 - 3.2625	:: 2.8325 - 3.2625	:: 2.8325 - 3.2625	:: 3.0475	: 3.2182

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 1.7048 - 1.8850	:: 1.8595 - 1.9573	:: 1.9437 - 2.0423	:: 1.9265 - 2.0725	:: 2.1190 - 2.2265	:: 2.0078	: 2.8691
-- Upper Midwest - f.o.b	:: 1.6632 - 1.8018	:: 1.7476 - 1.8595	:: 1.8029 - 1.9719	:: 1.9411 - 2.0433	:: 2.0576 - 2.1804	:: 1.9402	: 2.7879

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 1.19 - 1.22	:: 1.19 - 1.22	:: 1.14 - 1.23	:: 1.19 - 1.27	:: 1.14 - 1.18	:: 1.1955	: 1.6973
-- Class III	:: 1.27 - 1.35	:: 1.31 - 1.34	:: 1.27 - 1.35	:: 1.30 - 1.35	:: 1.27 - 1.35	:: 1.3171	: 1.1784

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

COMMODITY	::REPORT NUMBER 22 JUN 01	::REPORT NUMBER 23 JUN 04 - 08	::REPORT NUMBER 24 JUN 11 - 15	::REPORT NUMBER 25 JUN 18 - 22	::REPORT NUMBER 26 JUN 25 - 29	:: 2012 Average or Total	:: 2011 Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.1600 - 1.2150	:: 1.1600 - 1.2175	:: 1.1650 - 1.2500	:: 1.1700 - 1.2550	:: 1.1600 - 1.2600	:: 1.2039	:: 1.6786
-- Mostly	:: 1.1600 - 1.2000	:: 1.1800 - 1.2000	:: 1.1700 - 1.2100	:: 1.1800 - 1.2300	:: 1.1850 - 1.2300	:: 1.1973	:: 1.6788
-- High Heat	:: 1.2000 - 1.2650	:: 1.2400 - 1.2700	:: 1.2150 - 1.3100	:: 1.2200 - 1.3200	:: 1.2200 - 1.3600	:: 1.2676	:: 1.7632
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0500 - 1.1800	:: 1.0900 - 1.2000	:: 1.1100 - 1.2300	:: 1.1100 - 1.2500	:: 1.1200 - 1.3000	:: 1.1733	:: 1.6490
-- Mostly	:: 1.0700 - 1.1250	:: 1.1000 - 1.1500	:: 1.1250 - 1.2000	:: 1.1300 - 1.2000	:: 1.1400 - 1.2200	:: 1.1552	:: 1.6335
-- High Heat	:: 1.1150 - 1.2600	:: 1.1350 - 1.2400	:: 1.1650 - 1.2700	:: 1.1650 - 1.2900	:: 1.1650 - 1.3000	:: 1.2149	:: 1.7456
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.4000 - 0.5700	:: 0.4000 - 0.5700	:: 0.4000 - 0.5675	:: 0.4000 - 0.5550	:: 0.4000 - 0.5575	:: 0.4814	:: 0.5149
-- Mostly	:: 0.4450 - 0.5225	:: 0.4450 - 0.5225	:: 0.4300 - 0.5200	:: 0.4200 - 0.5250	:: 0.4200 - 0.5300	:: 0.4769	:: 0.5084
-- West (f.o.b.)	:: 0.4300 - 0.5625	:: 0.4400 - 0.5450	:: 0.4400 - 0.5250	:: 0.4500 - 0.5250	:: 0.4600 - 0.5275	:: 0.4894	:: 0.5445
-- Mostly	:: 0.4500 - 0.5175	:: 0.4500 - 0.5175	:: 0.4500 - 0.5125	:: 0.4500 - 0.5200	:: 0.4600 - 0.5150	:: 0.4843	:: 0.5434
-- Northeast (f.o.b.)	:: 0.4900 - 0.5875	:: 0.4750 - 0.5700	:: 0.4750 - 0.5600	:: 0.4700 - 0.5500	:: 0.4850 - 0.5575	:: 0.5188	:: 0.5282
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.9000 - 1.4200	:: 0.9000 - 1.4200	:: 0.9000 - 1.3925	:: 0.9000 - 1.3450	:: 0.9000 - 1.3450	:: 1.1389	:: 1.6022
-- Mostly	:: 1.2000 - 1.2925	:: 1.2000 - 1.2850	:: 1.1000 - 1.2850	:: 1.1000 - 1.2550	:: 1.1000 - 1.2375	:: 1.1977	:: 1.5570
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3650 - 0.4600	:: 0.3625 - 0.4850	:: 0.3625 - 0.4850	:: 0.3575 - 0.4775	:: 0.3575 - 0.4775	:: 0.4202	:: 0.4452
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.9500 - 1.1000	:: 0.9500 - 1.1000	:: 0.9500 - 1.1000	:: 0.9900 - 1.1050	:: 0.9900 - 1.1500	:: 1.0411	:: 1.5611
-- West (f.o.b.)	:: 0.9500 - 1.0700	:: 0.9700 - 1.0700	:: 0.9800 - 1.1000	:: 1.0100 - 1.1500	:: 1.0100 - 1.1700	:: 1.0552	:: 1.5084
-- Mostly	:: 0.9700 - 1.0400	:: 0.9700 - 1.0400	:: 1.0000 - 1.0600	:: 1.0500 - 1.0700	:: 1.0700 - 1.1100	:: 1.0443	:: 1.4978
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3900 - 1.4400	:: 1.3900 - 1.4400	:: 1.3900 - 1.5000	:: 1.4400 - 1.5000	:: 1.3700 - 1.5000	:: 1.4400	:: 1.9875
LACTOSE							
-- Central And West (f.o.b.)	:: 0.7600 - 1.0450	:: 0.7500 - 1.0350	:: 0.7500 - 1.0350	:: 0.7500 - 1.0150	:: 0.7500 - 1.0150	:: 0.8882	:: 0.5030
-- Mostly	:: 0.8500 - 0.9400	:: 0.8500 - 0.9200	:: 0.8500 - 0.9200	:: 0.8200 - 0.9200	:: 0.8200 - 0.9200	:: 0.8783	:: 0.4700
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.9500 - 4.7000	:: 3.9500 - 4.7000	:: 3.9500 - 4.7000	:: 3.9500 - 4.7000	:: 3.9500 - 4.7000	:: 4.3250	:: 4.9500
-- Nonrestricted - Acid	:: 4.3000 - 4.9000	:: 4.3000 - 4.9000	:: 4.3000 - 4.9000	:: 4.3000 - 4.9000	:: 4.3000 - 4.9000	:: 4.6000	:: 4.9100

