

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (08/3):**

**BUTTER:** Grade AA closed at \$1.6900. The weekly average for Grade AA is \$1.6615 (+.0150).

**CHEESE:** Barrels closed at \$1.6850 and 40# blocks at \$1.7100. The weekly average for barrels is \$1.6805 (-.0125) and blocks, \$1.7040 (-.0110).

**BUTTER HIGHLIGHTS:** Early week declines at the CME cash market were erased as the market trend reversed and the price closed at \$1.6900, a gain of two cents from last Friday. The trade is assessing the release of the Dairy Products report showing June U.S. output at 136.8 million pounds, a 3.2% decline from a year ago. Year-to-date output through June at 996.0 million pounds is tracking 6.1% or 57.6 million pounds higher versus a year ago. Many churning operations continue to capitalize on the good returns for cream by selling at least some of their cream intakes and taking advantage of the current opportunities. The cream market and pricing are less firm than in recent weeks. Butter churning is steady to lower. The impact of hot weather has affected the volume and fat content of milk in the Midwest and East, but only to a limited extent in the West. Butter holdings are adequate for current and future needs. Butter is being pulled out of storage to service accounts. Sometimes this is occurring because the processor is selling the cream, pulling stored butter, and making better overall returns. Sales of bulk butter are generally light to moderate and to established accounts. Retail and club store demand for print butter remains good. Specials have been evident. Food service demand is fair to good as the summer season is entering August.

**CHEESE HIGHLIGHTS:** Cheese prices have traded up and down in a narrow range for the last three weeks. Contracted loads into large commercial customers have been moving well with some additional interest being shown for increased loads. Supplies are adequate for these needs, but inquiries from brokers looking to purchase spot loads are sometimes being deferred in favor of additional sales to continuing customers. Cheese plants are worried about milk supplies, especially in areas that have experienced hot, humid weather. Cheese plants would like to increase production schedules for fall foodservice needs, but are not getting all the milk they desire. Specialty cheese makers are having some difficulties in dry areas, getting pasture grazed milk to fill orders. Prices at the CME Group finished the week with barrels up \$.0100 on Friday to \$1.6850

and blocks closing up \$.0100 on Friday at \$1.7100. Sales activity on Friday was heavy in barrels as 15 loads were sold, blocks had two sales on Friday.

**FLUID MILK:** Milk production continues to be impacted by weather conditions across wide areas of the U.S. Class I demand is beginning to increase as schools start in some areas of the country and demand will build over the next month. Cream markets are mostly steady to firm with fair to good demand noted from butter and ice cream accounts. The Northeast and Midwest are seeing milk output leveling off and areas are receiving some much-needed rainfall for crop and pasture growth. In the Southeast and Florida, milk output is at seasonal low levels and manufacturing is also at low levels. In the Southwest, milk output is trending lower. Monsoon conditions in Arizona are lowering milk receipts. In the Northwest, milk output is steady and along expected levels as conditions are favorable. Milk production is often above year ago levels in Utah and Idaho.

**DRY PRODUCTS:** Nonfat dry milk prices are moving higher across all regions in a firm market. Buying interest has been fair to good as the market prices moved higher in recent weeks. Index pricing is tempering some of the price movement and there is some price resistance at the top of the current market ranges. Dry whey prices are steady to firm in all regions. Demand is moderate to good with some buyers looking for spot loads and others seeking to increase their contract volumes. Whey protein concentrate 34% prices are steady after several weeks of decline. Demand from edible accounts is steady. Lactose prices are mostly unchanged to slightly higher. Buyer interest is steady to higher from domestic and international accounts. Some buyers are looking to secure future coverage.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):** The calendar indicates that winter is still in the **Oceania** region, but pastures are starting to green and more signs of spring are developing. No noticeable increases in milk production are being reported, but by the end of the month, this trend will change. Milk producers and handlers are very optimistic about the upcoming production season. A strong finish to the previous season, generally favorable winter weather conditions, and good cow conditioning are some of the factors that typically signal a positive start to a new production season. All of these factors are playing out in both New Zealand and Australia this

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY JUL 30	TUESDAY JUL 31	WEDNESDAY AUG 01	THURSDAY AUG 02	FRIDAY AUG 03	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6850 (N.C.)	\$1.6825 (-.0025)	\$1.6750 (-.0075)	\$1.6750 (N.C.)	\$1.6850 (+.0100)	:: (N.C.)	:: \$1.6805 (-.0125)
40# BLOCKS	\$1.7050 (N.C.)	\$1.7050 (N.C.)	\$1.7000 (-.0050)	\$1.7000 (N.C.)	\$1.7100 (+.0100)	:: (+.0050)	:: \$1.7040 (-.0110)
NONFAT DRY MILK							
EXTRA GRADE	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3500 (+.0500)	\$1.4000 (+.0500)	:: (+.1000)	:: \$1.3300 (+.0400)
GRADE A	\$1.3750 (N.C.)	\$1.3750 (N.C.)	\$1.3800 (+.0050)	\$1.4000 (+.0200)	\$1.4000 (N.C.)	:: (+.0250)	:: \$1.3860 (+.0125)
BUTTER							
GRADE AA	\$1.6475 (-.0225)	\$1.6450 (-.0025)	\$1.6450 (N.C.)	\$1.6800 (+.0350)	\$1.6900 (+.0100)	:: (+.0200)	:: \$1.6615 (+.0150)

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](http://WWW.AMS.USDA.GOV/DAIRYMARKETNEWS).

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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season. An El Nino weather pattern continues to be discussed, but as many indicate, until this actually develops, all systems are go for a positive 2012 - 2013 season. For the most part, winter plant maintenance is in the final stages of completion or has been completed and both countries are ready for milk volumes to increase. Milk production projections for this year remain strong, but most producers and handlers are not projecting as strong of a season as the one just completed. Handlers are just hopeful that the season will be a positive one. Traders and handlers are indicating that their order books are in good shape, especially for the first quarter of the new season. Commitments have been finalized for some of second quarter volumes, but often negotiations are still occurring. Many manufacturers and handlers are proceeding more cautiously with their commitments than in previous years. Most sales activity continues to center around regular and ongoing customer needs with minimal new buyer interest being reported. Much of Oceania's output typically moves to ongoing customer needs. At the August 1 g/DT event, average prices for all products were generally higher with the exception of anhydrous milk fat and buttermilk powder. Within most offered products, heavier volumes are offered during this event as the Oceania region heads into a new production season. Some traders and handlers are indicating that they feel that the g/DT event may have been somewhat disruptive to the commercial market by holding prices at lower levels. With the firmer trend at the August 1 event, this may be changing. Traders and handlers are also indicating that the international marketplace, including the Oceania region, is closely monitoring what is happening in the U.S. and the potential impact on the international marketplace. Record setting temperatures and very limited moisture in much of the country is negatively influencing grain crops and potential feed availability to dairy farmers and the livestock industry.

The milk production season throughout **Europe** continues to trend lower at varying rates. Weather conditions are the main factors that are influencing the rate of decline. Hot temperatures in southern regions and cooler/wet conditions in northern regions are the main factors in production declines. Milk output declines in Ireland are greatly influencing milk volumes and logistics. In some instances, manufacturers and handlers are adjusting the milk flow of one product line and to another. This is causing some manufacturers and handlers to realign commitments and potentially alter delivery schedules. Although milk output is on the downside of the season, overall milk volumes are running around 2% ahead of last year at this time. Stocks of manufactured dairy products are available, but often not at levels of previous years. Buying interest, both domestically and internationally, is quite stable for this time of the summer. Typically, for the period of July - August, Europe goes on holiday and sales slow, but this year suppliers and handlers are indicating that sales appear to be more active than usual. Cheese exports remain active and sales continue to be reported for cheese destined for European holiday areas. International sales are holding up quite well also. At the most recent European Dairy Commission meeting, a request to resume export subsidies was presented by the Polish Council and endorsed by the Lithuanian Council. After discussion and consideration, the Commission denied the request on the grounds that current marketing conditions did not support such a move. There are two types of subsidies depending on the commodity, a fixed subsidy and then implementation of a tendering system that would be at levels other than the specified levels for the various commodities. Butter stocks continue to clear to PSA. This program has been open since March and will remain open until August 15 or about 2 more weeks. Since March 1 and through July 22, 118,777 MT of butter have cleared to the program. This clearance is 35% more than last year's 87,800 MT for the same period. As of August 16, early offered volumes that have been in the storage program for the specified -1A-

period of time can start to be removed for commercial needs or commitments. Milk production in **Eastern Europe** is trending lower, but is holding up stronger than many of their Western counterparts. Weather patterns are also impacting the pace of decline with hot temperatures and wet conditions being reported in this region. As milk volumes decline, manufacturing schedules are easing, but remain at manageable levels with minimal logistic problems at this time. Stocks of manufactured dairy products are available for buyer interest, although some suppliers feel that overall volumes might not be as plentiful as in years past.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):**

The following are the July 2012 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$14.51 (+\$0.19), Class III \$16.68 (+\$1.05), and Class IV \$14.45 (+\$1.21). Product price averages used in computing Class prices are: butter \$1.5386, NDM \$1.1744, cheese \$1.6857, and dry whey \$0.5023. The Class II butterfat price is \$1.6626 and the Class III/IV butterfat price is \$1.6556. Further information may be found at: [www.ams.usda.gov/AMSV1.0/PriceFormulas2012](http://www.ams.usda.gov/AMSV1.0/PriceFormulas2012)

**JULY AGRICULTURAL PRICES (NASS):**

The All Milk price received by farmers was \$16.60 in July, up \$0.40 from June 2012 and down \$5.20 from July 2011. Milk Cows price was \$1,420 in July, down \$60 from July 2011. Alfalfa hay price was \$198.00 in July, up \$9.00 from July 2011. Corn price was \$7.36 in July, up \$1.03 from July 2011. Soybean price was \$15.60 in July, up \$2.40 from July 2011. The milk-feed price ratio was 1.29 in July, down 0.62 from July 2011. The index of prices received by farmers for dairy products increased 3 points during the month of July 2012 to 127. Compared with July 2011, the index was down 40 points (24.0%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2012 increased 1 point to 215. Compared with July 2011, the index was up 11 points (5.4%).

**JUNE 2012 DAIRY PRODUCTS (NASS):**

Butter production was 136.8 million pounds, 3.2% below June 2011 and 16.2% below May 2012. American type cheese production totaled 365.9 million pounds, 0.2% above June 2011 but 2.6% below May 2012. Total cheese output (excluding cottage cheese) was 896.8 million pounds, 0.9% above June 2011 but 2.1% below May 2012. Nonfat dry milk production, for human food, totaled 169.1 million pounds, 15.1% above June 2011 but 13.2% below May 2012. Dry whey production, for human food, was 78.9 million pounds, 1.9% below June 2011 and 3.5% below May 2012. Ice cream (hard) production totaled 76.4 million gallons, 0.6% above June 2011 and 2.3% above May 2012.

**CONSUMER PRICE INDEX (BLS):**

The June CPI for all food is 233.6, up 2.7% from June 2011. The dairy products index is 215.5, up 1.5% from a year ago. The June-to-June changes for selected products are: fresh whole milk is -2.8%; cheese, +2.0%; and butter, -10.4%.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):**

Commercial disappearance of dairy products during the first five months of 2012 totals 83.1 billion pounds, 1.8% above the same period in 2011. Comparing disappearance levels with year earlier levels: butter is -0.2%; American cheese, +1.7%; other cheese, +1.4%; NDM, +36.0%; and fluid milk products, -2.9%.

**MAY OVER-ORDER CHARGES ON PRODUCER MILK, BY**

**CLASS OF UTILIZATION (FMMO):** For May 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.03, down \$0.03 from the April 2012 average. Eighty-seven percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.80 in the Pacific Northwest to \$2.99 in the Florida Order. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.12, down \$0.01 from the April 2012 average. Seventy-four percent of the producer milk used in Class II carried an over-order charge.

**CME GROUP**

MONDAY, JULY 30, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6850; 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: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6475

TUESDAY, JULY 31, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6850; 3 CARS 40# BLOCKS @ \$1.7050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6825;  
 1 CAR 40# BLOCKS @ \$1.7050  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 8 CARS GRADE AA: 5 @ \$1.6475, 2 @ \$1.6400, 1 @ \$1.6450; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6375; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6450

WEDNESDAY, AUGUST 1, 2012

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.6825, 1 @ \$1.6775, 1 @ \$1.6750; 1 CAR 40# BLOCKS @ \$1.7000; LAST BID UNFILLED: 5 CARS BARRELS @ \$1.6675;  
 3 CARS 40# BLOCKS @ \$1.7000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6750  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3800; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.4000  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6550

THURSDAY, AUGUST 2, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6850  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.4000; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.4100  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6800; LAST OFFER UNCOVERED: NONE

FRIDAY, AUGUST 3, 2012

CHEESE -- SALES: 15 CARS BARRELS @ \$1.6800; 2 CARS 40# BLOCKS @ \$1.7050; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.6850; 2 CARS 40# BLOCKS @ \$1.7100;  
 LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS EXTRA GRADE @ \$1.4000; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6900; LAST OFFER UNCOVERED: NONE

**NORTHEAST**

Butter prices on the CME Group declined \$0.0025 on Tuesday and closed at \$1.6450. Butter prices have been on a roller coaster over the last 6 trading sessions, increasing \$0.0600 in the first 3 sessions, holding steady for 1 session and then declining \$0.0250 in the last 2 sessions. Butter production remains limited as available cream supplies have tightened. Butter production in New England has held up better than other areas of the Northeast supported by increased private label orders and a little more available cream supply. Current butter production is focused on filling current orders with little being added to inventories. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

**CENTRAL**

The CME cash butter price continued to firm late last week, but eased 2 1/2 cents early this week to settle at \$1.6450 at midweek. Many butter producers and handlers were surprised at the slight weakness, but welcomed the development. In many instances, the weakness in the cash price did little to influence cream availability to the churn but it did ease cream prices a little. Class II demand continues to pull a significant portion of available cream, basically into ice cream and mix production. Heat and humidity continues to stress the milking herd and butterfat levels within incoming milk are lower. Overall, churning schedules are often not keeping pace with demand and inventoried stocks are fulfilling needs. Butter demand is holding steady at fairly good levels, stimulated by

occasional feature activity at the retail level. Food service orders are mixed, fully dependent on restaurant and food service traffic flows. Some food service buyers are indicating that record setting temperatures have slowed traffic flow, while others indicate that customer traffic has been stronger. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

**WEST**

Western butter prices had been stronger all through the month of July until lower prices were accepted for the last two days of the month at the CME Group. The market tone remains strong, but buyers and sellers are assessing inventories. Buyers are making decisions about forward purchasing at current prices or following spot opportunities. Cream supplies are adequate for continued manufacturing, although many churns are pulling from stored inventories to fill orders. Cream sales to ice cream plants are good. Print sales are reported to be good, with club store sales above year ago levels. Food service accounts are also above year ago. Manufacturers continue to express confidence in current stored inventories for use in the third and fourth quarter. CME Group average price for July 2012 for butter is \$1.5831 compared to \$2.0443 for July 2011. Wednesday's close on the CME Group exchange for butter is unchanged at \$1.6450. This week saw the butter price move lower at the CME Group for the first time since June 22<sup>nd</sup>. Trading activity for the week is moderate with eight loads sold on Tuesday.

