

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (6/20)**

BUTTER: Grade AA closed at \$2.2350. The weekly average for Grade AA is \$2.2205 (+.0255).

CHEESE: Barrels closed at \$2.0100 and 40# blocks at \$2.0000. The weekly average for barrels is \$1.9930 (+.0280) and blocks, \$2.0200 (-.0220).

BUTTER HIGHLIGHTS: Strong cream demand from cream cheese and ice cream manufacturers caused some butter churn operators to cut loose volumes of cream for prices above break-even production points. The result was lower churn rates, although a few manufacturers were able to replace some print needs by microfixing bulk butter supplies. Overall production rates are steady to lower. Domestic print orders are running above seasonal trends, but a few sellers noted slower sales this week. Export orders are sluggish. Inventories are tight with some anticipations of increased tightness in the coming months. Bulk butter demand is good as prices ranged from 4 to 6 cents over the market in the Northeast, market to 6 cents over in the Central, and 3.5 cents under to 2 cents over in the West, based on the CME Group with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at \$2.2350, up 5 cents from a week ago. This week, a cooperative export assistance program accepted requests for 1.199 million pounds of butter.

CHEESE HIGHLIGHTS: Cheese production is strong as increased milk supplies continue to be available in many parts of the country. Spot loads of milk are readily available to cheese manufacturers looking to increase production. Some cheese plants are also taking advantage of discounted loads of condensed skim to fortify vats and increase yields. Cheese inventories are increasing, but are being met with moderate to good demand as processors and end users look to rebuild their stocks. Some discounting of cheese is occurring to move the increased inventories, but lower priced milk and solids are maintaining margins. Weekly average cheese prices for blocks and barrels at the CME Group have remained in a range of \$1.9500-\$2.0500 since mid-May. This compares to the average block price peaking at \$2.4160 and barrels at \$2.3355 for the last full week of March. At the CME Group, barrels closed Friday at \$2.0100, up 4.25 cents and blocks closed at \$2.0000, down 3 cents from last Friday.

FLUID MILK: Several states in the Southwest and Southeast regions, along with California are seeing some declines in farm milk production. Most states in the northern tier of the country from West to East are mostly steady with a few states showing some increases in production. However, as summer advances and temperatures rise, lower milk production rates are expected in those states. Milk supplies are

generally on the heavy side throughout the nation with increasing number of spot loads available. Bottling sales have mostly slowed, with an exception of better sales in the Southeast. Class II demand is steady to higher, causing additional interest for already snug cream supplies.

DRY PRODUCTS: Low/medium heat nonfat dry milk prices mostly converged on an uneven market. Production of NDM is strong with supplies growing, while demand is for the most part moderate. Prices of dry buttermilk are lower in the Central and East while maintaining to slightly higher in the West. Dry buttermilk production is lower following reduced butter churn rates. Dry whole milk prices are steady to lower on a quiet market. Prices of dry whey are mostly steady to lower with an exception of a slightly increased pricing point in the Central region. Heavy milk supplies have raised drying rates for whey. However, a few of the additional whey streams have been diverted to whey protein concentrate products. WPC 34% prices are steady to lower as pricing competition increases for other dairy protein substitutes. Prices of lactose are steady to lower on increased F.O.B spot load offerings. Casein prices remained static.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:

Western European milk production remains robust with producers experiencing good margins and encouraged to produce as much milk as possible, prior to anticipated milk price reductions. According to ZMB, April milk production estimates for the EU-28 were on average 7.3% above year ago levels and 3.7% higher compared to April 2012. The strong April increase over last year is as much a comment on last year's weak start to milk production as it is on this year's strong start. Weekly production reports from Germany, France and the United Kingdom in May have shown declines in the growth rates, compared to the previous month. These declines are expected to continue through June. According to Eurostat, January-April 2014 export data showed the following percentage changes for various dairy products compared to year ago levels; skim milk powder, +66%; butter, +33%; whole milk powder, +33%; whey, +5.2% and cheese, -1.3%. Russia, a major importer of EU dairy products, recorded a 1.2% decline in milk production during the first four months of 2014, compared to last year and a 4.7% decline compared to two years ago, according to the Russian Statistical Office. Despite the Ukrainian political situation and devalued Ruble, Russia remained a leading destination for EU exports of butter and cheese in the January-April period, according to data released by Eurostat.

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CME GROUP CASH TRADING

| COMMODITY | MONDAY JUN 16 | TUESDAY JUN 17 | WEDNESDAY JUN 18 | THURSDAY JUN 19 | FRIDAY JUN 20 | :: WEEKLY CHANGE* | :: WEEKLY AVERAGE# |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|----------------------------|
| CHEESE BARRELS | \$1.9600 (-.0075) | \$1.9875 (+.0275) | \$2.0025 (+.0150) | \$2.0050 (+.0025) | \$2.0100 (+.0050) | :: (+.0425) | :: \$1.9930 (+.0280) |
| 40# BLOCKS | \$2.0200 (-.0100) | \$2.0500 (+.0300) | \$2.0300 (-.0200) | \$2.0000 (-.0300) | \$2.0000 (N.C.) | :: (-.0300) | :: \$2.0200 (-.0220) |
| NONFAT DRY MILK GRADE A | \$1.8250 (N.C.) | \$1.8250 (N.C.) | \$1.8250 (N.C.) | \$1.8250 (N.C.) | \$1.8250 (N.C.) | :: (N.C.) | :: \$1.8250 (-.0260) |
| BUTTER GRADE AA | \$2.1850 (N.C.) | \$2.1950 (+.0100) | \$2.2525 (+.0575) | \$2.2350 (-.0175) | \$2.2350 (N.C.) | :: (+.0500) | :: \$2.2205 (+.0255) |

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
 Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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EASTERN OVERVIEW: Eastern European milk production remains very strong and near peak seasonal levels. Cheese and whey production have increased as a result of the increased milk volumes. Drying facilities are operating at near capacity levels. The number of skim concentrate loads moving into Eastern Europe has declined. Export interest for whey remains good.

OCEANIA OVERVIEW: **AUSTRALIAN** milk production showed indications of a strong May, as some cooperatives have posted nearly a 13% increase over last year. Victoria and Tasmania, Australia's major dairy exporting states, have benefitted from good autumn pasture growth stemming from timely rains and mild temperatures. Australian climate models continue to indicate an El Nino weather pattern will likely occur in August, bringing dryer than normal conditions over the southern and eastern inland areas. All farmers in those regions are being encouraged to have contingency plans to deal with the possibility of prolonged dry periods. According to Dairy Australia, Australian production of various dairy commodities for April 2014 showed the following percentage changes compared to 2013: butter, +0.9%; butteroil, -44.3%; skim milk powder, -29.5%; whole milk powder, +29.5%; buttermilk powder, +5.4%; cheese, +3.9%; and whey powder, -20.1%. Dairy Australia also reports dairy product exports for the July-April period totaling 610.0 thousand tons, down 8.1% from the year ago period. The largest export category is skim milk powders (SMP). The total value of exports is 19.8% higher over the prior year period. The highest value items are SMP and WMP. Normal autumn weather conditions across most of **New Zealand** during May replenished soil moistures over most of the country with only the most northern areas of the North Island having dryer than normal conditions. New Zealand's milk production is estimated to increase 2.3% in the 2014/15 milk season, which began on June 1, as estimated by the Ministry for Primary Industries. A large cooperative reported May milk collections up 24%, with the North Island 40% above year ago drought affected levels, and the South Island up 14%. The cooperative reported collections for the full 2013/14 season at 8.3% more than last year, with the North Island showing an 8.9% gain over last year and the South Island registered a 7.3% increase. The cooperative also announced their initial farmgate milk price for the 2014/15 season to be \$7.00NZD/kg milk solids. At the June 17 GDT event #118, average prices ranged from 3.8% lower to 17.0% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,898 -3.8%; butter, \$3,699 +1.8%; buttermilk powder, \$4,535 +17.0%; cheddar cheese, \$4,381 +2.4%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$11,155 +4.6%; skim milk powder, \$3,855 -0.2%; and whole milk powder, \$3,658 +2.4%.