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

CME GROUP AVERAGES FOR JUNE 2012

COMMODITY	::REPORT NUMBER 22::	REPORT NUMBER 23::	REPORT NUMBER 24::	REPORT NUMBER 25::	REPORT NUMBER 26::	2012 *	2011 *
	::-----::	-----::	-----::	-----::	-----::	Monthly	Monthly
	:: JUN 1	JUN 4 - 8	JUN 11 - 15	JUN 18 - 22	JUN 25 - 29	Average	Average
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.4000	:: 1.4200	:: 1.5225	:: 1.5200	::	:
--Tuesday	::	:: 1.4100	:: 1.4325	:: 1.5450	:: 1.5200	::	:
--Wednesday	::	:: 1.4050	:: 1.4500	:: 1.5450	:: 1.5200	::	:
--Thursday	::	:: 1.4100	:: 1.4550	:: 1.5450	:: 1.5200	::	:
--Friday	:: 1.4000	:: 1.4175	:: 1.5400	:: 1.5200	:: 1.5275	:: 1.4774	: 2.1077
--Weekly Average**	:: 1.3981	:: 1.4085	:: 1.4595	:: 1.5355	:: 1.5215	::	:
CHEESE*							
-- BARRELS							
--Monday	::	:: 1.5325	:: 1.5225	:: 1.5725	:: 1.6600	::	:
--Tuesday	::	:: 1.5225	:: 1.5650	:: 1.5725	:: 1.6750	::	:
--Wednesday	::	:: 1.5225	:: 1.5650	:: 1.6100	:: 1.6750	::	:
--Thursday	::	:: 1.5225	:: 1.5725	:: 1.6275	:: 1.6750	::	:
--Friday	:: 1.5325	:: 1.5225	:: 1.5725	:: 1.6350	:: 1.6750	:: 1.5871	: 2.0483
--Weekly Average**	:: 1.5238	:: 1.5245	:: 1.5595	:: 1.6035	:: 1.6720	::	:
-- 40# BLOCKS							
--Monday	::	:: 1.5925	:: 1.6150	:: 1.6150	:: 1.6400	::	:
--Tuesday	::	:: 1.5800	:: 1.6500	:: 1.6125	:: 1.6525	::	:
--Wednesday	::	:: 1.6025	:: 1.7000	:: 1.6200	:: 1.6525	::	:
--Thursday	::	:: 1.6500	:: 1.6450	:: 1.6250	:: 1.6500	::	:
--Friday	:: 1.6500	:: 1.6150	:: 1.6150	:: 1.6250	:: 1.6500	:: 1.6313	: 2.0995
--Weekly Average**	:: 1.6100	:: 1.6080	:: 1.6450	:: 1.6195	:: 1.6490	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 1.0900	:: 1.1200	:: 1.1650	:: 1.1900	::	:
--Tuesday	::	:: 1.0900	:: 1.1200	:: 1.1650	:: 1.1900	::	:
--Wednesday	::	:: 1.1200	:: 1.1600	:: 1.1650	:: 1.1950	::	:
--Thursday	::	:: 1.1200	:: 1.1600	:: 1.1650	:: 1.1950	::	:
--Friday	:: 1.0900	:: 1.1200	:: 1.1650	:: 1.1900	:: 1.1950	:: 1.1510	: 1.6100
--Weekly Average**	:: 1.0900	:: 1.1080	:: 1.1450	:: 1.1700	:: 1.1930	::	:
-- GRADE A							
--Monday	::	:: 1.1850	:: 1.2100	:: 1.2225	:: 1.2275	::	:
--Tuesday	::	:: 1.1900	:: 1.2150	:: 1.2225	:: 1.2275	::	:
--Wednesday	::	:: 1.1900	:: 1.2200	:: 1.2225	:: 1.2275	::	:
--Thursday	::	:: 1.1900	:: 1.2225	:: 1.2275	:: 1.2275	::	:
--Friday	:: 1.1850	:: 1.2100	:: 1.2225	:: 1.2275	:: 1.2275	:: 1.2143	: 1.6410
--Weekly Average**	:: 1.1681	:: 1.1930	:: 1.2180	:: 1.2245	:: 1.2275	::	:

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

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

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$16.10 in June, down \$0.10 from May 2012 and down \$5.00 from June 2011. Alfalfa hay price was \$201.00 in June, up \$21.00 from June 2011. Corn price was \$6.25 in June, down \$0.13 from June 2011. Soybean price was \$13.70 in June, up \$0.50 from June 2011. The milk-feed price ratio was 1.38 in June, down 0.49 from June 2011.

The index of prices received by farmers for dairy products during the month of June 2012 was 123, down 1 point from May 2012. Compared with June 2011, the index was down 39 points (24.1 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2012 was 215, unchanged from May 2012. Compared with June 2011, the index was up 12 points (5.9 percent).

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

State	All-Milk price 1/ 2/				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	May		June		June		June		June	
	2011	2012	2011	2012 3/	2011	2012 3/	2011	2012 3/	2011	2012 3/
AZ	19.80	15.40	21.00	14.90	230.00	245.00	---	---	---	---
CA	18.08	14.51	20.32	14.70	238.00	211.00	---	---	---	---
CO	19.60	16.50	20.80	16.20	170.00	235.00	6.57	6.19	---	---
ID	17.70	15.80	19.30	16.10	191.00	190.00	---	---	---	---
IN	20.50	16.20	21.90	15.80	---	---	6.82	6.45	13.40	13.90
IA	19.70	16.60	21.20	16.30	125.00	142.00	6.30	6.20	13.20	13.60
MI	20.60	16.80	21.60	16.30	100.00	110.00	6.77	6.10	13.10	13.50
MN	19.40	17.30	21.20	17.40	115.00	150.00	5.79	6.10	12.80	13.70
NM	19.20	15.10	20.20	14.80	235.00	276.00	---	---	---	---
NY	21.30	17.30	22.40	16.80	155.00	175.00	---	---	---	---
OH	21.50	17.00	22.40	16.60	167.00	207.00	6.89	6.43	13.40	14.00
PA	22.10	17.90	22.90	17.40	175.00	172.00	7.73	6.69	---	---
TX	20.60	16.30	21.60	16.00	204.00	225.00	7.74	6.30	---	---
WA	20.10	16.30	21.70	16.00	165.00	230.00	---	---	---	---
WI	18.90	17.00	20.60	17.10	100.00	135.00	6.40	6.20	12.40	13.70
U.S.	19.60	16.20	21.10	16.10	180.00	201.00	6.38	6.25	13.20	13.70

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

3/ Preliminary.

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	June 2011	May 2012	June 2012 3/
IA	2.11	1.58	1.57
MI	2.17	1.69	1.70
MN	2.27	1.66	1.66
OH	1.95	1.41	1.39
WI	2.16	1.66	1.67
U.S.	1.87	1.35	1.38

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

3/ Preliminary.

GENERAL PRICE MEASURES, U.S., JUNE 2012 WITH COMPARISONS

Item	June 2011	May 2012	June 2012 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	162	124	123
Prices paid by farmers for commodities and services, interest taxes, and wage rates	203	215	215

1/ Preliminary.

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

APRIL FLUID MILK SALES

During April, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 4.5 percent lower than April 2011. After adjusting for calendar composition, sales in April 2012 were 2.7 percent lower than April 2011. Estimated sales of total conventional fluid milk products decreased 4.6 percent from April 2011 and estimated sales of total organic fluid milk products decreased 1.7 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,
APRIL 2012, WITH COMPARISONS 1/**

Product Name	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,074	4,433	-4.1	-3.1
Flavored Whole Milk	40	162	-9.4	-8.1
Reduced Fat Milk (2%)	1,429	5,924	-4.8	-2.7
Low Fat Milk (1%)	593	2,461	0.8	2.9
Fat-Free Milk (Skim)	601	2,506	-7.3	-4.7
Flavored Fat-Reduced Milk	350	1,454	-3.0	-1.9
Buttermilk	38	157	0.9	0.0
Total Conventional Milk Products 5/	4,127	17,111	-4.6	-2.8
Organic Whole Milk	43	178	3.4	8.9
Organic Reduced Fat Milk	49	213	-1.0	10.1
Organic Low Fat Milk	36	155	10.4	16.4
Organic Fat-Free Milk (Skim)	35	148	-8.8	-3.4
Organic Flavored Milk	6	25	-42.8	-37.2
Organic Fat-Reduced Milk 3/	126	544	-3.4	4.7
Total Organic Milk Products	169	722	-1.7	5.7
Total Fluid Milk Products 4/	4,296	17,834	-4.5	-2.5
Total Fluid Milk Products Adjusted 4/ 5/	4,340	17,731	-2.7	-3.1