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

**WEEK ENDING**  
 July 28, 2012

BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
1.5689	1.6765	1.7180	0.5097	1.2014
2,346,610	14,423,447	9,240,155	8,525,002	14,979,910

## CHEESE MARKETS

## NORTHEAST

CME Group cheese prices were mixed Tuesday with barrels declining \$0.0025 to close at \$1.6825, while blocks held steady at \$1.7050. Price declines recorded Friday have sparked some increased trading over the last 3 trading sessions with 6 loads of barrels and 8 loads of blocks transacted. Cheese production held mostly steady this week with some cheese makers, mostly mozzarella makers, attempting to increase production. Cheese makers continue to purchase additional loads of condensed skim for fortification purposes. Demand for cheddar cheeses remains steady, but mozzarella demand has improved as shredding schedules have increased as they prepare to fill fall foodservice orders. Export demand remains fairly good with some limitations, due to pricing disadvantages, brought about by the strong US dollar compared to other currencies. Cooperatives Working Together (CWT) announced July 30 the acceptance of requests for export assistance to sell various quantities of Cheddar and Monterey Jack cheese. 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 71.5 million pounds.

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

Cheddar 40# Block	:	2.1175-2.4025
Process 5# Sliced	:	1.9100-2.0300
Muenster	:	2.1375-2.4975
Grade A Swiss Cuts 10 - 14#	:	3.2000-3.5225

## MIDWEST

Varied cheese markets are generating varied signals. CME activity was unchanged last week until both blocks and barrels declined Friday, took a rest Monday, then barrels declined one fourth cent Tuesday to close at \$1.6825, while blocks remained unchanged for the week at \$1.7050. In the market between large commercial cheese plants and contracted customers, contracted loads are moving well and during recent weeks, some continuing customers have asked for extra loads, which can't always be delivered. Brokers who are not continuing customers, and who have been making calls looking for spot loads of cheese, are being told that few extra loads are expected to be available for them until about mid to late fall. The increased customer interest above contracted shipments is explained by manufacturers as customers expecting cheese prices to continue to trend up, leading some customers to be comfortable with increasing inventory. Milk supplies are adequate for contracted manufacturing but some plants believe they could move more cheese if more milk was readily available. Looking ahead, cheese plants are concerned about future milk supplies should some milk producers decide to sell off herds due to weather and economic conditions. There have already been discussions within some cheese manufacturing operations between field representatives and plant management, about contracted milk producers who may be inclined to reduce herds, or leave dairy farming. The hope is that cows will move to other area farms, rather than slaughter, but the concern is real enough that cheese plants are monitoring this situation among regular contracted milk producers. Smaller manufacturers of specialty cheese who require milk from grass fed cows are working harder to maintain supplies during the stressful conditions

in some of the Midwest. Specialty cheese manufacturers are concerned that desired cheese color of some specialty cheese is more challenging to maintain due to the nature of what cows are eating in pastures this summer. Cooperatives Working Together (CWT) has accepted six requests for export assistance to sell 1.433 million pounds (650 metric tons) of Cheddar and Monterey Jack cheese to customers in Asia, North Africa, the Middle East and South America. 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 71.5 million pounds, and butter and anhydrous milk fat totaling 55.3 million pounds, to 33 countries on four continents. On a butterfat basis, the milk equivalent of these exports is 1.866 billion pounds, or the same as the annual milk production of 88,800 cows.

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

Process American 5# Loaf	:	1.8825-2.5875
Brick And/Or Muenster 5#	:	2.1050-2.6650
Cheddar 40# Block	:	2.1050-3.0900
Monterey Jack 10#	:	2.0750-3.0900
Blue 5#	:	2.3700-3.3550
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9500-3.1900
Grade A Swiss Cuts 6 - 9#	:	2.8100-2.9275

## WEST

Western cheese prices were fractionally lower. The spot market this week remained mostly steady with the past two weeks. Cheese production levels are steady as sales are reported to be good. Buyers are purchasing for immediate needs with some taking advantage of favorable spot sales. Export sales are facing lower international pricing, but sales are being made with help from the CWT program. The impending return of school openings has helped to stimulate additional food service purchases. Stocks are adequate for current demand. The CME Group monthly average price for July 2012 for barrels is \$1.6826 compared to July 2011 at \$2.1124. Blocks averaged \$1.6855 for July 2012 compared to \$2.1150 for last year. Barrel trading at the CME Group on Wednesday closed down \$.0075 to \$1.6750. Blocks were down \$.0050 to finish at \$1.7000. Prices since mid-July have traded up and down in a narrow range. Sales activity this week is moderate as barrels have had five sales and blocks selling four loads so far this week.

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

Process 5# Loaf	:	1.8150-2.0725
Cheddar 40# Block	:	1.8425-2.1950
Cheddar 10# Cuts	:	2.0225-2.2425
Monterey Jack 10#	:	2.0325-2.1925
Grade A Swiss Cuts 6 - 9#	:	2.7775-3.2075

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## CHEESE MARKETS

## FOREIGN

The weekly average block price on the CME Group registered only a marginal decline, having no impact on domestic wholesale cheese prices. Domestic wholesale Swiss cuts and imported cheese varieties were also unchanged. Numerous importers are preparing to make fall purchases and are sensing there are deals to be made. The combination of readily available European cheese supplies and the weak Euro, compared to the US dollar, make it a good time for importers to strike deals. Some countries are more inclined to make deals than others as the European recession has hit those countries harder than others.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2575-3.7450
Gorgonzola	: 3.6900-6.3900	: 2.7600-3.0200
Parmesan (Italy)	: -0-	: 3.3800-3.9350
Provolone (Italy)	: 3.4400-6.1800	: 2.3000-2.4575
Romano (Cows Milk)	: -0-	: 3.4475-5.5975
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-	: 3.2925-3.6150
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

\* = Price change.

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

BUTTER : CHEESE

	:	
07/30/12	12,378	: 130,963
07/01/12	11,983	: 130,832
CHANGE	395	: 131
% CHANGE	3	: 0

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	19	0	28	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to hold fairly steady in New England and upstate New York. Some badly needed rains covered much of the Northeast and Mid-Atlantic regions, improving pastures and stimulating regrowth in hay fields. Manufacturing milk supplies continue to decline in the Mid-Atlantic region with some plants noting a 4-5% decline compared to last month. Florida weather patterns have returned to normal for this time of year. It's hot and steamy with daily rains. Some areas have actually received too much rain. Milk production saw some sharp declines last week due to the hot humid weather. Class I demand remains fairly strong for this time of year and may increase even more next week when some schools begin their fall terms. Southeast milk supplies are nearly in balance with demand with very few loads going to manufacturing facilities. Class I demand remains flat, but will begin to pick up next week as school openings start to build. Load rejections due to temperature issues continue to be a problem. Very good demand for cream has significantly tightened the available cream supply. Strong pulls from ice cream and cream cheese manufacturers make up the bulk of the overall demand. Cream cheese makers are very active as they attempt to build inventory for the fall season. Some butter makers, one from out of region, were also looking for additional loads of cream. Multiples moved higher and ranged mostly from 145-152. The cream market has taken on a very firm undertone, in response to the increased demand. Butterfat pricing remains a bargain compared to last year when prices for Class II Cream per butterfat lb. were 47-60 cents higher ranging from \$2.8635-\$3.1125. Demand for condensed skim milk continues to improve with condensed skim being a lower priced alternative to nonfat dry milk. Most ice cream manufacturers and some cheese makers are seeking additional loads. Supplies of condensed skim were more readily available in some areas as a major yogurt facility incurred production problems.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast -	2.3874-2.5027
F.O.B. producing plants: Upper Midwest -	2.0581-2.3051

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

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.20 - 1.25
Northeast - Class III - spot prices -	1.34 - 1.39

## MIDWEST

A few ice cream plants reopened this week after the completion of scheduled maintenance shutdowns and restocked cream silos to support operations. Cream cheese plants are also actively receiving cream loads via contract and spot arrangements, as are sour cream and dip operations. Cream multiples widened for the week, generally firming as the week advanced. Cream buyers in several locations indicate the market is expected to firm for next week, but cream loads should increase gradually after that as heavier bottled

milk orders for reconvening school systems kick in. Interest in spot loads of milk is active but spot loads are difficult to locate. Few interregional spot loads of milk crossed boundaries this week. Most spot loads traveled short distances intraregionally and prices stayed under the \$2.50 mark. Manufacturers with multiple plants report choosing among their plants for furnishing milk supplies continues to be an internal balancing act. Choices often hinge on transportation costs as well as which plants could benefit most from additional milk loads. Corn harvesting began in some Southern tier states. Anecdotal reports from the Missouri/Arkansas area indicate farmers are attaining yields of 30 - 40 bushels/acre. Corn from South American countries is entering the Gulf and Eastern ports for livestock feed. Prices at the ports are under the current U.S. market, but information currently indicates most of that corn is destined for the hog market.

## WEST

CALIFORNIA milk output is trending slightly lower with total volumes very close to year ago volumes. Weather conditions are not a major impact on milk cows with the trade characterizing changes as seasonal. Feed supplies are adequate for the producers, but the costs for those that do not have contracts are increasing. There are farm level decisions being made on culling and feeding that are impacting output. Processing plants are running well and able to handle the milk supplies. There are some plants down for scheduled maintenance. The July 4a price (butter/powder) in CALIFORNIA is \$13.50, up \$0.33 from June but \$6.57 lower than last year. This compares to the Federal Order Class IV price for July at \$14.45. The July 4b price (cheese) is \$15.18, \$0.53 higher than June but \$4.17 less than last year. This compares to the Federal Order Class III price for July 2012 at \$16.68. ARIZONA weather conditions are affecting the milk flow. Heavy rains are compounding issues with the hot/humid, monsoon season. Local milk receipts are down. Plants are running on reduced schedules, while others are taking in milk and components from other areas. The start of the school year is next week in some districts and Class I needs are being scheduled. NEW MEXICO milk production is trending lower on a week-to-week basis. Heat and humidity issues are the biggest factor currently. Costs of inputs are also a big concern and affecting the bottom line of dairy producers in the state. More milk is moving out of the region to fulfill contractual commitments in other areas. Local plants are receiving less milk. Class I needs are light and flat with volumes expected to pick up as schools begin their terms later in August. CREAM markets are steady. Cream demand is fair to good across product categories. There is good interest, but buyers are less aggressive in wanting to pay high multiples and overages. Several butter producers are able and willing to sell cream instead of making butter. The Grade AA butter price at the CME Group closed at \$1.6450 on Wednesday, August 1, down 1.5 cents from a week ago. Cream multiples have eased and range 118 to 134 and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST is following expected seasonal volumes. Temperatures in the area are described as great as daytime temperatures are comfortable and cool nights are adding to cow comfort levels. Processors are content with current milk volumes and are able to find time for scheduled maintenance without sending milk long distances. Feed costs continue to restrict expansion of the dairy herd. UTAH and IDAHO

CONTINUED ON PAGE 4A



## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

milk supplies remain above year ago levels due in part to favorable weather conditions. While most of the country suffers with stressful temperatures and humidity, the Northwest has been temperate. Farm milk volumes are being handled within the region as manufacturing capacity continues to exceed current supplies. According to the NASS *Agricultural Prices* report for July, mid-month U.S. prices for baled alfalfa hay were \$198/ton, \$9/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$230, unchanged; California \$201, -\$36; Colorado \$235, +\$55; Idaho \$180, -\$43; Nevada \$209, +\$11; New Mexico \$258, +\$18; Oregon \$217, -\$9; Utah \$200, unchanged; and Washington \$225, +\$45. Transportation costs are also adding significantly to delivered hay prices. For the United States, alfalfa prices were \$3.00 lower per ton than last month's value.

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

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Central nonfat dry milk prices showed a stronger trend compared to last week, although a few manufacturers and resellers indicate inquiries/orders for spot loads paused this week for low heat NDM. High heat NDM interest increased. Some market confusion exists as various indices move in opposite directions. Market participants recognize that NDM production throughout 2012 is ahead of 2011 production, therefore, some participants feel the current price trend is not in line with supply and demand market principles. Conversely, some Central manufacturers indicate near term participation in the spot market will be reduced as current NDM inventories and production are in balance with contract fulfillment needs. Some Class II operators indicate that condensed skim prices are also firmer and NDM use is increasing as it offers some price advantages compared to condensed skim. Sales of condensed skim loads into cream cheese operations are steady. June 2012 NDM production in the Central region totals 26.2 million pounds, 2.6% less than one month ago but 48.7% more than one year ago. Cumulative nonfat dry milk production for 2012 in the Central region totals 127.8 million pounds, 50.4% higher than 2011 production during the same time span.