MAY MILK PRODUCTION (NASS): Milk production in the 23 Selected States during May totaled 16.9 billion pounds, up 1.5% from May 2013. Production per cow averaged 1,976 pounds for May. This is the highest production per cow for the month of May since the 23 State series began in 2003. The number of milk cows on farms was 8.55 million head, 10,000 head more than April 2014.

JULY FEDERAL ORDER ADVANCED PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for July 2014 is \$23.02. This price is derived from the advanced Class IV skim milk pricing factor of \$15.01 and the advanced butterfat pricing factor of \$2.4377. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price increased \$0.16 when compared to the previous month of June 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.10, \$0.009 per gallon; reduced fat milk (2%), - \$0.15, -\$0.013 per gallon; fat-free (skim milk), -\$0.47, -\$0.041 per gallon. The advanced Class IV skim milk pricing factor is \$15.01. Thus, the Class II skim milk price for July 2014 is \$15.71, and the Class II nonfat solids price is \$1.7456. The two-week product price averages for July 2014 are: butter \$2.1845, nonfat dry milk \$1.8526, cheese \$2.0334 and dry whey \$0.6767.

CME GROUP

MONDAY, JUNE 16, 2014

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.9675, 1 @ \$1.9600; 5 CARS 40# BLOCKS: 2 @ \$2.0300, 1 @ \$2.0250, 2 @ \$2.0200; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$2.0200; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9700
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA @ \$2.1850; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1500; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.1850

TUESDAY, JUNE 17, 2014

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.9600, 1 @ \$1.9750, 1 @ \$1.9800, 1 @ \$1.9875; 3 CARS 40# BLOCKS: 1 @ \$2.0300, 1 @ \$2.0400, 1 @ \$2.0500; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9800; 1 CAR 40# BLOCKS @ \$2.0400; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 18 CARS GRADE AA: 4 @ \$2.1600, 7 @ \$2.1650, 1 @ \$2.1750, 1 @ \$2.1850, 1 @ \$2.1950, 1 @ \$2.2000, 3 @ \$2.1750; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1950; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JUNE 18, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.0025; 3 CARS 40# BLOCKS: 1 @ \$2.0600, 1 @ \$2.0575, 1 @ \$2.0300; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$2.1750, 1 @ \$2.1800, 2 @ \$2.1875, 2 @ \$2.1900, 1 @ \$2.2525; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JUNE 19, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.0050; 3 CARS 40# BLOCKS: 1 @ \$2.0200, 1 @ \$2.0100, 1 @ \$2.0000; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$2.0000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.2200, 1 @ \$2.2350; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2350

FRIDAY, JUNE 20, 2014

CHEESE -- SALES: 4 CARS 40# BLOCKS @ \$2.0000; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0100; 1 CAR 40# BLOCKS @ \$2.0000; 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: NONE

BUTTER MARKETS**NORTHEAST**

Cream supplies are tight in the Northeast and said to be “getting tighter by the week.” There is general concurrence that the tightness will likely increase into coming weeks. Cream multiples are firming and that is causing varied outcomes. Many potential cream customers could not get delivery of full orders last week, spilling the unfilled orders into this week and adding to this week’s demand. This pattern will continue into next week, further increasing calls for cream. Recent unfilled demand overflow from one week into the next week, is leading a number of sellers of cream to ration deliveries among buyers, attempting to minimize the aggregate impact but get some cream to most customers. Butter manufacturers are mixed in how they are responding to the current excess of cream demand over supplies. Some butter manufacturers are building print inventories while others, typically benefitting from contracted supplies, are selling cream rather than churning. Bulk butter prices for domestic sales are reported 4-6 cents over the market of the CME Group, with various time frames and averages used – with some potential bulk butter sellers adding “if you can find it”. Ice cream manufacturers are actively buying cream. The arrival of hot summer weather in much of the east this week is expected to be a factor continuing ice cream manufacturing demand for cream. A broker observed that ice cream buyers can almost always afford to pay more for spot cream than butter manufacturers, and that is how sales are flowing. Cream cheese manufacturers demand for cream is also strong. By Tuesday this week, 21 loads of butter had sold in CME Group trading. The Grade AA butter close Tuesday was \$2.1950.

CENTRAL

Some butter manufacturers in the Central region continue to sell high priced cream supplies, while maintaining production through microfixing bulk butter for print butter needs. Production rates are steady to mostly lower. A few manufacturers in the Upper Midwest were forced to use alternative power sources as storms rolled through the region in the early part of the week. The market tone is firm behind unseasonal, good domestic sales. Export orders are sluggish. However, international prices are shifting higher. Inventories are adequate for immediate needs, but with some expectations of increased tightness in the coming months. Current bulk butter prices ranged from market to 6 cents over the market, based on the CME Group with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed higher to \$2.2525, up 6.75 cents from last Wednesday. This week, a cooperative export assistance program accepted requests for 1.199 million pounds of butter.

WEST

Western butter production is steady to instances lower. Higher cream prices are allowing butter manufacturers to rationalize selling cream versus churning butter. Demand from ice cream and cream cheese accounts is very good. Domestic demand for butter has slowed into retail accounts. Bulk butter demand is good with some end users looking to build on their inventories. Butter stocks are well below typical levels for this time of year and may be responsible for increased bulk demand. Export demand has slowed as U.S. prices are above international levels. The butter price at the CME Group on Wednesday closed at \$2.2525, \$.0675 higher than last Friday’s close. Butter sales at the exchange are active this week with 28 loads sold through Wednesday. Prices for bulk butter range from 2 cents over the market to 3.5 cents under, based on the CME with various time frames and averages used.

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

WEEK ENDING
 June 14, 2014

| BUTTER | CHEESE 40# BLOCKS | CHEESE BARRELS 38% MOISTURE | DRY WHEY | NDM |
|-----------|-------------------|--------------------------------|-----------|------------|
| 2.1836 | 2.0172 | 2.0176 | 0.6767 | 1.8624 |
| 4,453,420 | 13,179,440 | 10,462,140 | 6,612,310 | 22,837,013 |

CHEESE MARKETS

NORTHEAST

A number of cheese plants in the Northeast were closed last Sunday, Father's Day, closed for employee morale rather than production reasons. These plants were back in full production Monday. Some manufacturers of cheddar in the Northeast continue to operate full out, 7 days a week. Other cheddar plants have cut back to 6 days a week schedules. Plants accounting for a significant amount of Northeast mozzarella and provolone production, plants now operating 7 days a week, will be closing every other Sunday beginning next Sunday. Some current cheese production is going to build inventories, with cheese manufacturers looking ahead toward lower milk availability as summer seasonality has its way with milk production levels. Overall, there is a level of comfort with current milk supplies, production, sales and inventory levels. Northeast milk supplies have been more than adequate for cheese making, but some manufacturers are expecting a change in that situation. Boston hit 90 degrees plus Tuesday, and it was hot and humid moving further south along the Atlantic coast. The summer hot weather is expected to remain in the area, and begin to spread inland. Cheese manufacturers further inland are eyeing this, and expect hot summer weather to soon begin to reduce milk production and hence milk availability to cheese plants. However, in northern New England for now, summer heat and humidity remain at bay. Cheese plant managers in that area observe that temperatures remain in the 70's as daily highs, and there is what is described as a "bumper hay crop". The milk is flowing and reductions in milk output and availability to cheese makers is expected to lag developments closer to coastal areas and further south. Wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0150; Swiss is unchanged; while cheddar and muenster increased \$.0275. CME Group trading Tuesday closed barrels at \$1.9875 and blocks at \$2.0500.