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

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

Area (Order Number)	Sales		Change from: 2/	
	April	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	720	3,012	-3.7	-1.4
Appalachian (005)	284	1,179	-3.5	-2.1
Southeast (007)	386	1,614	-4.1	-3.0
Florida (006)	240	993	-2.3	-0.9
Mideast (033)	476	1,983	-5.5	-2.5
Upper Midwest (030)	336	1,394	-6.6	-3.7
Central (032)	367	1,526	-4.0	-0.8
Southwest (126)	363	1,502	-2.7	-1.0
Arizona (131)	97	396	-3.6	-2.0
Pacific Northwest (124)	178	734	-3.3	-1.2
California (---)	506	2,075	-6.9	-6.4

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*, April 2012.

MAY 2012 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 163.3 million pounds, 4.8 percent above May 2011 but 3.8 percent below April 2012. **AMERICAN TYPE CHEESE** production totaled 375.9 million pounds, 0.9 percent above May 2011 and 1.1 percent above April 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 915.8 million pounds, 0.4 percent above May 2011 and 1.4 percent above April 2012. **NONFAT DRY MILK** production, for human food, totaled 195.5 million pounds, 31.4 percent above May 2011 and 1.7 percent above April 2012. **DRY WHEY** production, for human food, was 82.0 million pounds, 5.6 percent below May 2011 but 2.0 percent above April 2012. **ICE CREAM** (hard) production totaled 76.3 million gallons, 5.6 percent above May 2011 and 9.7 percent above April 2012.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2012	PERCENT CHANGE FROM:			PRODUCT	MAY 2012	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 2011	APR 2012	YEAR TO DATE 1/		1,000 LBS.	MAY 2011	APR 2012	YEAR TO DATE 1/
BUTTER	163,282	4.8	-3.8	7.8	SOUR CREAM	108,170	3.8	12.1	3.2
CHEESE					YOGURT (PLAIN AND FLAVORED)	371,139	7.1	0.9	3.9
AMERICAN TYPES 2/	375,864	0.9	1.1	3.3	DRY WHEY, HUMAN FOOD	81,993	-5.6	2.0	---
CHEDDAR	277,970	-2.0	1.5	2.7	DRY WHEY, ANIMAL FEED	4,309	-2.7	-23.0	---
OTHER AMERICAN	97,894	10.0	0.0	---	DRY WHEY, TOTAL 8/	86,302	-5.5	0.4	-0.9
BRICK & MUENSTER	12,702	-1.3	7.8	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	59,288	4.7	0.4	---	HUMAN FOOD	3,059	-4.7	-8.9	---
HISPANIC	18,584	-6.0	3.8	---	ANIMAL FEED	4,866	-1.4	1.7	---
TOTAL ITALIAN TYPES	384,351	-2.2	0.8	1.1	LACTOSE, HUMAN FOOD & ANIMAL FEED	87,373	0.1	0.2	5.7
MOZZARELLA	301,464	-2.1	0.7	1.2	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	82,887	-2.4	1.2	---	HUMAN FOOD 9/	33,967	0.6	-0.9	---
SWISS	28,410	-2.2	2.5	---	ANIMAL FEED 9/	2,776	-4.1	-3.0	---
ALL OTHER TYPES	15,573	21.0	8.2	---	TOTAL 9/	36,743	0.2	-1.0	6.2
TOTAL	915,783	0.4	1.4	3.1	25.0-49.9 PERCENT 10/	20,794	2.2	2.5	---
COTTAGE CHEESE, CURD 3/	37,038	2.9	8.4	---	50.0-89.9 PERCENT 10/	15,949	-2.2	-5.3	---
COTTAGE CHEESE, CREAM 4/	27,917	2.4	11.6	-2.8	WHEY PROTEIN ISOLATES 11/	5,422	1.2	-4.2	---
COTTAGE CHEESE, LOWFAT 5/	34,556	6.0	9.0	1.5	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSD WHOLE MILK	(D)	(NA)	(NA)	---	ICE CREAM (HARD)	76,277	5.6	9.7	-0.8
DRY BUTTERMILK	8,688	4.9	-8.3	---	ICE CREAM, LOWFAT (HARD)	17,447	9.7	4.4	---
DRY WHOLE MILK	5,448	18.8	23.9	---	ICE CREAM, LOWFAT (SOFT)	24,334	-6.5	1.4	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	10,979	19.7	-10.8	---	ICE CREAM, LOWFAT (TOTAL)	41,781	-0.3	2.6	0.2
NONFAT DRY MILK (NDM), HUMAN	195,490	31.4	1.7	40.0	SHERBET, HARD	3,827	-10.7	0.4	-3.6
SKIM MILK POWDERS (SMP) 7/	13,321	-62.7	-23.7	-44.3	FROZEN YOGURT (TOTAL)	5,881	4.3	4.6	3.7