**DAIRY PRODUCTS:** NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during June 2012 totaled 169.1 million pounds, down 13.2% from May 2012 production but 15.1% higher than June 2011. Cumulative nonfat dry milk production for 2012 totals 1,070.8 million pounds, 35.3% higher than 2011 production during the same time span. Month ending stocks, at 144.8 million pounds, are 32.8% less than a month ago and 22.2% lower than one year ago. June 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 25.4 million pounds, 90.4% more than one month ago but 23.8% less than one year ago. Cumulative 2011 skim milk powder production totals 126.0 million pounds, a 41.1% decrease in production compared to production during the same time span in 2011.

**EAST:** Nonfat dry milk prices for the low heat mostly range and the high heat range moved higher this week. Increases were primarily due to prices based on indices. Production of nonfat dry milk increased this week as a Class II manufacturer incurred some production problems. Spot sales have declined as inventories are held in firm hands on an upward trending market. Some manufacturers are focusing on their contract commitments and are hesitant to sell any spots loads. Demand remains good with strong pulls from Class II and III manufacturers. Buyers wanting to secure additional loads have to go out of region and/or look to resale opportunities. Low heat nonfat dry milk resale activity was limited with sales well above the high end of the range. The market undertone remains firm.

**DAIRY PRODUCTS:** The latest NASS Dairy Products report indicates nonfat dry milk production for June in the Atlantic region totaled 17.8 million pounds, 10.5% of the nation's total. The Atlantic region production was 11.7% less than one year ago and 9.4% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2000 - 1.4200 MOSTLY: 1.2450 - 1.2850  
HIGH HEAT: 1.3250 - 1.4800

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat prices are trending slightly higher. The market tone is firm. Producers are filling contractual orders on a timely basis. Indexes are tempering movements on the bottom ends of the ranges, although both the state and national indices moved higher for their respective reports this week. Buying interest on a spot basis is noted to have leveled off as offering prices moved into the mid \$1.30 range. Many buyers have secured adequate coverage and/or feel that the market price has "overreached" at the high end. There are other considerations on the world market as pricing on the gDT market firmed to \$1.3336 for September contracts; while averaging \$1.2723 for all contracting periods. Producer offerings have slowed with some regrouping noted to gauge needs against future production. Export demand has been fair with some customers looking for additional coverage. High heat NDM prices are slightly higher in light trading. The market undertone is firm. Production activity is light, despite drying times being available. Demand is fair to good and producers have pulled back on spot offerings in order to be able to service existing business. Stocks are light. U.S. NDM production in June 2012 totaled 169.1 million pounds, 15.1% more than last year. YTD cumulative NDM output through June totals 1.07 billion pounds, up 35.3% or 279.5 million pounds from a year earlier. NDM production in the West region in June totaled 125.1 million pounds, up 14.7% from last year. The West produced 74% of the U.S. total in June. U.S. manufacturers' stocks of NDM at the end of June were 144.8 million pounds, 22.2% lower than a year earlier and 32.8% less than May 2012. U.S. skim milk powder (SMP) production in June totaled 25.4 million pounds, 23.8% less than last year, but 90.4% more than May. YTD cumulative SMP output through June totals 126.0 million pounds, down 41.1% or 88.0 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.1450 - 1.3600 MOSTLY: 1.2000 - 1.3200  
HIGH HEAT: 1.2100 - 1.3600

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Central dry buttermilk prices are steady, but the market undertone is firmer. Dry buttermilk production is mostly steady as condensed buttermilk sales continue to clear into Class II operations. Dry buttermilk manufacturers anticipate ice cream production is close to its seasonal slowdown. This is expected to reduce demand for condensed buttermilk in the next few weeks and allow for more dry buttermilk production. Western dry buttermilk continues to clear into the Central region, with delivered prices somewhat under the Central market.

**DAIRY PRODUCTS:** NASS *Dairy Products* reports production of dry buttermilk during June 2012 totaled 7.8 million pounds, 10.5% less than one month ago but 3.5% more than production one year ago. Cumulative 2012 dry buttermilk production totals 60.0 million pounds, 13.7% more than during the same time span of 2011. Month ending stocks of dry buttermilk, at 14.8 million pounds, are 22.7% lower than one month ago and 21.5% lower than one year ago.

CONTINUED ON PAGE 5A



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

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

## CONTINUED FROM PAGE 5

## DRY BUTTERMILK - CENTRAL AND EAST (continued)

EAST: Dry buttermilk prices were unchanged this week. Increased demand for cream has reduced volumes going to churns, lowering dry buttermilk production. Inventories are tight, supplies are moving through contracts with light spot sales activity. Demand is good with strong pulls from ice cream manufacturers. The market undertone remains firm, supported by the upward trending nonfat dry milk market.

F.O.B. CENTRAL/EAST: 1.1375 - 1.3000

## DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are steady to higher. The market tone is firm. Buying interest is fair to good for the current light offerings. Production has slowed because of lower butter output in many parts of the region with butter producers selling parts of their cream supplies instead of making butter. Dryer times are available for producers wanting to dry buttermilk. Stocks are moderate and being held with confidence. Buttermilk powder production in June 2012 for the U.S. totals 7.8 million pounds, up 3.5% from last year. Buttermilk stocks at the end of June were 14.8 million pounds, 21.5% lower than a year ago and 22.7% less than a month earlier.

F.O.B. WEST: 1.1000 - 1.2200 MOSTLY: 1.1300 - 1.1600

## DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged. Plant operators indicate the schedule for dry whole milk production is sporadic and contract based. Shortfalls on milk intakes kept a few plants from fulfilling short term contracts.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during June 2012 totaled 4.6 million pounds, down 11.9 % from May 2012 and 3.6% lower than June 2011. Month ending stocks, at 6.0 million pounds, are 24.2% lower than one month ago and 14.5% lower than one year ago. Cumulative 2012 production totals 30.4 million pounds, a 19.8% increase from 2011 production during the same time period.

F.O.B. PRODUCING PLANT: 1.4400 - 1.5000

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 27	\$1.1679	6,948,585	0
July 20	\$1.1240	10,628,543	0

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

**WHEY, WPC 34%, LACTOSE & CASEIN**

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

**DRY WHEY - CENTRAL**

Central dry whey prices are higher on a mixed market. While some quantities of F.O.B. edible dry whey spot loads apparently remain to be cleared into non-traditional markets by a few producers, other manufacturers report contract sales with adjustable bases continue to ship regularly as the bases inch higher. For some manufacturers, sales into animal feed blending operations are temporarily clearing edible loads that could no longer move to regular customers due to date of production constraints. Dates of production vary for the spot loads and reportedly include some dates during 2012 second quarter. Other manufacturers indicate interest in fourth quarter dry whey contracts is building, with finalized prices showing market confidence. Human food dry whey production during June 2012 in the Central region totaled 40.0 million pounds. This dry whey production is 4.1% higher than one month ago but 0.8% lower than one year ago. Cumulative human food dry whey production during 2012 in the Central region totals 198.1 million pounds, which is 0.5% more than 2011 during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during June 2012 totaled 78.9 million pounds, 3.5% less than May 2012 and 1.9% less than production 1 year ago. June ending stocks of HUMAN FOOD dry whey totaled 48.6 million pounds, 4.2% more than 1 month ago and 9.1% higher than June 2011. Production of ANIMAL FEED dry whey during June 2012 totaled 4.2 million pounds, 1.5% less than one month ago but 28.6% more than the production of June 2011. ANIMAL FEED dry whey month ending stocks totaled 3.4 million pounds, 12.3% more than one month ago and 33.0% 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 528.9 million pounds.

F.O.B. CENTRAL: .4500 - .5550 MOSTLY: .4650 - .5400  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3675 - .4925

**DRY WHEY - NORTHEAST**

Prices for dry whey moved higher for the fourth consecutive week. The higher prices were primarily brought about by increases in prices based on indices. Production of dry whey is steady with last week. Current production is moving through contracts with limited spot sales activity. Inventories are being held in firm hands as market prices have moved higher with the expectation of additional price increases in the future. Demand remains good as end users are attempting to increase their contract volumes. Buyers looking for additional loads have to look outside the region and/or for resale opportunities. The market undertone remains firm.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in June, totaled 78.9 million lbs. The Atlantic region totaled 21.4 million pounds, or 27.1% of the nation's total. The Atlantic area's production is 3.8% less than May, but 5.1% more than production one year ago. The national production total was 3.5% less than the previous month and 1.9% less than for the same period last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5350 - .5550

**DRY WHEY - WEST**

Western dry whey prices are mostly steady to firm. The range price series was fractionally lower on the upper end, while the mostly series was \$.0050 higher. Some spot loads are finding their way into the market at both higher and lower prices. Production of whey in the West is below year ago levels. Demand for whey is moderate to good with buyers able to find spot loads. Export demand is good as domestic prices are comparable to international offerings. Manufacturers' stocks are adequate for needs. According to the NASS *Dairy Products* report, edible U.S. whey production in June totals 78.9 million pounds, down 1.9% from last year. The Western region produced 17.7 million pounds of whey in June, down 11.3% from last year. The West produced 22.4% of the whey in the U.S. in June. Cumulative U.S. total dry whey production for the first six months of the year is 528.9 million pounds, down 0.9% or 4.7 million pounds from the same period in 2011. Manufacturers' stocks at the end of June for edible whey are 48.6 million pounds, up 9.1% from last year.

NONHYGROSCOPIC: .4900 - .5450

MOSTLY: .5050 - .5325

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% mostly and range prices are unchanged for the week. This marks the first time in four weeks that the mostly price series did not decrease on either the top or bottom. At this time, it is undetermined if this signals a price trend reversal or if sales of edible WPC 34% spot loads ran into heavy competition for animal feed applications from off specification WPC 34%, WPC 80%, and nonfat dry milk in addition to pro cream -type products. Demand from edible markets remains steady. Market plus contracts and spot sales continue to clear regularly. Production is mostly steady for the week.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during June 2012 totaled 20.2 million pounds, 2.1% less than one month ago and 1.7% lower than production of one year ago. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2012 totals 126.1 million pounds, 5.6% 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 36.2 million pounds, 13.2% more than May 2012 and 116.3% more than the stocks of June 2011.

F.O.B. EXTRA GRADE 34% PROTEIN: .9500 - 1.2850 MOSTLY: 1.0900 - 1.1525

**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.

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**LACTOSE - CENTRAL AND WEST**

Prices for lactose are unchanged on the mostly, unchanged to higher on the range as fewer spot loads of unground lactose cleared through the markets this week. Various manufacturers indicate fresh interest continues to appear from intermittent international customers as well as some domestic and international contract customers hoping to add to load quantities from time to time. Interest in lactose for non-food applications is also reportedly gaining acceptance. Unground lactose inventories are at comfortable levels, with some room to offer spot loads from time to time. Finer mesh size lactose inventories are generally geared to fulfill contract commitments.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during June 2012 increased 2.1% compared to May 2012 to 89.2 million pounds but 0.7% lower than June 2011 production. Cumulative 2012 lactose production totals 521.7 million pounds, 4.6% more than during the same time span in 2011. Month ending stocks, at 88.4 million pounds, are 4.4% more than one month ago and 14.9% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.7500 - .9500 MOSTLY: .7800 - .8700

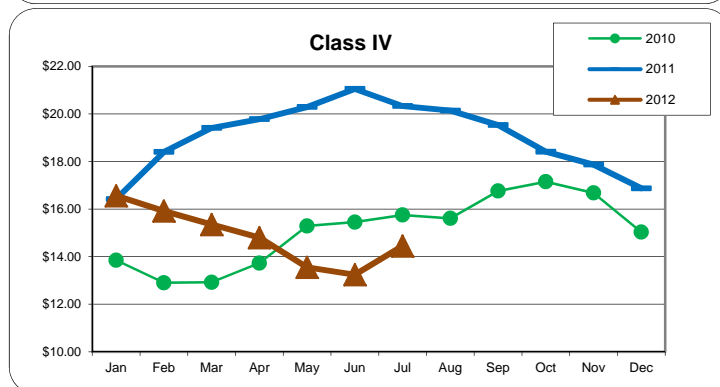
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**CASEIN - NATIONAL**

Casein markets and prices are generally steady, although an unsettled undertone prevails. European supply continues to be questioned by many U.S. buyers. Reports of milk production declines due to wet conditions, thus lower casein output are spurring the concerns. Some domestic U.S. buyers are being told by some European suppliers that they will not be able to fulfill their end of season commitments due to lower milk volumes and milk being diverted away from casein output to other products. This put some domestic buyers in a very unsettled situation as they closely procure for their end results and thus this potential situation will greatly impact this development. It will be quite difficult for these displaced volumes to be secured at this time. The Oceania region is still in the winter season, thus no new casein is being generated and all of last season's production has been committed.

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered July 23 - August 3, 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:** The milk production season throughout Europe continues to trend lower at varying rates. Weather conditions are the main factors that are influencing the rate of decline. Hot temperatures in southern regions and cooler/wet conditions in northern regions are the main factors in production declines. Milk output declines in Ireland are greatly influencing milk volumes and logistics. In some instances, manufacturers and handlers are adjusting the milk flow of one product line and to another. This is causing some manufacturers and handlers to realign commitments and potentially alter delivery schedules. Although milk output is on the downside of the season, overall milk volumes are running around 2% ahead of last year at this time. Stocks of manufactured dairy products are available, but often not at levels of previous years. Buying interest, both domestically and internationally, is quite stable for this time of the summer. Typically, for the period of July - August, Europe goes on holiday and sales slow, but this year suppliers and handlers are indicating that sales appear to be more active than usual. Cheese exports remain active and sales continue to be reported for cheese destined for European holiday areas. International sales are holding up quite well also. At the most recent European Dairy Commission meeting, a request to resume export subsidies was presented by the Polish Council and endorsed by the Lithuania Council. After discussion and consideration, the Commission denied the request on the grounds that current marketing conditions did not support such a move. There are two types of subsidies depending on the commodity, a fixed subsidy and then implementation of a tendering system that would be at levels other than the specified levels for the various commodities. Butter stocks continue to clear to PSA. This program has been open since March and will remain open until August 15 or about 2 more weeks. Since March 1 and through July 22, 118,777 MT of butter have cleared to the program. This clearance is 35% more than last year's 87,800 MT for the same period. As of August 16, early offered volumes that have been in the storage program for the specified period of time can start to be removed for commercial needs or commitments.