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

| | |
|-----------------------------|-----------------|
| Cheddar 40# Block | : 2.4350-2.7200 |
| Process 5# Sliced | : 2.1875-2.6675 |
| Muenster | : 2.4550-2.8150 |
| Grade A Swiss Cuts 10 - 14# | : 4.0475-4.3700 |

MIDWEST

Midwest milk production remains strong. Partly this is a result of overall favorable milk production conditions. A factor is recent additions to dairy herds by some larger producers. Many cheese manufacturers are building inventory levels, using current milk supplies in addition to enhancing vats with condensed skim at favorable prices. This is particularly true for cheddar. A manager noted that beginning in August, milk supplies are expected to be down, leading to more cheese orders than available milk can fill. Thus, building current inventories is a goal of some manufacturers. Some large food manufacturers using Italian varieties of cheese have altered or temporarily reduced production schedules enough to cause some lulls in demand for cheese. This has occurred seasonally in recent years and is expected. A result is some cheese manufacturers now offering discounts to "get product out the door." Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0150; Swiss is unchanged; while the remaining varieties increased \$.0275. Barrels closed

Wednesday on CME Group trading at \$2.0025 and blocks closed at \$2.0300.

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

| | |
|---|-----------------|
| Process American 5# Loaf | : 2.0650-2.4250 |
| Brick And/Or Muenster 5# | : 2.4150-2.8400 |
| Cheddar 40# Block | : 2.1200-2.5375 |
| Monterey Jack 10# | : 2.3900-2.5950 |
| Blue 5# | : 2.6825-3.6700 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : 2.2600-3.1550 |
| Grade A Swiss Cuts 6 - 9# | : 3.5650-3.6825 |

WEST

Cheese production in the West continues at heavy levels. Milk supplies are lower in some parts of the southwest, while steady to stronger in the northwest. Increased milk volumes are available as Class I sales have slowed for the summer break. Domestic demand for cheese is good with retail sales clearing at expected levels. Commercial cheese sales to process cheese buyers are reported to be strong as buyers look to secure stocks. Export sales have slowed, but continue to be shipped from previously negotiated sales. Some new export sales are being made with price incentives from a cooperative export assistance program. Current cheese stocks are mostly adequate for demand. Cash cheese prices at the CME Group were mixed on Wednesday. Barrels closed at \$2.0025, up \$.0150 and blocks closed at \$2.0300, down \$.0200. Barrels recorded seven sales by midweek, with blocks selling eleven loads.

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

| | |
|---------------------------|-----------------|
| Process 5# Loaf | : 2.0925-2.3500 |
| Cheddar 40# Block | : 2.1625-2.5150 |
| Cheddar 10# Cuts | : 2.3425-2.5625 |
| Monterey Jack 10# | : 2.3525-2.5125 |
| Grade A Swiss Cuts 6 - 9# | : 3.6250-4.0550 |

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CHEESE MARKETS

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FOREIGN

Domestic wholesale cheese prices were higher this week. Imported cheese prices are unchanged. Domestic wholesale Swiss prices are also unchanged. U.S. domestic production is building as milk supplies available for manufacturing increase. Some spot loads of milk are becoming available to cheese plants at discounted rates. Cheese production in the EU is slowing. Prices are exhibiting a firm undertone as reduced production is beginning to tighten stocks.

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

| VARIETY | NEW YORK | |
|--------------------------|-----------------|------------------|
| | IMPORTED | DOMESTIC |
| Blue | : 2.6400-5.3800 | : 2.5750-4.0625* |
| Gorgonzola | : 3.6900-6.9700 | : 3.0775-3.4900* |
| Parmesan (Italy) | : -0- | : 3.9650-6.0550* |
| Provolone (Italy) | : -0- | : 2.6175-2.7750* |
| Romano (Cows Milk) | : -0- | : 3.7650-5.9150* |
| Sardo Romano (Argentine) | : 2.8500-3.6900 | : -0- |
| Reggianito (Argentine) | : 3.2900-4.5600 | : -0- |
| Jarlsberg-(Brand) | : 2.9500-5.6300 | : -0- |
| Swiss Cuts Switzerland | : -0- | : 4.1450-4.4675 |
| Swiss Cuts Finnish | : 2.6700-2.9300 | : -0- |

* = Price change.

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

BUTTER : CHEESE

| | | |
|----------|--------|----------|
| | : | |
| 06/16/14 | 22,384 | : 90,352 |
| 06/01/14 | 22,365 | : 87,920 |
| CHANGE | 19 | : 2,432 |
| % CHANGE | 0 | : 3 |

FLUID MILK AND CREAM

EAST

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

| | THIS WEEK | | LAST WEEK | | LAST YEAR | |
|------------------|-----------|-----|-----------|-----|-----------|-----|
| | IN | OUT | IN | OUT | IN | OUT |
| FLORIDA | 0 | 105 | 0 | 120 | 0 | 92 |
| SOUTHEAST STATES | 0 | 0 | 0 | 0 | 0 | 0 |

Milk production in Vermont and New Hampshire continues to show increases. Weather is very favorable for cow comfort, with daily highs in the 70's. Hay crops are excellent. Milk production in New York has also continued to edge up, at least through mid-week. The heat which arrived early this week in coastal areas from Boston south, with Boston reaching the 90's and temperatures going up moving further south, is expected to begin to crimp milk production if the heat lingers and spreads further inland. Pennsylvania milk producers are generating steady to slightly higher production. Manufacturing milk supplies are also steady to slightly higher. Mid-Atlantic region milk production is steady through mid-week, with heavy manufacturing milk supplies. Milk output is expected to begin to decline if this week's heat persists. Butterfat levels are already decreasing. The Southeast has been in a pattern of temperatures in the upper 90's with high humidity. This has already caused declines in milk production during recent weeks. However, milk production is still observed as being above "where it should be." Good Class I milk sales have abated potential impacts of seasonal milk production above expected levels. Florida farm level milk production is declining at a greater rate than during recent weeks. Class I demand is steady. Temperatures are in the upper 90's during the day, with high humidity. Spot milk shipments out of the state totaled 105, down from 120 last week. **Cream multiples** moved higher this week, ranging from **1.33-1.40**. Cream availability is very tight. Unfilled cream orders from last week have spilled into this week. It is expected that some orders this week will also go unfilled. Ice cream manufacturing in particular, with orders from cream cheese manufacturers, is contributing to the current demand. Some butter manufacturers have opted to sell cream rather than churn. Last week, the CME Group Grade AA butter weekly average butter price was \$2.1950, down \$0.0575 from the previous week. **Class II and III condensed skim** prices remained unchanged this week. Contracts for condensed skim are being filled, with additional spot load availability generating other sales.

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 - | 2.9194-3.0730 |
| F.O.B. producing plants: Upper Midwest - | 2.7437-3.0291 |

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

| | |
|--|-----------|
| Northeast - Class II - includes monthly formula prices - | 1.77-1.92 |
| Northeast - Class III - spot prices - | 1.68-1.78 |

MIDWEST

Heavy rains and adverse weather conditions caused some power outages in the Upper Midwest, most notably in Wisconsin. A few manufacturing plants used backup power sources while others involuntarily had to sell milk. Spot loads of milk ranged from \$4.00 under to Class. Many contacts suggest milk production is nearing or at the flush's peak with production mostly steady this week. Some milk handlers noted difficulty in keeping up with current milk intake levels. Bottling interest is light with a few sellers seeing slight upticks in sales. Condensed skim supplies are heavy, but not as plentiful as previous weeks. Demand for ice cream and cultured products is good. Cream supplies are snug as ice cream and cream cheese manufacturers are taking additional volumes while some butter churn operators have backed away or sold inventories. **Class II cream multiples ranged from 1.25 to 1.38**. Wednesday at the CME Group, Grade AA butter closed higher to \$2.2525, up 6.75 cents from last Wednesday. The NASS *Crop Progress Report* noted soybean acres planted in the 18 selected states as of June 15 are at 92%, compared to the 5-year average of 90% for the comparable week. The NASS *Milk Production Report* noted May milk production in the 23 selected states was 16.9 billion pounds, a 1.5% increase from a year ago. The Central states included in the report and the changes compared to a year ago: Illinois, +0.6%; Indiana, +0.6%; Iowa, +1.2%; Kansas, +7.0%; Michigan, +3.3%; Minnesota, -0.1%; Ohio, -2.5%; South Dakota, +5.9%; Texas, +10.1% and Wisconsin, +2.7%. Milk cows in the 23 selected states totaled 8.55 million head in May, a 10,000 head increase from a month ago. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending May 31, at 42,900 head, 4,900 head or 10% less than the comparable week a year ago.