MANUFACTURERS' STOCKS, END OF MONTH 12/

PRODUCT	MAY 2012	PERCENT OF:		PRODUCT	MAY 2012	PERCENT OF:	
	1,000 LBS.	MAY 2011	APR 2012		1,000 LBS.	MAY 2011	APR 2012
DRY WHEY, HUMAN FOOD	46,598	-5.2	-2.4	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,029	36.4	1.5	HUMAN FOOD 9/	47,629	58.2	4.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	8,765	83.8	13.8	ANIMAL FEED 9/	2,397	80.1	29.2
LACTOSE, HUMAN FOOD & ANIMAL FEED	80,977	9.1	2.0	TOTAL 9/	50,026	59.2	5.6
CANNED EVAP & CONDSD WHOLE MILK	(D)	(NA)	(NA)	25.0-49.9 PERCENT 10/	30,632	117.9	8.2
DRY BUTTERMILK	19,206	6.9	-18.3	50.0-89.9 PERCENT 10/	19,394	11.7	1.7
NONFAT DRY MILK (NDM), HUMAN FOOD	215,346	32.1	-4.9	WHEY PROTEIN ISOLATES 11/	7,199	36.1	-0.7

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

(NA) = Not available.

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

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

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAR 2012	232.8	3.3	219.1	6.3	210.5	3.7	225.8	8.7	195.2	-8.5	230.5	5.3
APR 2012	233.2	3.1	216.9	3.4	209.4	0.5	221.6	4.4	191.0	-8.6	231.0	4.6
MAY 2012	233.3	2.8	216.1	2.3	209.6	-1.1	220.1	2.4	194.2	-9.9	229.4	2.7
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Dollars											
MAR	3.499	3.503	3.359	3.690	4.316	3.828	5.659	5.065	5.090	4.923		
APR	3.474	3.597	3.180	3.720	4.252	3.891	5.628	5.204	5.206	4.877		
MAY	3.427	3.653	NA	3.693	4.218	4.052	5.568	5.435	5.048	4.614		

NA = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—FEBRUARY 2011-APRIL 2012 AND YEAR-TO-DATE 2011-2012 ^{1/}

Item	Feb.-Apr. 2011	Percent change ^{2/}	Feb.-Apr. 2012	Percent change ^{2/}	Jan.-Apr. 2011	Percent change ^{2/}	Jan.-Apr. 2012	Percent change ^{2/}
	Million Pounds							
MILK								
Production	48,664	1.9	51,151	4.0	65,054	2.0	68,158	3.9
Marketings	48,423	1.9	50,908	4.0	64,729	2.0	67,834	3.9
Beginning Commercial Stocks ^{3/}	11,791	-3.7	12,305	4.4	10,927	-3.6	10,983	0.5
Imports ^{3/}	742	9.0	774	3.1	955	-0.9	1,018	5.6
Total Supply ^{4/}	60,956	0.8	63,987	3.3	76,611	1.1	79,835	2.9
Ending Commercial Stocks ^{3/}	12,190	-9.4	14,450	18.5	12,190	-9.4	14,450	18.5
Net Removals ^{3/}	0	100.0	0	0.0	0	-100.0	0	0.0
Commercial Disappearance ^{4/}	48,766	3.9	49,537	0.5	64,421	3.6	65,385	0.7
SELECTED PRODUCTS ^{5/}								
Butter	453.1	19.1	438.7	-4.2	583.0	15.1	556.4	-5.4
American Cheese	1,076.2	4.3	1,086.0	-0.2	1,431.5	3.6	1,457.7	1.0
Other Cheese	1,614.4	5.8	1,634.7	0.2	2,162.8	7.0	2,207.1	1.2
Nonfat Dry Milk	330.6	-18.4	484.6	45.1	494.5	-6.2	645.3	29.5
Fluid Milk Products ^{6/}	13,516.6	-1.4	13,189.3	-3.5	18,290.1	-1.0	17,833.8	-3.3

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. *Fluid Milk Products*.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