**BUTTER/BUTTEROIL:** European butter markets and prices are steady to generally firm. Milk production continues to decline at varying rates, influenced by weather patterns that range from hot temperatures to cooler/wet conditions. In instances, milk volumes are being shifted away from one product towards another due to demand and better returns. Some butter producers are indicating that milk volumes are being shifted towards butter/powder output. In many instances, European butter prices are often higher than potential international buyers are willing to pay, thus current sales activities are centered around a domestic market. Butter still has about 2 more weeks to clear to PSA before the open season closes (August 15). As of August 16, PSA held butter will be re-entering the market place for volumes that have been held within the program for the specified period of time. As of July 22, 118,777 MT of butter have cleared to the program since March 1. This total is 35% more than last year's 87,880 MT for the same time period.

82% BUTTERFAT: 3,250 - 3,500  
99% BUTTERFAT: 3,925 - 4,225

**SKIM MILK POWDER (SMP):** Skim milk powder markets in Europe are steady to generally firm. Powder production remains seasonally active although milk production is declining. When possible, milk volumes are being diverted away from some products

and being directed towards butter/powder production. Some traders and handlers are indicating that supplies are basically committed for near term shipments (August - September) with suppliers reluctant to sell/commit beyond this period. Most traders and handlers are surprised at the tighter than usual availability of powder this season versus previous years. Buying interest is stable at fair levels with internationally skim milk powder sales and demand stronger than other manufactured dairy products.

1.25% BUTTERFAT: 2,700 - 3,000

**SWEET WHEY POWDER:** European whey powder markets and prices are firm. Cheese production is declining seasonally, but remains quite active. Whey volumes are generally available, although international buyers are often shying away from higher than desired asking prices.

NONHYGROSCOPIC: 1,100 - 1,250

**WHOLE MILK POWDER (WMP):** European whole milk powder markets are firm. Milk volumes are declining to the point that some whole milk powder producers are only drying to order. Overall, whole milk powder stocks are not overly abundant. Manufacturers and handlers are stating that sales activity is occurring both domestically and internationally, but is lighter than many had anticipated. Traders and handlers are indicating that slower sales activities are probably good, due to the often lighter than desired levels of available powder for potential buyer interest.

26% BUTTERFAT: 3,050 - 3,250

**EASTERN OVERVIEW:** Milk production in Eastern Europe is trending lower, but is holding up stronger than many of their Western counterparts. Weather patterns are also impacting the pace of decline with hot temperatures and wet conditions being reported in this region. As milk volumes decline, manufacturing schedules are easing, but remain at manageable levels with minimal logistic problems at this time. Stocks of manufactured dairy products are available for buyer interest, although some suppliers feel that overall volumes might not be as plentiful as in years past.

Exchange rates for selected foreign currencies: July 30, 2012

.9968 Canadian Dollar	.0181 Indian Rupee
.2187 Argentina Peso	.8100 New Zealand Dollar
.0755 Mexican Peso	1.0483 Australian Dollar
.2982 Polish Zloty	.0127 Japanese Yen
1.2320 Euro	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0755)  
= 13.2450 Mexican Pesos.

Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 23 - August 3, 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 calendar indicates that winter is still here, but pastures are starting to green and more signs of spring are developing. No noticeable increases in milk production are being reported, but by the end of the month, this trend will change. Milk producers and handlers are very optimistic about the upcoming production season. A strong finish to the previous season, generally favorable winter weather conditions, and good cow conditioning are some of the factors that typically endorse a positive start to a new production season. All of these factors are playing out in both New Zealand and Australia this season. An El Nino weather pattern continues to be discussed, but as many indicate, until this actually develops, all systems are go for a positive 2012 - 2013 season. For the most part, winter plant maintenance is in the final stages of completion or has been completed and both countries are ready for milk volumes to increase. Milk production projections for this year remain strong, but most all producers and handlers are not projecting as strong of a season as the one just completed. Handlers are just hopeful that the season will be a positive one. Traders and handlers are indicating that their order books are in good shape, especially for the first quarter of the new season. Commitments have been finalized for some of second quarter volumes, but often negotiations are still occurring. Many manufacturers and handlers are proceeding more cautiously with their commitments than in previous years. Most sales activity continues to center around regular and ongoing customer needs with minimal new buyer interest being reported. Much of Oceania's output typically moves to ongoing customer needs. At the August 1 g/DT event, average prices for all products were generally higher with the exception of anhydrous milk fat and buttermilk powder. Within most offered products, heavier volumes are offered during this event as the Oceania region heads into a new production season. Some traders and handlers are indicating that they feel that the g/DT event may have been somewhat disruptive to the commercial market by holding prices at lower levels. With the firmer trend at the August 1 event, this may be changing. Traders and handlers are also indicating that the international marketplace, including the Oceania region, is closely monitoring what is happening in the U.S. and the potential impact on the international marketplace. Record setting temperatures and very limited moisture in much of the country is negatively influencing grain crops and potential feed availability to dairy farmers and the livestock industry.

**BUTTER:** Oceania butter markets are generally steady, although prices did ease slightly on the lower end of the reported range. The new milk production season is still 4 - 6 weeks away, although manufacturers and handlers are very optimistic about the upcoming season. Winter plant maintenance has been completed or is in the final stages of completion at most all butter locations. Carryover stocks are minimal and virtually not available for spot buyer interest at this time, although potential buyers are in the marketplace looking for end of season stocks. Most butter order books are in good shape once the new butter production season resumes. Some late first half commitments need to be finalized, but for the most part, a large percentage of first half production has been committed.

82% BUTTERFAT:

2,600 - 3,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets and prices are generally holding steady. Traders and handlers are speculating that overall prices in the Oceania region are on the eve of firming and they anticipate that skim milk powder will be the first to strengthen. At the August 1 g/DT event, the average price for all skim milk contracts averaged \$2,805 per MT, 3% higher than the previous all contract average. The new milk production season is still 4 - 6 weeks away, but manufacturers and handlers of skim milk powder are prepared for the onset of milk volume increases. Traders and handlers are comfortable with their order books, but also indicate that there appears to be some uncommitted first half volumes available. Many customers and suppliers of skim milk powder within the international marketplace are closely monitoring developments in the U.S. and what potential impact record setting temperatures and drought conditions may have on milk production and feed availability.

1.25% BUTTERFAT:

2,600 - 3,000

**CHEDDAR CHEESE:** Cheddar markets are generally steady, although prices did ease on the top end of the reported range. Cheese production is at seasonally low levels as the new milk production has yet to resume. New Zealand production will potentially be resuming within 4 weeks or so with Australian output a few weeks later. Manufacturers and handlers of cheese are optimistic about the upcoming season. Last season, milk volumes were positive during the second half of the season, thus the cheese production finished on a positive note with manufacturers hopeful that this momentum will return for 2012 - 2013.

39% MAXIMUM MOISTURE:

3,100 - 4,000

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets and prices are firm. The new powder production season is still about a month away, but most Oceania powder operations are ready to go. Manufacturers and handlers are very optimistic about the upcoming season and are ready to resume drying schedules. Many operations had a shorter winter season for plant maintenance, but for the most part, all plants are ready. Traders and handlers indicate that pre-season sales have absorbed a significant portion of first half milk production, although there are some volumes of uncommitted powder still to clear. Traders are not unsettled with this situation and are approaching uncommitted stocks with optimistic caution. At the August 1 g/DT event, the average price for all contracting periods was \$2,675 per MT. This average was 3.5% higher than the previous all contract average. During the 6 month range of contracts (September - February), powder prices ranged from \$2,661 per MT in November to \$2,836 in February. Near term contracts (September) averaged \$2,692 per MT.

26% BUTTERFAT:

2,575 - 3,100



## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 23 - August 3, 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 73 Recap - August 1, 2012													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Sep-12		Oct-12		Nov-12		Dec-12		Jan-13		Feb-13			
Anhydrous Milk Fat		n.a.	\$2,892	0.2%	\$2,806	-0.5%	\$2,750	-1.1%	\$2,767	-2.3%	\$2,814	-4.9%	\$2,804	-1.3%
Buttermilk Powder		n.a.	\$2,285	-14.1%	\$2,505	-6.7%	\$2,640	-0.2%		n.a.		n.a.	\$2,416	-8.6%
Cheddar		n.a.	\$3,069	5.5%	\$3,183	4.9%	\$3,246	6.2%		n.a.		n.a.	\$3,159	5.5%
Lactose		n.a.		n.a.	\$2,000	3.6%	\$1,950	n.a.		n.a.		n.a.	\$1,981	3.6%
Milk Protein Concentrate		n.a.	\$4,680	11.8%	\$4,615	10.9%	\$4,600	11.7%		n.a.		n.a.	\$4,637	11.5%
Rennet Casein		n.a.	\$6,804	7.4%	\$6,864	7.5%	\$6,764	7.0%		n.a.		n.a.	\$6,807	7.3%
Skim Milk Powder	\$2,940	4.0%	\$2,780	-0.1%	\$2,793	4.5%	\$2,788	4.1%	\$2,878	11.3%		n.a.	\$2,805	3.0%
Whole Milk Powder	\$2,692	n.a.	\$2,662	4.5%	\$2,661	3.9%	\$2,679	1.7%	\$2,702	-0.6%	\$2,836	3.6%	\$2,675	3.5%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 73 Recap - August 1, 2012													
	Contract 1 Sep-12		Contract 2 Oct-12		Contract 3 Nov-12		Contract 4 Dec-12		Contract 5 Jan-13		Contract 6 Feb-13		All Contracts	
Anhydrous Milk Fat		n.a.	\$1.3118	0.2%	\$1.2728	-0.5%	\$1.2474	-1.1%	\$1.2551	-2.3%	\$1.2764	-4.9%	\$1.2719	-1.3%
Buttermilk Powder		n.a.	\$1.0365	-14.1%	\$1.1363	-6.7%	\$1.1975	-0.2%		n.a.		n.a.	\$1.0959	-8.6%
Cheddar		n.a.	\$1.3921	5.5%	\$1.4438	4.9%	\$1.4724	6.2%		n.a.		n.a.	\$1.4329	5.5%
Lactose		n.a.		n.a.	\$0.9072	3.6%	\$0.8845	n.a.		n.a.		n.a.	\$0.8986	3.6%
Milk Protein Concentrate		n.a.	\$2.1228	11.8%	\$2.0934	10.9%	\$2.0865	11.7%		n.a.		n.a.	\$2.1033	11.5%
Rennet Casein		n.a.	\$3.0863	7.4%	\$3.1135	7.5%	\$3.0681	7.0%		n.a.		n.a.	\$3.0876	7.3%
Skim Milk Powder	\$1.3336	4.0%	\$1.2610	-0.1%	\$1.2669	4.5%	\$1.2646	4.1%	\$1.3055	11.3%		n.a.	\$1.2723	3.0%
Whole Milk Powder	\$1.2211	n.a.	\$1.2075	4.5%	\$1.2070	3.9%	\$1.2152	1.7%	\$1.2256	-0.6%	\$1.2864	3.6%	\$1.2134	3.5%