WEST

Milk intakes in CALIFORNIA are steady to edging lower as hot, dry weather covered most of the state. The higher temperatures are expected to decrease cow comfort levels and reduce milk production over the coming weeks. Milk solids are reported to be minimally lower. Milk production in NEW MEXICO is slowing. Milk is being moved around within the state to accommodate some unexpected plant disruptions. Harvesting of second crop alfalfa is ongoing. Temperatures in ARIZONA reached into triple digits during the day with cooler nights. Humidity levels have not been oppressive. Cows are able to compensate for the heat of the day and overall production levels are mostly at expected volumes. Milk pooled on the Arizona Order 131 totaled 450.8 million pounds in May 2014. Class I utilization accounted for over 22% of producer milk. The uniform price was \$23.75, \$0.68 below last month, but \$4.64 above one year ago. CREAM demand is very good in the West with supplies described as tight in many cases. Butter, ice cream and frozen confection manufacturers are actively looking to source additional cream supplies. Cream is being imported into California to fill demand. High daily temperatures are a factor in how far cream can move safely. Cream multiples were steady to firm and ranged from 1.10 to 1.38. At the CME Group, Grade AA butter closed on Wednesday at \$2.2525, up 6.75 cents from a week ago. Favorable weather in the PACIFIC NORTHWEST is helping to keep milk volumes mostly steady. Some additional milk is available for manufacturing as Class I needs have slowed. Processors are busy handling current supplies with minimal

CONTINUED ON PAGE 4-A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

interruptions being reported. Harvesting of first crop alfalfa is ongoing across Oregon and Washington. Milk pooled on the Pacific Northwest Order 124 totaled 775.3 million pounds in May 2014. Class I utilization accounted for nearly 22% of producer milk. The uniform price was \$23.42, \$0.61 below last month, but \$4.63 above the same month last year. Milk production in UTAH and IDAHO has plateaued with favorable weather being reported. Processors are able to secure additional milk supplies if needed. Recent precipitation across Idaho was welcomed for early crop development. Irrigation supplies are said to be adequate in Utah. According to NASS, May milk production for the 23 surveyed states totals 16.9 billion pounds, 1.5% higher than a year ago. Monthly milk production per cow was 1,976 pounds. This is the highest production per cow for the month of May since the 23 State series began in 2003. The number of milk cows on farms in the 23 major states totaled 8.552 million head. May milk production changes from a year ago for selected Western states are: Arizona +3.9%, California +1.0%, Colorado +9.5%, Idaho +0.5%, New Mexico +1.4%, Oregon +2.3%, Utah +2.8%, and Washington +2.7%.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: The LOW/MEDIUM HEAT nonfat dry milk prices converged on the range and mostly price series with varying F.O.B. spot sales and basing points. The market tone is unsettled. Milk processors continue to dry NDM at higher rates as milk production is near the peak of the flush. Domestic demand is moderate with many buyers purchasing in a "hand-to-mouth" fashion. Exports orders are ongoing. Inventories of low/medium heat NDM are at moderate to heavy levels. Prices of HIGH HEAT NDM shifted higher. The market tone is steady. Production rates are mostly steady at lower seasonal rates as many manufacturers focus dryer priorities on low/medium heat. Demand for high heat NDM is active. Spot load availability is limited. Wednesday at the CME Group, Grade A NDM closed unchanged at \$1.8250, down 3.25 cents since last Wednesday.

EAST: Eastern low/medium heat nonfat dry milk prices narrowed the range and mostly, with each increasing at the bottom and decreasing at the top. Nonfat dry milk production has remained strong to accommodate milk intakes, with milk production still increasing from New England south into Pennsylvania. A buyer commented that NDM in the Northeast is "busting at the seams". Interest from ice cream manufacturers has recently increased. Dryers are very busy with low heat production. Some buyers looking for high heat NDM are finding it difficult to obtain on spot markets as a result of the production emphasis on low heat to handle milk intakes. High heat prices firmed this week. Some manufacturers noted the arrival of summer heat exceeding 90 degrees along much of the coast as far north as Boston. The arrival of summer heat further north is viewed as an indicator that could begin to slow milk production and hence NDM production.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.7750 - 1.9325 MOSTLY: 1.7800 - 1.8525
HIGH HEAT: 1.9200 - 1.9625

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are uneven with a weaker undertone noted by both manufacturers and buyers. Production of nonfat dry milk is heavy as milk supplies are steady to increasing in the northwest and slowly tapering off in the southwest. Despite the areas with lower milk supplies, dryers are operating heavy schedules to clear milk volumes. The bulk of production is to low/medium heat drying to keep up. Demand is moderate to good for offered spot loads with buyers looking for prices to soften if supplies increase. Stocks of NDM are building. Some western manufacturers are diverting skim milk supplies to fulfill previously negotiated sales of SMP for export markets. High heat prices are mostly steady with limited spot sales. High heat production is mostly reserved for contract fulfillment.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.7800 - 1.8925 MOSTLY: 1.8000 - 1.8500
HIGH HEAT: 1.9000 - 1.9900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices of dry buttermilk moved lower on active F.O.B. spot trading. The market tone is softening. Operators are drying at mostly steady rates. Sales picked up as spot offering prices moved lower. Exports orders are active. Inventories of dry buttermilk are slightly increasing.

EAST: Eastern dry buttermilk prices moved lower. There was some spot market interest, with supplies being available. Some buyers were in the market to replenish inventory levels. Overall, there is a diminished volume of activity drying buttermilk. There is good buyer interest in condensed buttermilk which, combined with dryer schedules focused on nonfat dry milk, has made dry buttermilk a less active market. Another factor is the inclination of some butter manufacturers to sell cream in the current tight cream market, rather than churn, which also reduces drying. Manufacturer and broker stocks are adequate for current demand.

F.O.B. CENTRAL/EAST: 1.6550 - 1.8550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are mostly steady with an unsettled undertone. Stocks of buttermilk are in balance with current demand. The overall trend lower in the NDM market is influencing buttermilk prices. Demand is good for offered loads of buttermilk, but buyers are looking for lower prices. Some butter manufacturers are currently selling cream rather than churning and that is reducing dry buttermilk production.

F.O.B. WEST: 1.7500 - 1.9200 MOSTLY: 1.7800 - 1.8600

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady to lower in limited sales. Spot sales are light. Dry whole milk manufacturing is steady as producers look to build inventories for Q3 contracts. Demand for exports is moderate with lower priced international offerings complicating sales.