Component Price Information: Under the Federal milk order pricing system, the butterfat price for June 2012 is \$1.4866 per pound. Thus, the Class II butterfat price is \$1.4936. The protein and other solids prices for June are \$2.8952 and \$0.3113 per pound, respectively. These component prices set the Class III skim milk price at \$10.81 per cwt. The June Class IV skim milk price is \$8.33 which is derived from the nonfat solids price of \$0.9252 per pound. **Product Price Averages:** The product price averages for June are: butter \$1.3991, nonfat dry milk \$1.1023, cheese \$1.5846, and dry whey \$0.5013.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} ^{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	JUNE 2012				JULY 2012
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	18.49	14.32	15.63	13.24	18.76
Appalachian (Charlotte) ^{5/} ^{6/}	005	18.64	14.32	15.63	13.24	18.91
Southeast (Atlanta) ^{6/} ^{7/}	007	19.04	14.32	15.63	13.24	19.31
Florida (Tampa) ^{6/} ^{8/}	006	20.64	14.32	15.63	13.24	20.91
Mideast (Cleveland) ^{9/}	033	17.24	14.32	15.63	13.24	17.51
Upper Midwest (Chicago) ^{10/}	030	17.04	14.32	15.63	13.24	17.31
Central (Kansas City) ^{11/}	032	17.24	14.32	15.63	13.24	17.51
Southwest (Dallas) ^{12/}	126	18.24	14.32	15.63	13.24	18.51
Arizona (Phoenix)	131	17.59	14.32	15.63	13.24	17.86
Pacific Northwest (Seattle) ^{13/}	124	17.14	14.32	15.63	13.24	17.41
All-Market Average	---	18.13	14.32	15.63	13.24	18.40

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

^{3/} Names in parentheses are the major city in the principal pricing point of the market.

^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

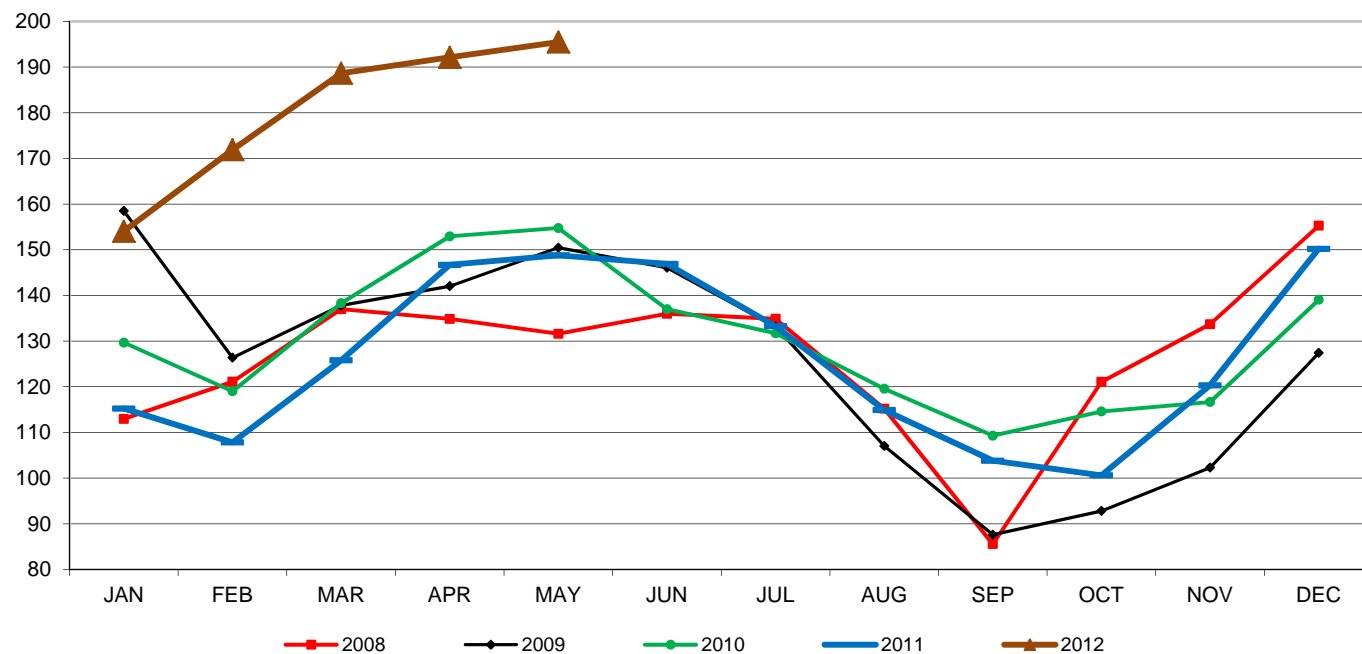
^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