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

## CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	07/19	07/20	07/23	07/24	07/25	07/26	07/27	07/30	07/31	08/01
<b>CME - CLASS III MILK FUTURES</b> (Pit-Traded)										
JUL 12	16.68 (3692) 0	16.67 (3682) 0	16.67 (3687) 0	16.68 (3681) 0	16.68 (3680) 0	16.67 (3697) 0	16.67 (3694) 0	16.67 (3682) 0	16.67 (3682) 0	16.68 (3557) 0
AUG 12	17.76 (4924) 1	17.96 (4945) 0	17.82 (4930) 0	17.71 (4882) 0	17.68 (4827) 0	17.56 (4796) 4	17.30 (4653) 0	17.30 (4541) 10	17.08 (4242) 17	17.13 (4171) 5
SEP 12	18.80 (3935) 1	19.14 (3999) 0	19.12 (4063) 5	18.91 (4235) 0	18.92 (4355) 0	18.62 (4505) 4	18.35 (4529) 0	18.50 (4595) 12	18.32 (4736) 17	18.49 (4726) 12
OCT 12	18.70 (3274) 1	19.08 (3308) 0	19.06 (3315) 0	18.88 (3352) 0	18.82 (3366) 0	18.69 (3415) 4	18.69 (3434) 0	18.95 (3447) 1	18.80 (3493) 17	18.89 (3495) 2
NOV 12	18.64 (2960) 1	19.04 (2975) 0	18.98 (2991) 7	18.78 (2980) 0	18.67 (2992) 0	18.70 (3014) 4	18.82 (3001) 0	18.97 (3008) 1	18.88 (3085) 17	18.96 (3086) 2
DEC 12	18.58 (2822) 1	18.96 (2834) 0	19.00 (2862) 7	18.78 (2856) 0	18.67 (2863) 0	18.70 (2875) 4	18.75 (2879) 0	18.95 (2890) 1	18.87 (2919) 17	18.87 (2925) 2
JAN 13	18.54 (831) 0	18.84 (870) 0	18.79 (897) 0	18.47 (917) 6	18.36 (921) 1	18.27 (931) 0	18.29 (928) 0	18.59 (948) 4	18.55 (980) 0	18.58 (988) 0
FEB 13	18.28 (673) 0	18.50 (701) 0	18.46 (742) 0	18.16 (763) 6	18.01 (771) 1	17.98 (785) 0	17.95 (787) 0	18.18 (802) 4	18.16 (818) 0	18.21 (826) 0
MAR 13	18.07 (486) 0	18.30 (560) 0	18.15 (588) 0	18.08 (626) 6	17.94 (633) 1	17.92 (648) 0	17.90 (650) 0	18.11 (672) 1	18.10 (694) 2	18.15 (705) 1
APR 13	18.00 (356) 0	18.25 (383) 0	18.11 (421) 0	18.12 (439) 6	18.01 (449) 1	17.91 (466) 0	17.91 (471) 0	18.12 (496) 4	18.01 (522) 0	18.10 (537) 0
<b>CME - CLASS IV MILK FUTURES</b> (Pit-Traded)										
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	14.45 (94) 0
AUG 12	15.75 (115) 0	15.75 (115) 0	15.75 (115) 0	15.75 (115) 0	15.75 (115) 0	15.87 (115) 0	15.87 (115) 0	15.65 (125) 0	15.55 (124) 0	15.65 (124) 0
SEP 12	16.53 (122) 0	16.70 (127) 0	16.70 (127) 0	16.41 (126) 0	16.42 (126) 0	16.65 (126) 0	16.65 (126) 0	16.65 (126) 0	16.65 (126) 0	16.65 (132) 0
<b>CME – CASH SETTLED BUTTER FUTURES</b> (Electronic-Traded)										
JUL 12	155.00 (787) 5	155.00 (791) 5	154.85 (791) 0	154.25 (790) 1	154.25 (789) 2	154.25 (789) 0	154.25 (789) 0	154.25 (789) 0	154.25 (789) 0	153.86 (884) 0
AUG 12	162.50 (822) 0	162.50 (822) 0	164.50 (823) 1	164.50 (823) 0	167.00 (833) 25	170.00 (841) 9	167.50 (874) 62	165.00 (877) 9	165.00 (877) 0	164.25 (877) 1
SEP 12	164.50 (836) 2	167.00 (844) 8	166.75 (848) 10	166.75 (851) 3	168.50 (855) 4	170.00 (861) 8	169.75 (888) 27	168.50 (898) 15	166.50 (904) 6	165.50 (905) 2
<b>CME – NONFAT DRY MILK FUTURES</b> (Pit-Traded)										
JUL 12	117.00 (384) 0	117.00 (384) 0	117.00 (384) 0	117.00 (384) 0	117.00 (384) 0	117.00 (384) 0	116.00 (385) 0	116.00 (385) 0	116.00 (385) 0	117.44 (420) 0
AUG 12	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0	127.00 (414) 0
SEP 12	133.00 (348) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	135.50 (349) 0	137.00 (351) 0
<b>CME – WHEY</b> (Electronic-Traded)										
JUL 12	50.05 (312) 0	50.05 (312) 0	50.05 (312) 0	49.98 (309) 4	49.98 (309) 0	49.98 (309) 0	50.00 (308) 2	50.00 (308) 0	50.00 (308) 0	50.23 (307) 0
AUG 12	53.73 (273) 0	54.25 (276) 6	54.00 (276) 0	53.50 (276) 0	53.50 (276) 0	53.50 (276) 5	53.50 (276) 0	53.00 (277) 1	53.00 (277) 0	53.00 (277) 0
SEP 12	56.00 (292) 10	57.50 (294) 9	57.50 (294) 3	57.00 (295) 15	57.00 (295) 5	57.00 (295) 1	57.50 (293) 15	56.25 (298) 6	56.75 (299) 3	56.75 (299) 1
<b>CME – CHEESE CSC</b> (Electronic-Traded)										
JUL 12	1.68 (1390) 1	1.68 (1390) 0	1.68 (1390) 0	1.69 (1386) 7	1.69 (1386) 1	1.68 (1386) 1	1.69 (1383) 4	1.69 (1383) 0	1.69 (1383) 1	1.69 (1390) 0
AUG 12	1.77 (1362) 0	1.79 (1364) 5	1.78 (1364) 1	1.77 (1359) 5	1.77 (1359) 0	1.76 (1369) 19	1.74 (1373) 33	1.74 (1375) 4	1.71 (1378) 10	1.72 (1376) 2
SEP 12	1.86 (1350) 19	1.89 (1340) 44	1.90 (1341) 6	1.87 (1344) 10	1.88 (1344) 4	1.85 (1350) 11	1.82 (1341) 53	1.83 (1348) 36	1.82 (1360) 29	1.83 (1366) 11
OCT 12	1.86 (1071) 14	1.89 (1082) 20	1.89 (1082) 0	1.86 (1083) 7	1.86 (1082) 1	1.84 (1078) 14	1.83 (1083) 26	1.86 (1098) 36	1.84 (1094) 19	1.85 (1087) 26
NOV 12	1.84 (1107) 0	1.88 (1104) 9	1.88 (1104) 0	1.85 (1104) 7	1.85 (1104) 0	1.84 (1109) 13	1.84 (1114) 13	1.86 (1112) 7	1.85 (1112) 1	1.86 (1110) 16
DEC 12	1.84 (1098) 0	1.87 (1102) 6	1.87 (1105) 5	1.85 (1105) 10	1.85 (1105) 0	1.85 (1104) 1	1.84 (1107) 8	1.85 (1107) 0	1.85 (1107) 6	1.85 (1107) 14

<sup>1/</sup> 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 JULY 2012 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 27	:::REPORT NUMBER 28	:::REPORT NUMBER 29	:::REPORT NUMBER 30	:::REPORT NUMBER 31	::: 2012	: 2011
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: JUL 02 - 06	::: JUL 09 - 13	::: JUL 16 - 20	::: JUL 23 - 27	::: JUL 30 - 31	::: or Total	: or Total

## CHEESE

## WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.8625 - 2.5675	:: 1.8650 - 2.5700	:: 1.8475 - 2.5525	:: 1.8925 - 2.5975	:: 1.8825 - 2.5875	:: 2.2211	: 2.5568
-- Brick And/Or Muenster 5#	:: 2.0375 - 2.5975	:: 2.0275 - 2.5875	:: 2.0425 - 2.6025	:: 2.1050 - 2.6650	:: 2.1050 - 2.6650	:: 2.3388	: 2.6550
-- Cheddar 40# Block	:: 2.0375 - 3.0225	:: 2.0275 - 3.0125	:: 2.0425 - 3.0275	:: 2.1050 - 3.0900	:: 2.1050 - 3.0900	:: 2.5513	: 2.6941
-- Monterey Jack 10#	:: 2.0075 - 3.0225	:: 1.9975 - 3.0125	:: 2.0125 - 3.0275	:: 2.0750 - 3.0900	:: 2.0750 - 3.0900	:: 2.5363	: 2.7200
-- Blue 5#	:: 2.3025 - 3.2875	:: 2.2925 - 3.2775	:: 2.3075 - 3.2925	:: 2.3700 - 3.3550	:: 2.3700 - 3.3550	:: 2.8163	: 3.1581
-- Mozzarella 5 - 6#	:: 1.8825 - 3.1225	:: 1.8725 - 3.1125	:: 1.8875 - 3.1275	:: 1.9500 - 3.1900	:: 1.9500 - 3.1900	:: 2.5238	: 2.7088
-- Grade A Swiss Cuts 6 - 9#	:: 2.6650 - 2.9825	:: 2.6100 - 2.9275	:: 2.6100 - 2.9275	:: 2.6100 - 2.9275	:: 2.8100 - 2.9275	:: 2.7888	: 3.0410

## NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.0500 - 2.3350	:: 2.0400 - 2.3250	:: 2.0550 - 2.3400	:: 2.1175 - 2.4025	:: 2.1175 - 2.4025	:: 2.2138	: 2.5650
-- Process 5# Sliced	:: 1.8900 - 2.0100	:: 1.8925 - 2.0125	:: 1.8750 - 1.9950	:: 1.9200 - 2.0400	:: 1.9100 - 2.0300	:: 1.9561	: 2.3643
-- Muenster	:: 2.0700 - 2.4300	:: 2.0600 - 2.4200	:: 2.0750 - 2.4350	:: 2.1375 - 2.4975	:: 2.1375 - 2.4975	:: 2.2713	: 2.5500
-- Grade A Swiss Cuts 10 - 14#	:: 3.2550 - 3.5775	:: 3.2000 - 3.5225	:: 3.2000 - 3.5225	:: 3.2000 - 3.5225	:: 3.2000 - 3.5225	:: 3.3717	: 3.5108

## WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.7950 - 2.0525	:: 1.7975 - 2.0550	:: 1.7800 - 2.0375	:: 1.8250 - 2.0825	:: 1.8150 - 2.0725	:: 1.9298	: 2.3555
-- Cheddar 40# Block	:: 1.7750 - 2.1275	:: 1.7650 - 2.1175	:: 1.7800 - 2.1325	:: 1.8425 - 2.1950	:: 1.8425 - 2.1950	:: 1.9726	: 2.4144
-- Cheddar 10# Cuts	:: 1.9550 - 2.1750	:: 1.9450 - 2.1650	:: 1.9600 - 2.1800	:: 2.0225 - 2.2425	:: 2.0225 - 2.2425	:: 2.0863	: 2.5281
-- Monterey Jack 10#	:: 1.9650 - 2.1250	:: 1.9550 - 2.1150	:: 1.9700 - 2.1300	:: 2.0325 - 2.1925	:: 2.0325 - 2.1925	:: 2.0663	: 2.5081
-- Grade A Swiss Cuts 6 - 9#	:: 2.8325 - 3.2625	:: 2.7775 - 3.2075	:: 2.7775 - 3.2075	:: 2.7775 - 3.2075	:: 2.7775 - 3.2075	:: 3.0030	: 3.1420

## FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 1.8714 - 2.1605	:: 1.8346 - 2.2932	:: 2.1293 - 2.2528	:: 2.2565 - 2.3512	:: 2.3874 - 2.5027	:: 2.1785	: 2.8061
-- Upper Midwest - f.o.b	:: 2.0388 - 2.1605	:: 2.0486 - 2.2168	:: 2.0831 - 2.2374	:: 1.9883 - 2.1776	:: 2.0581 - 2.3051	:: 2.1258	: 2.7343

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

-- Class II	:: 1.10 - 1.18	:: 1.10 - 1.19	:: 1.10 - 1.19	:: 1.20 - 1.25	:: 1.20 - 1.25	:: 1.1707	: 1.7150
-- Class III	:: 1.27 - 1.35	:: 1.30 - 1.39	:: 1.30 - 1.39	:: 1.34 - 1.39	:: 1.34 - 1.39	:: 1.3450	: 1.4163

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

COMMODITY	::REPORT NUMBER 27	::REPORT NUMBER 28	::REPORT NUMBER 29	::REPORT NUMBER 30	::REPORT NUMBER 31	:: 2012	: 2011
	::-----	::-----	::-----	::-----	::-----	:: Average	: Average
	:: JUL 02 - 06	:: JUL 09 - 13	:: JUL 16 - 20	:: JUL 23 - 27	:: JUL 30 - 31	:: or Total	: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.1800 - 1.3000	:: 1.1675 - 1.3000	:: 1.2300 - 1.3600	:: 1.2275 - 1.4000	:: 1.2000 - 1.4200	:: 1.2758	: 1.6350
-- Mostly	:: 1.1850 - 1.2400	:: 1.1850 - 1.2400	:: 1.2300 - 1.2800	:: 1.2300 - 1.2800	:: 1.2450 - 1.2850	:: 1.2377	: 1.6563
-- High Heat	:: 1.2300 - 1.3600	:: 1.2175 - 1.4300	:: 1.2800 - 1.4200	:: 1.2800 - 1.4200	:: 1.3250 - 1.4800	:: 1.3383	: 1.7535
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.1050 - 1.3000	:: 1.0575 - 1.2800	:: 1.1300 - 1.3100	:: 1.1450 - 1.3500	:: 1.1450 - 1.3600	:: 1.2141	: 1.6253
-- Mostly	:: 1.1400 - 1.2200	:: 1.1400 - 1.2500	:: 1.1900 - 1.2700	:: 1.2000 - 1.3000	:: 1.2000 - 1.3200	:: 1.2198	: 1.6063
-- High Heat	:: 1.1650 - 1.3300	:: 1.1575 - 1.3300	:: 1.2100 - 1.3300	:: 1.2100 - 1.3500	:: 1.2100 - 1.3600	:: 1.2633	: 1.7363
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.4000 - 0.5575	:: 0.4000 - 0.5375	:: 0.4200 - 0.5375	:: 0.4200 - 0.5450	:: 0.4500 - 0.5550	:: 0.4795	: 0.5409
-- Mostly	:: 0.4200 - 0.5300	:: 0.4550 - 0.5250	:: 0.4550 - 0.5250	:: 0.4600 - 0.5300	:: 0.4650 - 0.5400	:: 0.4895	: 0.5310
-- West (f.o.b.)	:: 0.4650 - 0.5200	:: 0.4650 - 0.5300	:: 0.4650 - 0.5275	:: 0.4900 - 0.5500	:: 0.4900 - 0.5450	:: 0.5035	: 0.5735
-- Mostly	:: 0.4650 - 0.5150	:: 0.4750 - 0.5200	:: 0.4750 - 0.5200	:: 0.5000 - 0.5275	:: 0.5050 - 0.5325	:: 0.5020	: 0.5727
-- Northeast (f.o.b.)	:: 0.4800 - 0.5425	:: 0.5150 - 0.5350	:: 0.5200 - 0.5400	:: 0.5250 - 0.5450	:: 0.5350 - 0.5550	:: 0.5279	: 0.5559
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.9000 - 1.3450	:: 0.9000 - 1.3200	:: 0.9500 - 1.3025	:: 0.9500 - 1.2850	:: 0.9500 - 1.2850	:: 1.1188	: 1.5858
-- Mostly	:: 1.1000 - 1.2375	:: 1.0900 - 1.2150	:: 1.0900 - 1.1725	:: 1.0900 - 1.1525	:: 1.0900 - 1.1525	:: 1.1401	: 1.5650
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3575 - 0.4775	:: 0.3550 - 0.4775	:: 0.3525 - 0.4775	:: 0.3675 - 0.4925	:: 0.3675 - 0.4925	:: 0.4208	: 0.4739
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.9900 - 1.1500	:: 0.9900 - 1.1500	:: 1.0100 - 1.2000	:: 1.1375 - 1.3000	:: 1.1375 - 1.3000	:: 1.1279	: 1.5625
-- West (f.o.b.)	:: 1.0500 - 1.1700	:: 1.0300 - 1.1700	:: 1.0700 - 1.1800	:: 1.0700 - 1.2100	:: 1.1000 - 1.2200	:: 1.1231	: 1.4708
-- Mostly	:: 1.0700 - 1.1100	:: 1.0900 - 1.1300	:: 1.1100 - 1.1500	:: 1.1200 - 1.1500	:: 1.1300 - 1.1600	:: 1.1202	: 1.4619
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3700 - 1.5000	:: 1.3700 - 1.5000	:: 1.4400 - 1.5000	:: 1.4400 - 1.5000	:: 1.4400 - 1.5000	:: 1.4550	: 1.9610
LACTOSE							
-- Central And West (f.o.b.)	:: 0.7500 - 1.0150	:: 0.7500 - 1.0000	:: 0.7400 - 0.9500	:: 0.7100 - 0.9500	:: 0.7500 - 0.9500	:: 0.8562	: 0.5626
-- Mostly	:: 0.8200 - 0.9200	:: 0.7900 - 0.8900	:: 0.7900 - 0.8700	:: 0.7800 - 0.8700	:: 0.7800 - 0.8700	:: 0.8383	: 0.5540
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.7500 - 4.4000	:: 3.7500 - 4.4000	:: 3.7500 - 4.4000	:: 3.7500 - 4.4000	:: 3.7500 - 4.4000	:: 4.0750	: 4.9738
-- Nonrestricted - Acid	:: 4.1500 - 4.7000	:: 4.1500 - 4.7000	:: 4.1500 - 4.7000	:: 4.1500 - 4.7000	:: 4.1500 - 4.7000	:: 4.4250	: 5.1665