F.O.B. PRODUCING PLANT: 1.9700 - 2.1250

CALIFORNIA MANUFACTURING PLANTS - NDM

| WEEK ENDING | PRICE | TOTAL SALES |
|-------------|----------|-------------|
| June 13 | \$1.8407 | 11,242,282 |
| June 6 | \$1.8454 | 10,162,093 |

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

DRY WHEY prices are mixed on varying basing points and generally lower F.O.B spot sales. The market tone is unsettled. Manufacturers continue to dry steadily at higher rates as milk intake levels are strong. Demand domestically is active, but some buyers are beginning to become more selective on purchases as they have ample warehouse inventories. Export orders are ongoing. Supplies of dry whey are slightly increasing. Prices of ANIMAL FEED WHEY shifted higher on the top of the range on moderate F.O.B. spot transactions. The undertone is steady. Buyer interest is moderate. Spot load availability for feed whey is limited.

F.O.B. CENTRAL: .5900 - .7225 MOSTLY: .6325 - .6875
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .5200 - .6525

DRY WHEY - NORTHEAST

Northeast dry whey prices adjusted slightly lower due to indices adjusting. There was limited spot market activity, with many people opting to sit on the sidelines, as one broker observed. A number of manufacturers in the region, who are in a full production mode and readily moving whey through contracts, are not offering spot sales. Some manufacturers with whey production not committed are opting to sell condensed whey. Cheese production remains active this week, contributing to maintaining heavy volumes of whey production. Demand is good, with some ice cream manufacturers who use whey now maintaining active production schedules.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6925 - .7575

DRY WHEY - WEST

Western dry whey production is mixed. Cheese plants are running busy schedules and whey stream production is up. Plants with the option of producing dry whey or concentrated whey protein products are taking varied views on directing supplies. Whey prices are weaker on the full price range with the mostly series steady. Demand for domestic whey is good as some ice cream plants are increasing their orders. Some end users are already inquiring about available stocks into Q4. Export demand is good with some pushback on price offerings as domestic prices are currently above international prices. Whey stocks are tight with much of current production previously committed. Domestic spot load availability is mainly limited.

NONHYGROSCOPIC: .5850 - .7100 MOSTLY: .6200 - .6900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are steady to weaker. Competing dairy protein alternatives are influencing the overall tone of the market. The WPC 34% market is exhibiting a wide price spread as variable product quality is influencing pricing. Demand from infant formula manufacturers is increasing, but buyers are often demanding increased quality standards. Those buyers seeking protein for blending are looking for lower price ranges. Increased competition from the EU have some sellers noting lower offers for export sales. WPC 34% stocks are tight for high quality offerings.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4825 - 1.8050 MOSTLY: 1.5675-1.7350

LACTOSE - CENTRAL AND WEST

Prices for lactose are unchanged to lower on a weak market. Negotiations for Q3 contracts are ongoing, but should be finalized soon. Contract sales are continuing and spot offerings are increasing. Some manufacturers report that resellers are offering discount loads of lactose to clear their inventories. Those manufacturers not wanting to build stocks are also joining in the discounting. New regulations for infant formula makers are complicating the overall market. Lactose stocks are variable among the different manufacturers.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4200-.6825 MOSTLY: .5350-.6000

CASEIN - NATIONAL

Casein prices are unchanged. Market participants are focused on Q3 negotiations. Some buyers continue to purchase product on an as needed basis, unwilling to take a position in the market and expand inventories. Contacts indicate negotiations for Q3 have prices below current levels. Some suppliers are firming their prices in negotiations, compared to recent weeks. The market undertone is unsettled. The Global Dairy Trade at the June 17 event saw rennet casein increase +4.6% for the August contract period to \$11,155/MT.

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: 4.7500 - 5.2000
ACID: 4.9000 - 5.4000

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2013

| WEEK ENDING | 2014 WEEKLY DAIRY COWS | 2014 CUMULATIVE DAIRY COWS | 2013 WEEKLY DAIRY COWS | 2013 CUMULATIVE DAIRY COWS |
|-------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| 05/31/2014 | 42.9 | 1,215.1 | 47.8 | 1,358.0 |

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

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

CLASS III MILK PRICES (3.5% BF)

| YEAR | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2009 | 10.78 | 9.31 | 10.44 | 10.78 | 9.84 | 9.97 | 9.97 | 11.20 | 12.11 | 12.82 | 14.08 | 14.98 |
| 2010 | 14.50 | 14.28 | 12.78 | 12.92 | 13.38 | 13.62 | 13.74 | 15.18 | 16.26 | 16.94 | 15.44 | 13.83 |
| 2011 | 13.48 | 17.00 | 19.40 | 16.87 | 16.52 | 19.11 | 21.39 | 21.67 | 19.07 | 18.03 | 19.07 | 18.77 |
| 2012 | 17.05 | 16.06 | 15.72 | 15.72 | 15.23 | 15.63 | 16.68 | 17.73 | 19.00 | 21.02 | 20.83 | 18.66 |
| 2013 | 18.14 | 17.25 | 16.93 | 17.59 | 18.52 | 18.02 | 17.38 | 17.91 | 18.14 | 18.22 | 18.83 | 18.95 |

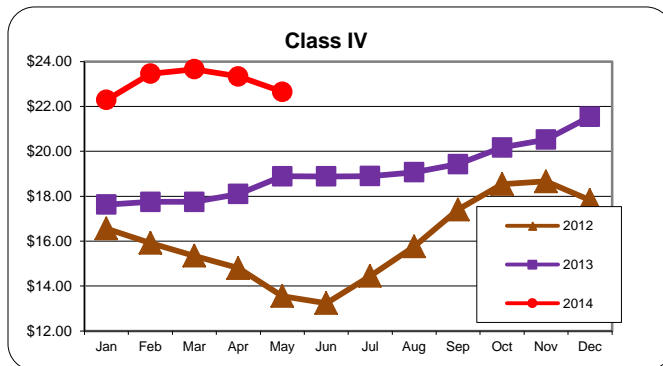
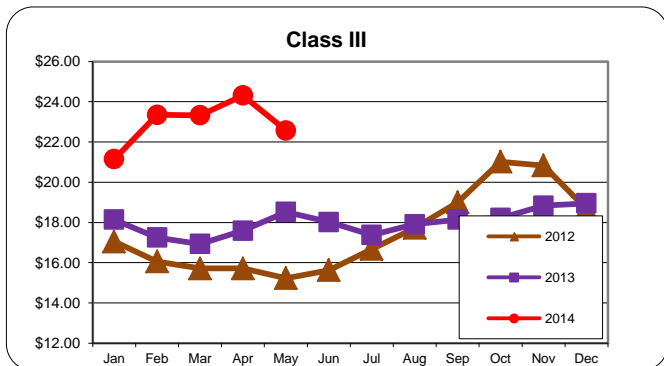
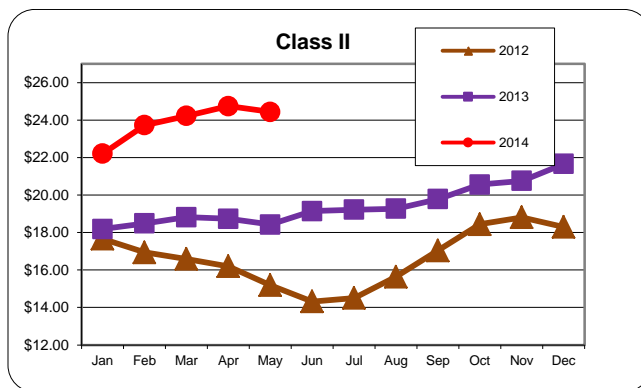
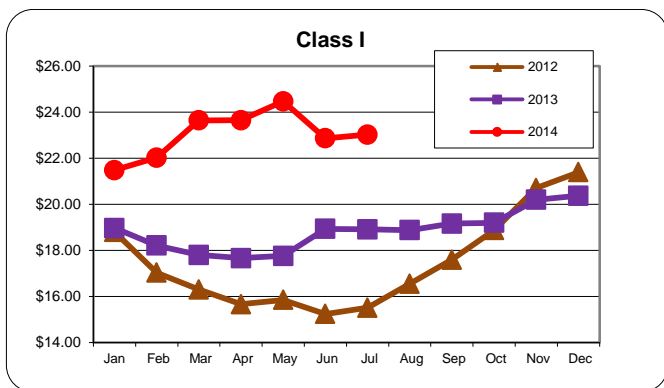
CLASS IV MILK PRICES (3.5%)