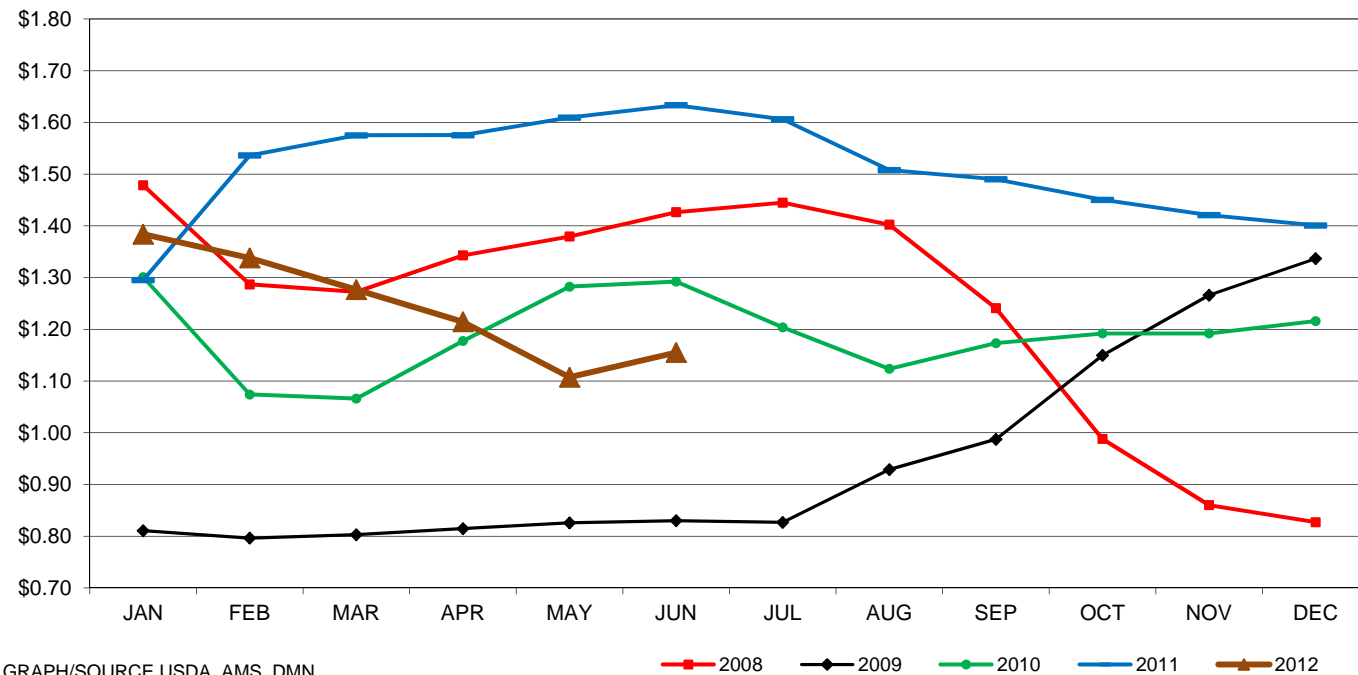
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