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 JULY 2012

COMMODITY	::REPORT NUMBER 27::	REPORT NUMBER 28::	REPORT NUMBER 29::	REPORT NUMBER 30::	REPORT NUMBER 31::	2012 *	2011 *
	::-----::	-----::	-----::	-----::	-----::	Monthly	Monthly
	:: JUL 2 - 6 ::	JUL 9 - 13 ::	JUL 16 - 20 ::	JUL 23 - 27 ::	JUL 30 - 31 ::	Average	Average
BUTTER*							
-- GRADE AA							
--Monday	:: 1.5275	:: 1.5400	:: 1.5550	:: 1.6100	:: 1.6475	::	:
--Tuesday	:: 1.5275	:: 1.5400	:: 1.5800	:: 1.6225	:: 1.6450	::	:
--Wednesday	:: 1/	:: 1.5400	:: 1.5800	:: 1.6600	::	::	:
--Thursday	:: 1.5275	:: 1.5450	:: 1.5850	:: 1.6700	::	::	:
--Friday	:: 1.5325	:: 1.5500	:: 1.5900	:: 1.6700	::	:: 1.5831	: 2.0443
--Weekly Average**	:: 1.5288	:: 1.5430	:: 1.5780	:: 1.6465	::	::	:
CHEESE*							
-- BARRELS							
--Monday	:: 1.6750	:: 1.6600	:: 1.7000	:: 1.6950	:: 1.6850	::	:
--Tuesday	:: 1.6750	:: 1.6500	:: 1.7250	:: 1.6950	:: 1.6825	::	:
--Wednesday	:: 1/	:: 1.6400	:: 1.6975	:: 1.6950	::	::	:
--Thursday	:: 1.6750	:: 1.6600	:: 1.6950	:: 1.6950	::	::	:
--Friday	:: 1.6750	:: 1.6800	:: 1.6950	:: 1.6850	::	:: 1.6826	: 2.1124
--Weekly Average**	:: 1.6750	:: 1.6580	:: 1.7025	:: 1.6930	::	::	:
-- 40# BLOCKS							
--Monday	:: 1.6400	:: 1.6400	:: 1.7050	:: 1.7175	:: 1.7050	::	:
--Tuesday	:: 1.6400	:: 1.6400	:: 1.7200	:: 1.7175	:: 1.7050	::	:
--Wednesday	:: 1/	:: 1.6450	:: 1.7200	:: 1.7175	::	::	:
--Thursday	:: 1.6400	:: 1.6650	:: 1.7175	:: 1.7175	::	::	:
--Friday	:: 1.6400	:: 1.6800	:: 1.7175	:: 1.7050	::	:: 1.6855	: 2.1150
--Weekly Average**	:: 1.6400	:: 1.6540	:: 1.7160	:: 1.7150	::	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	:: 1.1950	:: 1.1950	:: 1.1950	:: 1.2500	:: 1.3000	::	:
--Tuesday	:: 1.1950	:: 1.1950	:: 1.1950	:: 1.3000	:: 1.3000	::	:
--Wednesday	:: 1/	:: 1.1950	:: 1.1950	:: 1.3000	::	::	:
--Thursday	:: 1.1950	:: 1.1950	:: 1.1950	:: 1.3000	::	::	:
--Friday	:: 1.1950	:: 1.1950	:: 1.2500	:: 1.3000	::	:: 1.2302	: 1.6100
--Weekly Average**	:: 1.1950	:: 1.1950	:: 1.2060	:: 1.2900	::	::	:
-- GRADE A							
--Monday	:: 1.2275	:: 1.2300	:: 1.2700	:: 1.3675	:: 1.3750	::	:
--Tuesday	:: 1.2275	:: 1.2375	:: 1.2900	:: 1.3750	:: 1.3750	::	:
--Wednesday	:: 1/	:: 1.2425	:: 1.2900	:: 1.3750	::	::	:
--Thursday	:: 1.2275	:: 1.2600	:: 1.2975	:: 1.3750	::	::	:
--Friday	:: 1.2275	:: 1.2650	:: 1.3600	:: 1.3750	::	:: 1.2986	: 1.5745
--Weekly Average**	:: 1.2275	:: 1.2470	:: 1.3015	:: 1.3735	::	::	:

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

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

1/ CME CLOSED - HOLIDAY

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$16.60 in July, up \$0.40 from June 2012 and down \$5.20 from July 2011. Milk Cows price was \$1,420 in July, down \$60 from July 2011. Alfalfa hay price was \$198.00 in July, up \$9.00 from July 2011. Corn price was \$7.36 in July, up \$1.03 from July 2011. Soybean price was \$15.60 in July, up \$2.40 from July 2011. The milk-feed price ratio was 1.29 in July, down 0.62 from July 2011.

The index of prices received by farmers for dairy products increased 3 points during the month of July 2012 to 127. Compared with July 2011, the index was down 40 points (24.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2012 increased 1 point to 215. Compared with July 2011, the index was up 11 points (5.4 percent).

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

State	All-Milk price 1/ 2/				Milk cows 3/		Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per head		Dollars per ton		Dollars per bushel		Dollars per bushel	
	June		July		July		July		July		July	
	2011	2012	2011	2012 4/	2011	2012 4/	2011	2012 4/	2011	2012 4/	2011	2012 4/
AZ	21.00	15.20	21.60	15.90	1,500	1,450	230.00	230.00	---	---	---	---
CA	20.32	14.52	20.22	14.80	1,400	1,300	237.00	201.00	---	---	---	---
CO	20.80	16.20	21.60	16.70	1,550	1,430	180.00	235.00	6.60	7.41	---	---
ID	19.30	16.00	19.90	16.50	1,500	1,400	223.00	180.00	---	---	---	---
IN	21.90	16.00	22.80	16.40	1,500	1,400	---	---	7.04	7.50	13.70	16.00
IA	21.20	17.00	22.10	17.30	1,470	1,470	121.00	162.00	6.19	7.40	13.00	15.60
MI	21.60	16.40	22.70	16.90	1,550	1,600	110.00	140.00	6.82	7.55	13.20	15.70
MN	21.20	17.40	22.50	18.00	1,480	1,410	120.00	150.00	5.83	7.10	12.80	15.20
NM	20.20	15.40	21.00	16.00	1,460	1,350	240.00	258.00	---	---	---	---
NY	22.40	17.00	23.00	17.10	1,450	1,460	121.00	175.00	---	---	---	---
OH	22.40	16.60	23.10	17.00	1,520	1,460	169.00	217.00	7.06	7.80	13.50	16.00
PA	22.90	17.50	23.50	17.90	1,550	1,460	217.00	175.00	7.54	7.90	---	---
TX	21.60	16.70	22.50	16.90	1,450	1,400	220.00	238.00	6.47	7.55	---	---
WA	21.70	16.00	22.30	16.70	1,450	1,300	180.00	225.00	---	---	---	---
WI	20.60	17.10	22.20	18.00	1,570	1,560	110.00	135.00	6.27	7.25	12.90	15.70
U.S.	21.10	16.20	21.80	16.60	1,480	1,420	189.00	198.00	6.33	7.36	13.20	15.60

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

3/ Animals sold for dairy herd replacement only. Prices estimated in January, April, July, and October. 4/ Preliminary.

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	July 2011	June 2012	July 2012 3/
IA	2.24	1.61	1.43
MI	2.22	1.65	1.43
MN	2.37	1.65	1.56
OH	1.98	1.38	1.24
WI	2.29	1.63	1.57
U.S.	1.91	1.38	1.29

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., JULY 2012 WITH COMPARISONS

Item	July 2011	June 2012	July 2012 1/
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for dairy products	167	124	127
Prices paid by farmers for commodities and services, interest taxes, and wage rates	204	214	215

1/ Preliminary.

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



## JUNE 2012 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 136.8 million pounds, 3.2 percent below June 2011 and 16.2 percent below May 2012. **AMERICAN TYPE CHEESE** production totaled 365.9 million pounds, 0.2 percent above June 2011 but 2.6 percent below May 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 896.8 million pounds, 0.9 percent above June 2011 but 2.1 percent below May 2012. **NONFAT DRY MILK** production, for human food, totaled 169.1 million pounds, 15.1 percent above June 2011 but 13.2 percent below May 2012. **DRY WHEY** production, for human food, was 78.9 million pounds, 1.9 percent below June 2011 and 3.5 percent below May 2012. **ICE CREAM** (hard) production totaled 76.4 million gallons, 0.6 percent above June 2011 and 2.3 percent above May 2012.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 2012	PERCENT CHANGE FROM:			PRODUCT	JUN 2012	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 2011	MAY 2012	YEAR TO DATE 1/		1,000 LBS.	JUN 2011	MAY 2012	YEAR TO DATE 1/
BUTTER	136,837	-3.2	-16.2	6.1	SOUR CREAM	104,233	-0.5	-3.7	2.6
CHEESE					YOGURT (PLAIN AND FLAVORED)	370,609	0.7	-0.1	3.4
AMERICAN TYPES 2/	365,937	0.2	-2.6	2.8	DRY WHEY, HUMAN FOOD	78,925	-1.9	-3.5	---
CHEDDAR	265,088	-1.8	-4.6	1.9	DRY WHEY, ANIMAL FEED	4,246	28.6	-1.5	---
OTHER AMERICAN	100,849	5.9	3.0	---	DRY WHEY, TOTAL 8/	83,171	-0.7	-3.4	-0.9
BRICK & MUENSTER	11,692	-1.1	-8.8	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	68,491	21.1	15.5	---	HUMAN FOOD	1,891	-40.5	-38.2	---
HISPANIC	17,982	-0.3	-3.3	---	ANIMAL FEED	5,003	3.0	2.8	---
TOTAL ITALIAN TYPES	376,344	-1.0	-2.2	0.8	LACTOSE, HUMAN FOOD & ANIMAL FEED	89,222	-0.7	2.1	4.6
MOZZARELLA	297,411	0.1	-1.3	1.0	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	78,933	-4.9	-5.5	---	HUMAN FOOD 9/	35,479	8.1	3.7	---
SWISS	26,047	-8.6	-8.3	---	ANIMAL FEED 9/	3,138	-9.8	13.0	---
ALL OTHER TYPES	13,357	2.6	-14.4	---	TOTAL 9/	38,617	6.4	4.4	6.4
TOTAL	896,795	0.9	-2.1	2.7	25.0-49.9 PERCENT 10/	20,218	-1.7	-2.1	---
COTTAGE CHEESE, CURD 3/	33,761	-11.3	-8.8	---	50.0-89.9 PERCENT 10/	18,399	17.0	12.5	---
COTTAGE CHEESE, CREAM 4/	26,028	-8.6	-6.7	-3.8	WHEY PROTEIN ISOLATES 11/	5,311	-1.9	-2.0	---
COTTAGE CHEESE, LOWFAT 5/	31,691	-7.9	-8.5	-0.1	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	(D)	(NA)	(NA)	---	ICE CREAM (HARD)	76,407	0.6	2.3	-0.9
DRY BUTTERMILK	7,812	3.5	-10.5	---	ICE CREAM, LOWFAT (HARD)	17,453	6.8	-6.1	---
DRY WHOLE MILK	4,649	-3.6	-11.9	---	ICE CREAM, LOWFAT (SOFT)	25,401	-12.1	4.2	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	8,968	-11.7	-19.0	---	ICE CREAM, LOWFAT (TOTAL)	42,854	-5.2	-0.2	-0.4
NONFAT DRY MILK (NDM), HUMAN	169,135	15.1	-13.2	35.3	SHERBET, HARD	4,014	-15.5	4.1	-5.9
SKIM MILK POWDERS (SMP) 7/	25,362	-23.8	90.4	-41.1	FROZEN YOGURT (TOTAL)	6,445	11.1	9.2	5.1

MANUFACTURERS' STOCKS, END OF MONTH 12/							
PRODUCT	JUN 2012	PERCENT OF:		PRODUCT	JUN 2012	PERCENT OF:	
	1,000 LBS.	JUN 2011	MAY 2012		1,000 LBS.	JUN 2011	MAY 2012
DRY WHEY, HUMAN FOOD	48,564	9.1	4.2	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,402	33.0	12.3	HUMAN FOOD 9/	52,806	60.3	7.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	7,810	74.4	-10.9	ANIMAL FEED 9/	2,721	45.8	13.5
LACTOSE, HUMAN FOOD & ANIMAL FEED	88,436	14.9	4.4	TOTAL 9/	55,527	59.5	7.3
CANNED EVAP & CONDSO WHOLE MILK	(D)	(NA)	(NA)	25.0-49.9 PERCENT 10/	36,238	116.3	13.2
DRY BUTTERMILK	14,849	-21.5	-22.7	50.0-89.9 PERCENT 10/	19,289	6.9	-2.3
NONFAT DRY MILK (NDM), HUMAN FOOD	144,821	-22.2	-32.8	WHEY PROTEIN ISOLATES 11/	7,541	66.2	4.1

(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.