| YEAR | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2009 | 9.59 | 9.45 | 9.64 | 9.82 | 10.14 | 10.22 | 10.15 | 10.38 | 11.15 | 11.86 | 13.25 | 15.01 |
| 2010 | 13.85 | 12.90 | 12.92 | 13.73 | 15.29 | 15.45 | 15.75 | 15.61 | 16.76 | 17.15 | 16.68 | 15.03 |
| 2011 | 16.42 | 18.40 | 19.41 | 19.78 | 20.29 | 21.05 | 20.33 | 20.14 | 19.53 | 18.41 | 17.87 | 16.87 |
| 2012 | 16.56 | 15.92 | 15.35 | 14.80 | 13.55 | 13.24 | 14.45 | 15.76 | 17.41 | 18.54 | 18.66 | 17.83 |
| 2013 | 17.63 | 17.75 | 17.75 | 18.10 | 18.89 | 18.88 | 18.90 | 19.07 | 19.43 | 20.17 | 20.52 | 21.54 |

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

| CLASS | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|
| I 1/ | 21.48 | 22.02 | 23.64 | 23.65 | 24.47 | 22.86 | 23.02 | | | | | |
| II | 22.21 | 23.73 | 24.22 | 24.74 | 24.44 | | | | | | | |
| III | 21.15 | 23.35 | 23.33 | 24.31 | 22.57 | | | | | | | |
| IV | 22.29 | 23.46 | 23.66 | 23.34 | 22.65 | | | | | | | |

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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 9 - 20, 2014

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: Western European milk production remains robust with producers experiencing good margins and encouraged to produce as much milk as possible, prior to anticipated milk price reductions. According to ZMB, April milk production estimates for the EU-28 were on average 7.3% above year ago levels and 3.7% higher compared to April 2012. The strong April increase over last year is as much a comment on last year's weak start to milk production as it is on this year's strong start. Weekly production reports from Germany, France and the United Kingdom in May have shown declines in the growth rates, compared to the previous month. These declines are expected to continue through June. According to Eurostat, January-April 2014 export data showed the following percentage changes for various dairy products compared to year ago levels; skim milk powder, +66%; butter, +33%; whole milk powder, +33%; whey, +5.2% and cheese, -1.3%. Russia, a major importer of EU dairy products, recorded a 1.2% decline in milk production during the first four months of 2014, compared to last year and a 4.7% decline compared to two years ago, according to the Russian Statistical Office. Despite the Ukrainian political situation and devalued Ruble, Russia remained a leading destination for EU exports of butter and cheese in the January-April period, according to data released by Eurostat.

BUTTER/BUTTEROIL: Bulk butter prices moved marginally higher, primarily due to domestic market factors. Production of bulk butter has expanded following the recent Pentecost holiday. Domestic demand for bulk butter is increasing as buyers, who in recent weeks were hesitant to purchase, now seem willing to buy. Negotiations are ongoing for Q3 orders with some sellers firming their prices. Export interest is light as buyers have noted the significant price differential between the EU and Oceania markets. There is growing uncertainty in the market regarding the availability of butter for the last half of 2014. EU butterfat levels for the first 4 months of the year have been running below year ago levels and raising concerns regarding future supplies of cream for butter production. Compounding the uncertainty of future supplies is the lack of storage data. The market undertone is unsettled. According to Eurostat, butter exports were very strong in April and aided in boosting January-April exports to a 33% increase over year ago levels. Russia, along with the USA and Morocco were the leading destinations. The butteroil market was mixed in light trading. Current supplies are filling domestic orders. Export activity remains very light as EU prices are significantly above other global AMF markets.

82% BUTTERFAT: 4,600 - 4,950
99% BUTTERFAT: 5,425 - 5,975

SKIM MILK POWDER (SMP): Skim milk powder prices were steady to higher. Domestic demand is good and supporting the market. Export demand has improved and is supported by a more favorable exchange rate as the Euro has seen recent declines. Numerous Q3 contracts have been finalized with some prospective buyers discussing Q4 contracts. Stocks are in balance. Suppliers are optimistic regarding export trade, feeling strong global demand shows no signs of weakening anytime soon. Drying capacities are more than adequate for current skim concentrate volumes, now that

overall milk production has declined. The market undertone is steady to firm. January to April exports of SMP, as reported by Eurostat, showed an increase of 66% compared to 2013. Large volume shipments were made to Algeria, China, Egypt, Indonesia and Thailand.

1.25% BUTTERFAT: 3,700 - 4,050

WHOLE MILK POWDER (WMP): The whole milk powder market remains unchanged from recent weeks with production and market activity focused on domestic needs. Export demand is very limited as prices remain above other world markets. Production is geared to filling current orders. Stocks are limited as manufacturers are unwilling to expand inventories, given current market conditions. Eurostat reported EU-28 whole milk powder exports for the January-April period up 33% compared to last year. Most frequent destinations for WMP from Europe were Algeria, Oman and Cuba.

26% BUTTERFAT: 4,300 - 4,700

SWEET WHEY POWDER: Prices for whey were unchanged in a stable market. Production is steady to slightly higher as some drying facilities are converting back to sweet whey after providing auxiliary drying capacity for skim milk powder production, during the recent heavy milk volumes. Export interest, especially from Southeast Asia, has improved as EU prices have become more competitive, especially when compared to the U.S. market. The feed grade whey market is also steady and supports the steady to firm market undertone. According to Eurostat, whey exports for the January-April period were 5.2% above year ago levels. The top destination for EU whey was Thailand.

NONHYGROSCOPIC: 1,250 - 1,450

EASTERN OVERVIEW: Eastern European milk production remains very strong and near peak seasonal levels. Cheese and whey production have increased as a result of the increased milk volumes. Drying facilities are operating at near capacity levels. The number of skim concentrate loads moving into Eastern Europe has declined. Export interest for whey remains good.

**Exchange rates for selected foreign currencies:
June 16, 2014**

| | |
|-------------------------|--------------------------|
| .1230 Argentina Peso | .0098 Japan Yen |
| .9401 Australian Dollar | .0767 Mexican Peso |
| .9222 Canadian Dollar | .8676 New Zealand Dollar |
| 1.3573 Euro | .3278 Poland Zloty |
| .0166 India Rupee | |

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0767) = 13.0378 Mexican Pesos. Source: "Wall Street Journal"

Information gathered June 9 - 20, 2014

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.

AUSTRALIAN milk production showed indications of a strong May, as some cooperatives have posted nearly a 13% increase over last year. Victoria and Tasmania, Australia's major dairy exporting states, have benefitted from good autumn pasture growth stemming from timely rains and mild temperatures. Australian climate models continue to indicate an El Nino weather pattern will likely occur in August, bringing dryer than normal conditions over the southern and eastern inland areas. All farmers in those regions are being encouraged to have contingency plans to deal with the possibility of prolonged dry periods. According to Dairy Australia, Australian production of various dairy commodities for April 2014 showed the following percentage changes compared to 2013: butter, +0.9%; butteroil, -44.3%; skim milk powder, -29.5%; whole milk powder, +29.5%; buttermilk powder, +5.4%; cheese, +3.9%; and whey powder, -20.1%. Dairy Australia also reports dairy product exports for the July-April period totaling 610.0 thousand tons, down 8.1% from the year ago period. The largest export category is skim milk powders (SMP). The total value of exports is 19.8% higher over the prior year period. The highest value items are SMP and WMP. Normal autumn weather conditions across most of **NEW ZEALAND** during May replenished soil moistures over most of the country with only the most northern areas of the North Island having dryer than normal conditions. New Zealand's milk production is estimated to increase 2.3% in the 2014/15 milk season, which began on June 1, as estimated by the Ministry for Primary Industries. A large cooperative reported May milk collections up 24%, with the North Island 40% above year ago drought affected levels, and the South Island up 14%. The cooperative reported collections for the full 2013/14 season at 8.3% more than last year, with the North Island showing an 8.9% gain over last year and the South Island registered a 7.3% increase. The cooperative also announced their initial farmgate milk price for the 2014/15 season to be \$7.00NZD/kg milk solids. At the June 17 GDT event #118, average prices ranged from 3.8% lower to 17.0% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,898 -3.8%; butter, \$3,699 +1.8%; buttermilk powder, \$4,535 +17.0%; cheddar cheese, \$4,381 +2.4%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$11,155 +4.6%; skim milk powder, \$3,855 -0.2%; and whole milk powder, \$3,658 +2.4%.