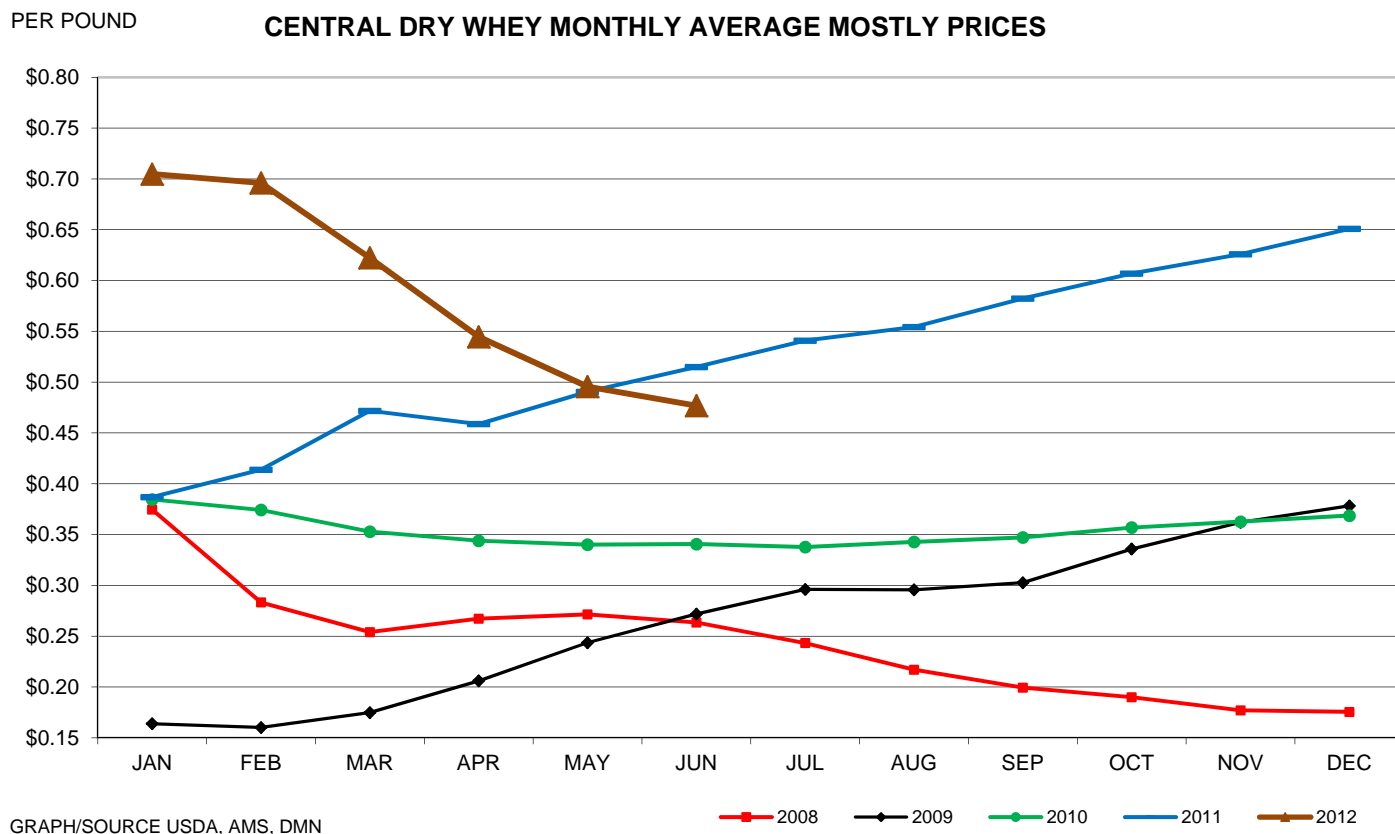
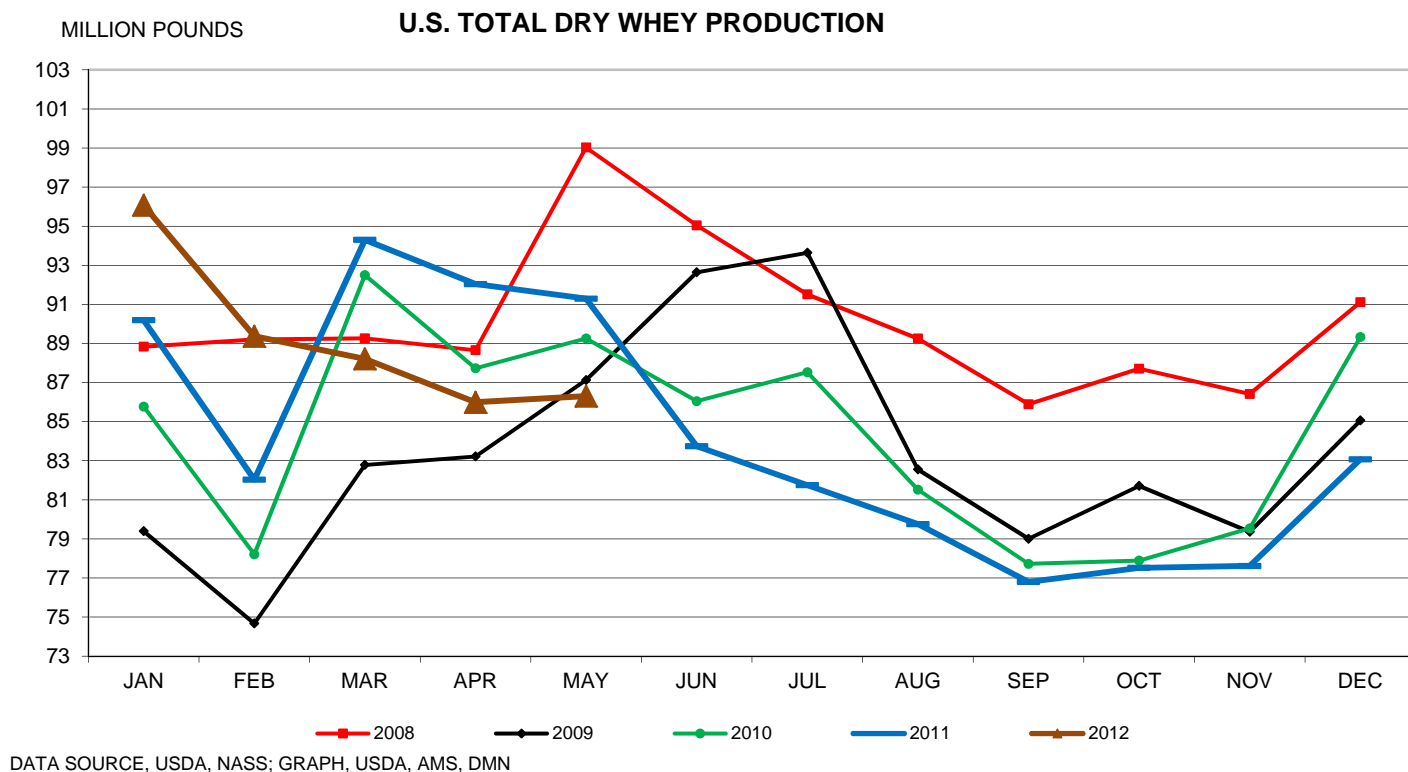
U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN

MILLION POUNDS

WESTERN LOW/MEDIUM HEAT
NONFAT DRY MILK MONTHLY AVERAGE MOSTLY PRICES

PER POUND





DAIRY MARKET NEWS

GENERAL NUMBER

(608) 278-4200

VOLUME: 79

REPORT: 27

DATE: 07/06/2012

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

EAST

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

CENTRAL/WEST

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

SOUTHWEST

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

NORTHWEST/MOUNTAIN

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

NATIONAL SUPERVISOR

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

INTERNATIONAL

Steven Schneeberger
(608) 278-4154
Steven.Schneeberger@AMS.USDA.GOV

ORGANIC

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

MARKET NEWS PORTAL

www.marketnews.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