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for July 2012 is \$1.6556 per pound. Thus, the Class II butterfat price is \$1.6626. The protein and other solids prices for July are \$3.0430 and \$0.3123 per pound, respectively. These component prices set the Class III skim milk price at \$11.28 per cwt. The July Class IV skim milk price is \$8.97 which is derived from the nonfat solids price of \$0.9965 per pound. **Product Price Averages:** The product price averages for July are: butter \$1.5386, nonfat dry milk \$1.1744, cheese \$1.6857, and dry whey \$0.5023.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/</sup> <sub>2/</sub>						
FEDERAL MILK ORDER MARKETING AREAS <sup>3/</sup>	ORDER NUMBER	JULY 2012				AUGUST 2012
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <sup>4/</sup>	001	18.76	14.51	16.68	14.45	19.80
Appalachian (Charlotte) <sup>5/</sup> <sup>6/</sup>	005	18.91	14.51	16.68	14.45	19.95
Southeast (Atlanta) <sup>6/</sup> <sup>7/</sup>	007	19.31	14.51	16.68	14.45	20.35
Florida (Tampa) <sup>6/</sup> <sup>8/</sup>	006	20.91	14.51	16.68	14.45	21.95
Midwest (Cleveland) <sup>9/</sup>	033	17.51	14.51	16.68	14.45	18.55
Upper Midwest (Chicago) <sup>10/</sup>	030	17.31	14.51	16.68	14.45	18.35
Central (Kansas City) <sup>11/</sup>	032	17.51	14.51	16.68	14.45	18.55
Southwest (Dallas) <sup>12/</sup>	126	18.51	14.51	16.68	14.45	19.55
Arizona (Phoenix)	131	17.86	14.51	16.68	14.45	18.90
Pacific Northwest (Seattle) <sup>13/</sup>	124	17.41	14.51	16.68	14.45	18.45
All-Market Average	---	18.40	14.51	16.68	14.45	19.44

<sup>1/</sup> 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.

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

<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the market.

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

<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

<sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

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

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

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

<sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

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

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

<sup>13/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

## 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/
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
JUN 2012	233.6	2.7	215.5	1.5	207.2	-2.8	220.4	2.0	191.4	-10.4	230.5	3.3
<b>U.S. City Average Retail Prices</b>												
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											
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	
JUN	3.396	3.622	NA	3.605	4.030	3.922	5.475	5.443	4.896		4.854	

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—MARCH 2011-MAY 2012 AND YEAR-TO-DATE 2011-2012 1/

Item	Mar.-May 2011	Percent change 2/	Mar.-May 2012	Percent change 2/	Jan.-May 2011	Percent change 2/	Jan.-May 2012	Percent change 2/
	Million Pounds							
<b>MILK</b>								
Production	50,863	1.6	52,495	3.2	82,318	1.8	85,815	3.6
Marketings	50,614	1.6	52,252	3.2	81,909	1.8	85,407	3.6
Beginning Commercial Stocks 3/	12,043	-8.3	13,133	9.1	10,927	-3.6	13,133	20.2
Imports 3/	710	9.6	782	10.2	1,155	-2.0	1,292	11.1
Total Supply 4/	63,367	-0.3	66,167	4.4	93,991	1.1	97,682	2.9
Ending Commercial Stocks 3/	12,892	-6.0	14,560	12.9	12,892	-6.0	14,560	12.9
Net Removals 3/	0	-100.0	0	0.0	0	-100.0	0	0.0
Commercial Disappearance 4/	50,475	1.3	51,607	2.2	81,099	2.5	83,122	1.8
<b>SELECTED PRODUCTS 5/</b>								
Butter	449.5	12.9	461.3	2.6	711.2	12.3	714.5	-0.2
American Cheese	1,101.7	1.2	1,120.9	1.7	1,804.5	3.1	1,847.2	1.7
Other Cheese	1,664.8	5.4	1,674.1	0.6	2,705.8	6.4	2,761.4	1.4
Nonfat Dry Milk	379.2	-16.0	554.1	46.1	623.2	-8.1	852.5	36.0
Fluid Milk Products 6/	13,690.1	-1.3	13,285.0	-3.0	22,762.8	-1.0	22,237.8	-2.9

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*.

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,  
BY FEDERAL MILK ORDER MARKETING AREA, MAY 2012 1/**

For May 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.03 per cwt., down \$0.03 from the April 2012 average. Eighty-seven percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.80 in the Pacific Northwest to \$2.99 in the Florida Order. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.12 per cwt., down \$0.01 per cwt. from the April 2012 average. Seventy-four percent of the producer milk used in Class II carried an over-order charge.

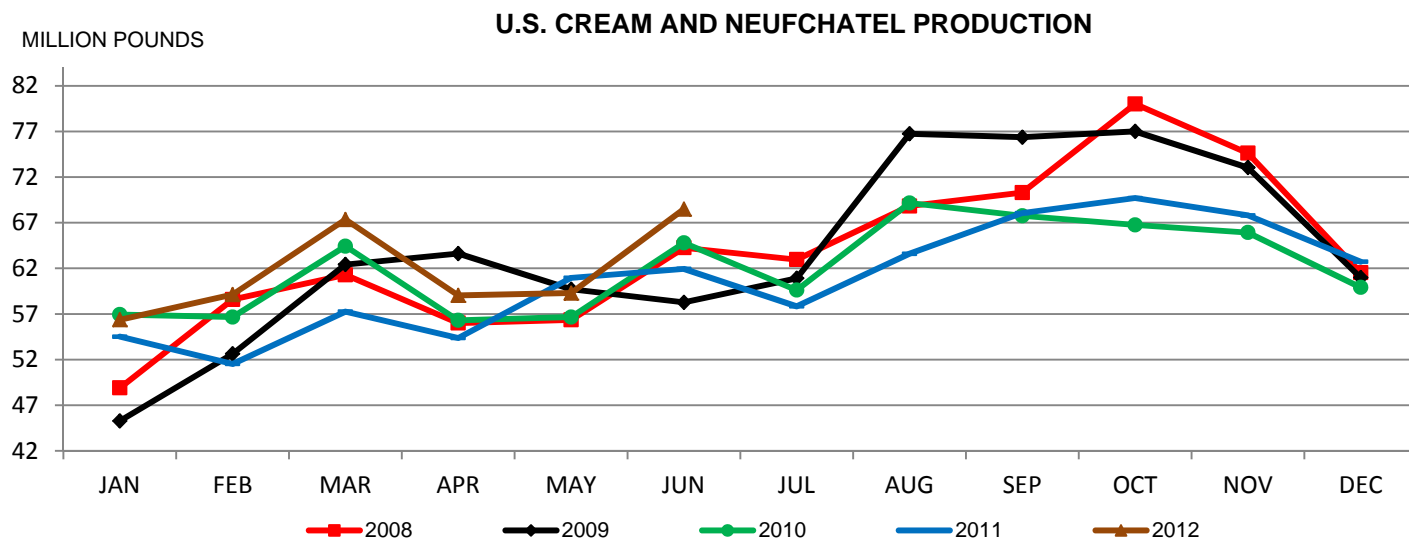
Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.68	1.17
Southeast	007	2.71	2.00
Florida	006	2.99	0.43
Mideast	033	1.73	1.43
Upper Midwest	030	1.86	0.84
Central	032	1.95	0.86
Pacific Northwest	124	0.80	0.70
All Reporting Areas Combined 3/		2.03	1.12

1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

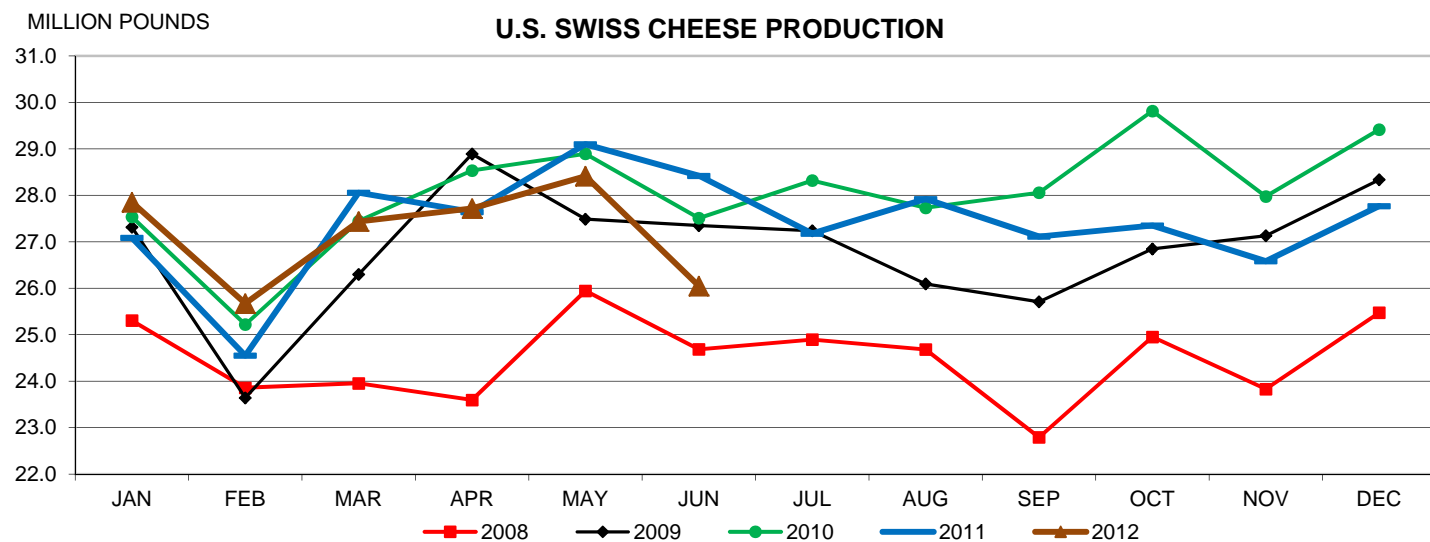
2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

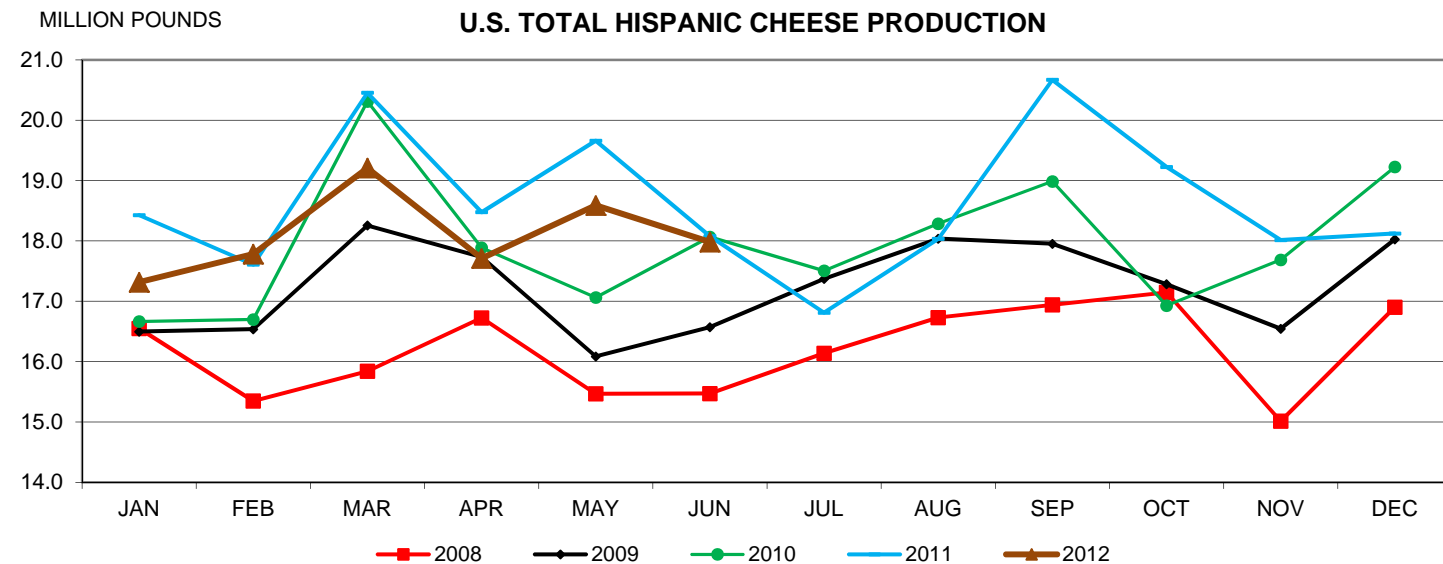
Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932