BUTTER: Prices moved higher on the low end of the range. The price differential between Oceania butter and other world markets has sparked increased buyer interest for spot loads of butter. Some countries in the Middle East are concerned about butter availability in Q3 from Europe and the U.S. and are beginning talks with Oceania manufacturers to possibly secure additional supplies for the period. Russia is also looking into the Oceania market and entering negotiations for Q3 supplies. Current supplies are more than adequate for the low production period in Oceania. Comments from traders indicate the butter market may have established a price floor in recent weeks with many in the market seeing more upside to the market than down. At the June 17 GDT event #118, NZ unsalted butter averaged \$3,710/MT for the August contracts. Butter for all regions and contracting periods averaged \$3,699/MT, +1.8%. New Zealand AMF prices averaged \$3,826/MT for the

August contracts, -4.0% from the prior event. For all contract periods, the AMF price average was \$3,898/MT, -3.8%.

82% BUTTERFAT:

3,600 - 4,300

SKIM MILK POWDER (SMP): The skim milk powder market moved higher as prices for Q3 supplies increased, raising the low end of the range. Southeast Asian demand has declined as buyers are working through their inventories and holding off purchases, waiting to see if prices will move lower. Many market participants feel the market is at or near its low point. A majority of supplies are in place for the upcoming Ramadan holiday in the Middle East. Negotiations are ongoing for Q3 supplies, with only a few contracts having been finalized. There is some spot load availability as some manufacturers are adjusting their inventories. At the June 17 GDT event 118, SMP for all regions and contracting periods averaged \$3,855 per MT, -0.2%. For trading in contract period 2, August 2014, prices averaged \$3,755 for NZ sourced medium heat product, down \$70 from the prior event. For August sales, the price gap between NZ and U.S. sourced MH SMP, at \$3,975, was -\$220/MT.

1.25% BUTTERFAT:

3,700 - 4,100

CHEDDAR CHEESE: Cheese prices are unchanged. The cheddar market is focused on the ongoing Japan negotiations and typically adjusts according to the results of those negotiations. Some of the contracts have been finalized, but details have yet to be released. Cheddar production is covering domestic needs and some hand to mouth export orders. Supplies are adequate for the low milk production period. Market activity is light.

39% MAXIMUM MOISTURE:

4,200 - 5,100

WHOLE MILK POWDER (WMP): Prices for whole milk powder were mixed. Prices for the Q3 saw increases, while spot sales showed some marginal declines. Production of whole milk powder is at reduced levels with supplies adequate to cover the carryover/low milk production period. There are a few spot sales occurring, but overall trading volumes are light. Many in the market are awaiting renewed buying interest from China, but supplies in that country appear to be adequate for the time being. China is currently in the strongest portion of their milk production season. Contacts report some domestic sales of WMP within China are below current global market levels. At the June 17 GDT event 118, the WMP pricing index, across all contracting periods, averaged \$3,658 per MT, up 2.4% compared to the prior event. For contract periods 2 and 3, August and September 2014, NZ regular WMP averaged \$3,680 and \$3,620 per MT.

26% BUTTERFAT:

3,600 - 4,350

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

| US\$/MT | Global/Dairy Trading (gDT) Event 118 Recap - June 17, 2014 | | | | | | | | | | | | | |
|--------------------------|--|-------|----------------------|-------|----------------------|-------|----------------------|-------|----------------------|-------|----------------------|-------|---------------|-------|
| | Contract 1 Jul-14 | | Contract 2 Aug-14 | | Contract 3 Sep-14 | | Contract 4 Oct-14 | | Contract 5 Nov-14 | | Contract 6 Dec-14 | | All Contracts | |
| Anhydrous Milk Fat | n.a. | | \$3,826 | -4.0% | \$3,901 | -2.5% | \$3,975 | -4.7% | \$3,961 | -4.5% | \$4,097 | -2.3% | \$3,898 | -3.8% |
| Butter | \$4,720 | 3.6% | \$3,711 | 1.8% | \$3,645 | 5.0% | \$3,670 | 1.7% | \$3,595 | -3.7% | n.a. | | \$3,699 | 1.8% |
| Buttermilk Powder | n.a. | | \$4,535 | 17.0% | n.a. | | n.a. | | n.a. | | n.a. | | \$4,535 | 17.0% |
| Cheddar | n.a. | | \$4,440 | 0.3% | \$4,370 | 1.7% | \$4,324 | 4.0% | n.a. | | n.a. | | \$4,381 | 2.4% |
| Lactose | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | |
| Milk Protein Concentrate | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | |
| Rennet Casein | n.a. | | \$11,155 | 4.6% | n.a. | | n.a. | | n.a. | | n.a. | | \$11,155 | 4.6% |
| Skim Milk Powder | \$3,982 | -1.5% | \$3,844 | -0.5% | \$3,879 | 1.2% | \$3,810 | 1.0% | \$3,848 | -0.5% | \$3,860 | -2.5% | \$3,855 | -0.2% |
| Whole Milk Powder | n.a. | | \$3,715 | 2.9% | \$3,655 | 4.5% | \$3,640 | 2.2% | \$3,617 | 0.6% | \$3,679 | 1.4% | \$3,658 | 2.4% |

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

| US\$/Pound | Global/Dairy Trading (gDT) Event 118 Recap - June 17, 2014 | | | | | | | | | | | | | |
|--------------------------|--|-------|----------------------|-------|----------------------|-------|----------------------|-------|----------------------|-------|----------------------|-------|---------------|-------|
| | Contract 1 Jul-14 | | Contract 2 Aug-14 | | Contract 3 Sep-14 | | Contract 4 Oct-14 | | Contract 5 Nov-14 | | Contract 6 Dec-14 | | All Contracts | |
| Anhydrous Milk Fat | n.a. | | \$1.7355 | -4.0% | \$1.7695 | -2.5% | \$1.8030 | -4.7% | \$1.7967 | -4.5% | \$1.8584 | -2.3% | \$1.7681 | -3.8% |
| Butter | \$2.1410 | 3.6% | \$1.6833 | 1.8% | \$1.6534 | 5.0% | \$1.6647 | 1.7% | \$1.6307 | -3.7% | n.a. | | \$1.6779 | 1.8% |
| Buttermilk Powder | n.a. | | \$2.0571 | 17.0% | n.a. | | n.a. | | n.a. | | n.a. | | \$2.0571 | 17.0% |
| Cheddar | n.a. | | \$2.0140 | 0.3% | \$1.9822 | 1.7% | \$1.9614 | 4.0% | n.a. | | n.a. | | \$1.9872 | 2.4% |
| Lactose | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | |
| Milk Protein Concentrate | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | | n.a. | |
| Rennet Casein | n.a. | | \$5.0599 | 4.6% | n.a. | | n.a. | | n.a. | | n.a. | | \$5.0599 | 4.6% |
| Skim Milk Powder | \$1.8062 | -1.5% | \$1.7436 | -0.5% | \$1.7595 | 1.2% | \$1.7282 | 1.0% | \$1.7454 | -0.5% | \$1.7509 | -2.5% | \$1.7486 | -0.2% |
| Whole Milk Powder | n.a. | | \$1.6851 | 2.9% | \$1.6579 | 4.5% | \$1.6511 | 2.2% | \$1.6407 | 0.6% | \$1.6688 | 1.4% | \$1.6593 | 2.4% |