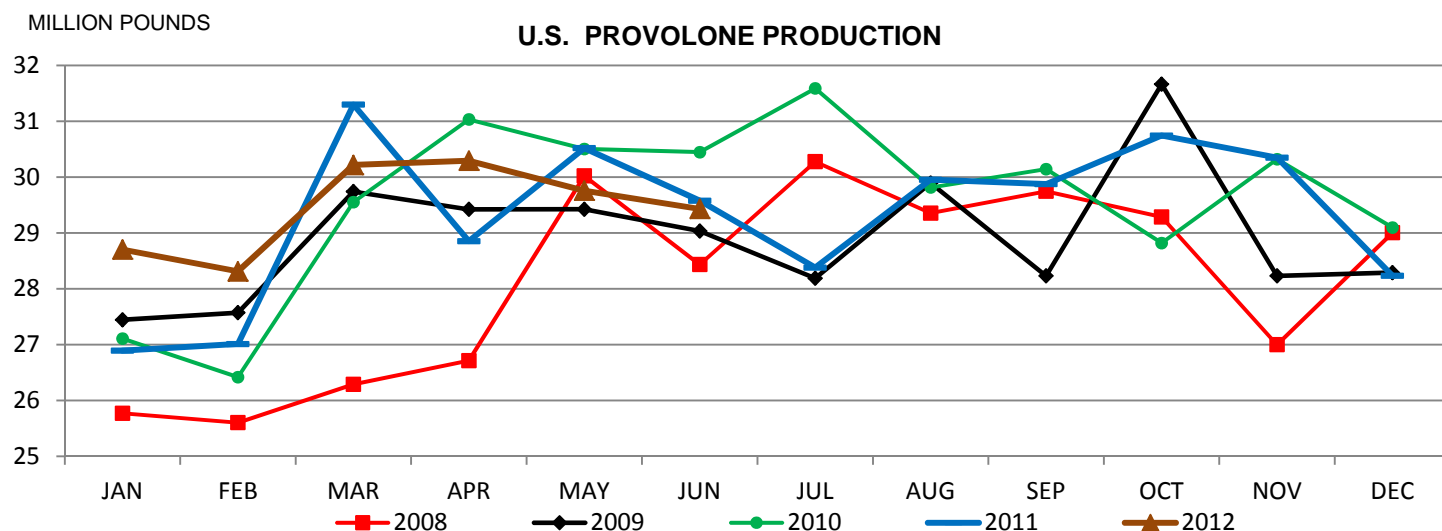
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



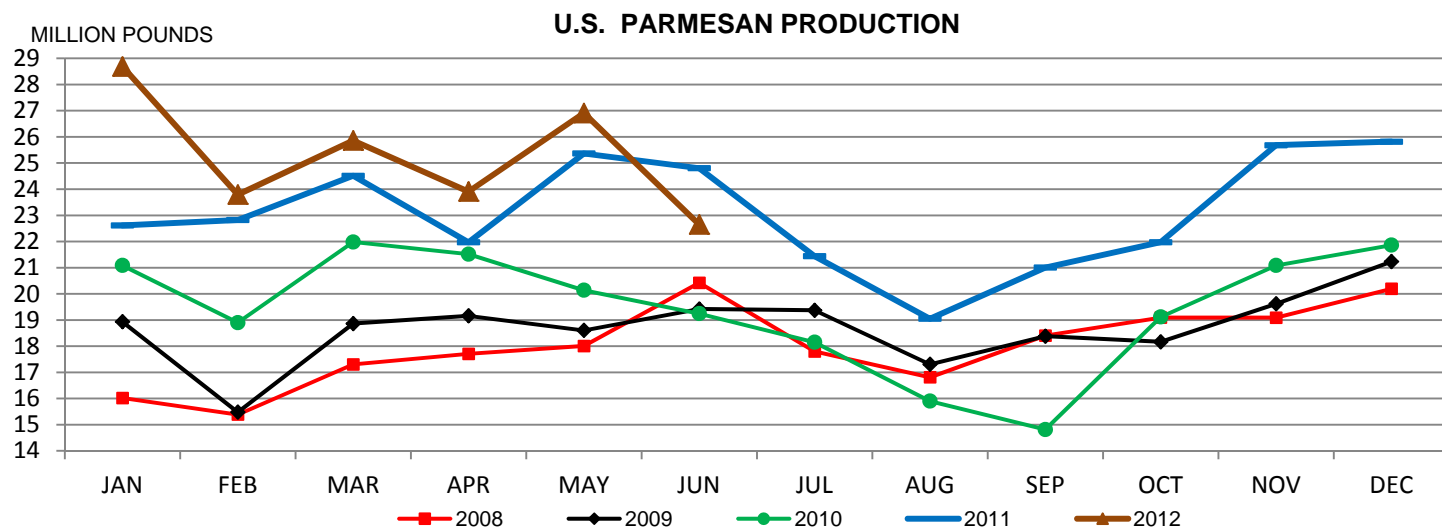
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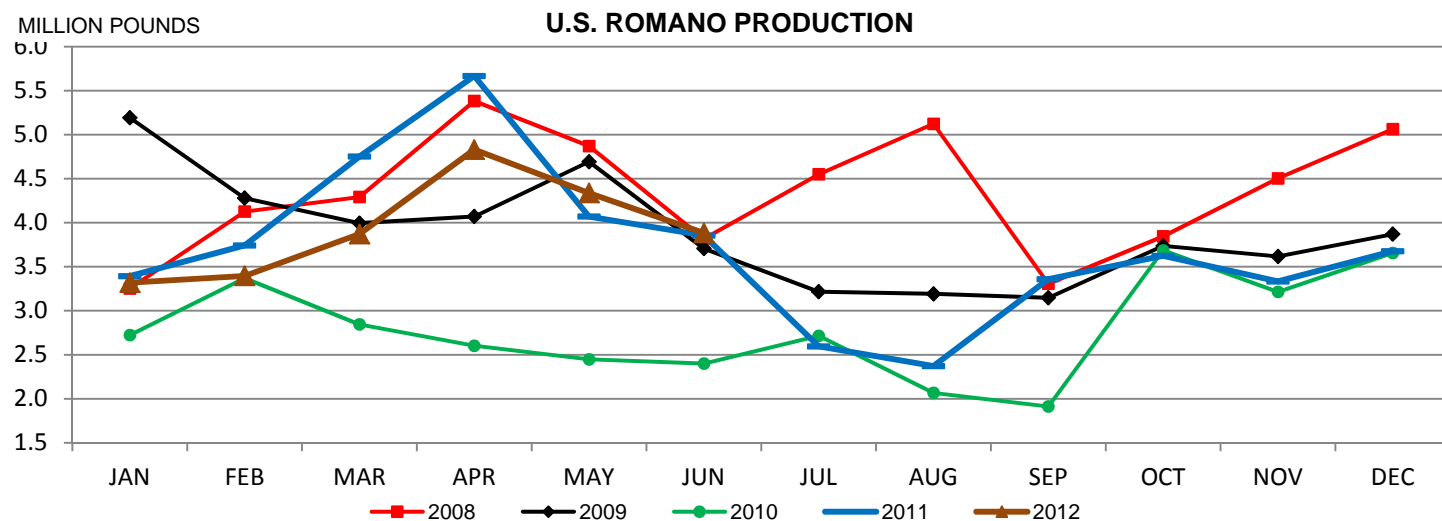
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DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

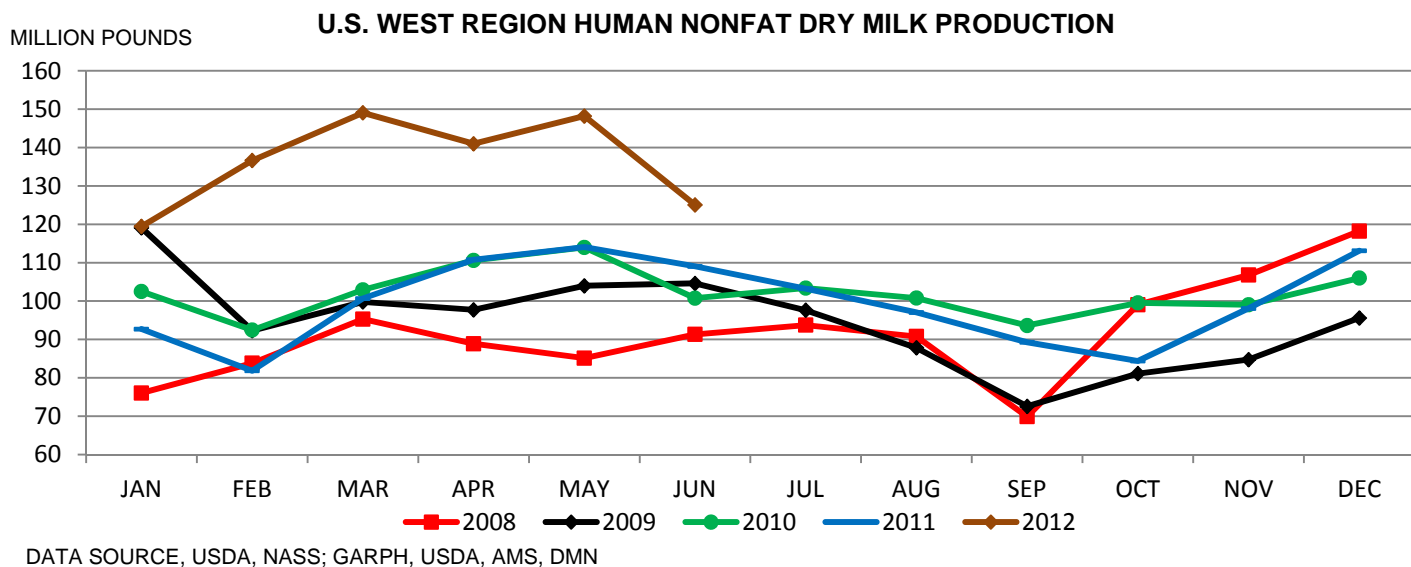
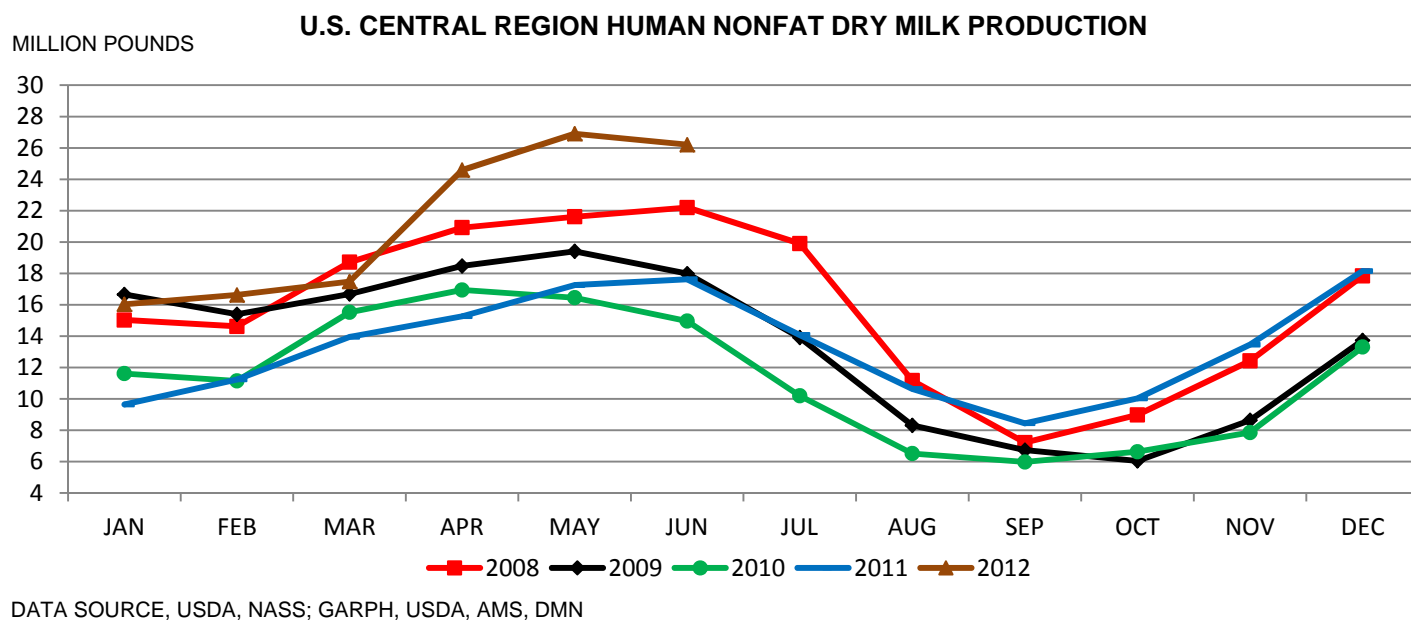
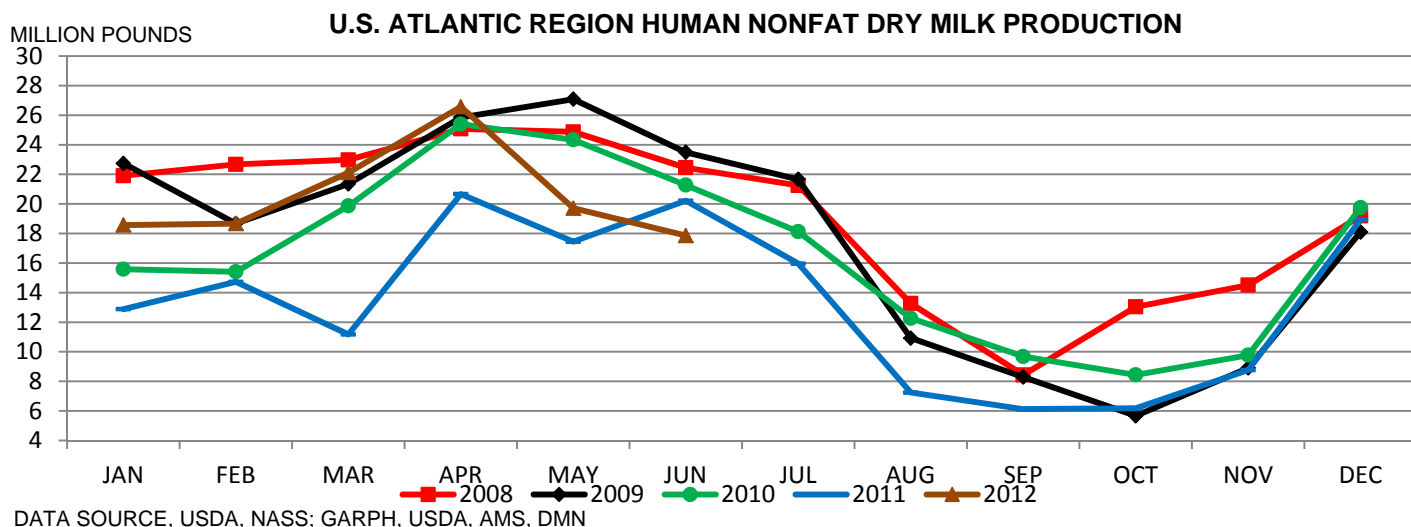


DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



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