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

CME GROUP, INC FUTURES
Selected settling prices, (open interest)

| Month | 06/05 | 06/06 | 06/09 | 06/10 | 06/11 | 06/12 | 06/13 | 06/16 | 06/17 | 06/18 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CLASS III MILK FUTURES (Pit-Traded) (\$/cwt) | | | | | | | | | | |
| JUN 14 | 21.37 (4697) | 21.24 (4758) | 21.27 (4753) | 21.28 (4701) | 21.31 (4626) | 21.29 (4608) | 21.30 (4600) | 21.30 (4680) | 21.33 (4808) | 21.35 (4752) |
| JUL 14 | 20.70 (3935) | 20.38 (3946) | 20.54 (3928) | 20.71 (3972) | 21.08 (3975) | 20.88 (4059) | 20.93 (4053) | 21.04 (4074) | 21.79 (4129) | 21.71 (4098) |
| AUG 14 | 20.55 (3210) | 20.33 (3233) | 20.44 (3209) | 20.49 (3252) | 20.79 (3237) | 20.65 (3287) | 20.70 (3298) | 20.78 (3318) | 21.48 (3332) | 21.34 (3498) |
| SEP 14 | 20.35 (2678) | 20.32 (2700) | 20.41 (2694) | 20.45 (2717) | 20.63 (2691) | 20.56 (2751) | 20.63 (2757) | 20.70 (2772) | 21.15 (2780) | 21.21 (2869) |
| OCT 14 | 20.00 (2268) | 20.05 (2273) | 20.03 (2293) | 20.05 (2313) | 20.18 (2333) | 20.15 (2380) | 20.16 (2390) | 20.25 (2425) | 20.60 (2454) | 20.71 (2525) |
| NOV 14 | 19.52 (2066) | 19.53 (2069) | 19.53 (2081) | 19.53 (2106) | 19.63 (2121) | 19.64 (2134) | 19.64 (2139) | 19.80 (2190) | 20.07 (2210) | 20.16 (2229) |
| DEC 14 | 19.00 (1950) | 19.05 (1955) | 19.03 (1966) | 19.02 (1991) | 19.14 (2002) | 19.16 (2019) | 19.17 (2023) | 19.28 (2043) | 19.50 (2066) | 19.60 (2109) |
| JAN 15 | 18.45 (860) | 18.49 (864) | 18.50 (873) | 18.50 (879) | 18.49 (897) | 18.53 (900) | 18.59 (914) | 18.65 (934) | 18.85 (922) | 18.88 (922) |
| FEB 15 | 18.26 (690) | 18.26 (690) | 18.34 (708) | 18.30 (720) | 18.30 (726) | 18.32 (746) | 18.32 (746) | 18.39 (735) | 18.48 (760) | 18.49 (760) |
| MAR 15 | 18.25 (622) | 18.27 (628) | 18.32 (631) | 18.30 (642) | 18.25 (662) | 18.26 (670) | 18.26 (670) | 18.35 (675) | 18.42 (690) | 18.40 (691) |
| CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt) | | | | | | | | | | |
| JUN 14 | 22.69 (1568) | 22.70 (1572) | 22.70 (1572) | 22.70 (1572) | 22.75 (1573) | 22.64 (1573) | 22.64 (1573) | 22.85 (1575) | 22.85 (1583) | 22.90 (1590) |
| JUL 14 | 22.00 (1236) | 22.18 (1245) | 22.14 (1244) | 22.13 (1245) | 22.20 (1251) | 22.22 (1251) | 22.22 (1252) | 22.36 (1267) | 22.45 (1274) | 22.77 (1289) |
| AUG 14 | 21.50 (1175) | 21.58 (1175) | 21.53 (1175) | 21.45 (1172) | 21.64 (1167) | 21.64 (1175) | 21.65 (1178) | 21.95 (1177) | 22.08 (1182) | 22.50 (1201) |
| CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb) | | | | | | | | | | |
| JUN 14 | 215.75 (1147) | 215.00 (1147) | 215.00 (1147) | 214.98 (1147) | 217.00 (1152) | 216.75 (1146) | 217.28 (1142) | 217.75 (1141) | 217.10 (1131) | 217.73 (1131) |
| JUL 14 | 206.75 (969) | 206.75 (967) | 206.75 (967) | 206.75 (967) | 206.78 (969) | 207.50 (965) | 212.50 (970) | 215.00 (973) | 215.30 (958) | 220.30 (977) |
| AUG 14 | 197.25 (890) | 197.00 (894) | 196.50 (888) | 196.75 (886) | 197.50 (892) | 198.25 (893) | 203.25 (902) | 208.25 (913) | 211.50 (926) | 216.50 (928) |
| NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb) | | | | | | | | | | |
| JUN 14 | 182.53 (654) | 183.50 (654) | 183.50 (654) | 183.00 (654) | 183.00 (662) | 182.75 (665) | 182.75 (665) | 184.03 (666) | 183.50 (667) | 184.03 (667) |
| JUL 14 | 178.50 (542) | 180.25 (556) | 180.73 (559) | 179.75 (560) | 180.28 (557) | 180.00 (549) | 180.00 (549) | 180.00 (555) | 180.00 (556) | 182.00 (563) |
| AUG 14 | 177.75 (430) | 178.98 (429) | 178.53 (429) | 177.78 (428) | 178.10 (430) | 177.83 (430) | 177.00 (440) | 177.00 (435) | 177.50 (436) | 178.75 (438) |
| WHEY (Electronic-Traded) (¢/lb) | | | | | | | | | | |
| JUN 14 | 67.58 (469) | 67.58 (469) | 67.45 (470) | 67.45 (470) | 67.33 (470) | 66.50 (471) | 66.50 (471) | 66.50 (471) | 66.50 (470) | 67.18 (465) |
| JUL 14 | 64.75 (409) | 64.75 (409) | 64.75 (409) | 64.75 (410) | 65.00 (407) | 64.13 (408) | 64.13 (408) | 64.13 (408) | 64.18 (408) | 65.25 (406) |
| AUG 14 | 62.10 (354) | 61.90 (354) | 62.10 (355) | 62.13 (356) | 62.13 (356) | 61.50 (357) | 61.00 (357) | 61.00 (355) | 61.00 (355) | 62.00 (355) |
| CHEESE CSC (Electronic-Traded) (\$/lb) | | | | | | | | | | |
| JUN 14 | 2.04 (1826) | 2.03 (1829) | 2.03 (1829) | 2.03 (1829) | 2.04 (1806) | 2.04 (1807) | 2.04 (1808) | 2.04 (1808) | 2.04 (1811) | 2.04 (1817) |
| JUL 14 | 1.99 (1522) | 1.97 (1531) | 1.97 (1541) | 1.99 (1550) | 2.03 (1563) | 2.02 (1637) | 2.02 (1646) | 2.03 (1648) | 2.09 (1660) | 2.09 (1653) |
| AUG 14 | 1.98 (1477) | 1.99 (1476) | 1.98 (1455) | 2.00 (1454) | 2.03 (1458) | 2.02 (1468) | 2.01 (1443) | 2.03 (1449) | 2.09 (1453) | 2.08 (1457) |
| SEP 14 | 1.99 (1256) | 2.00 (1272) | 2.01 (1280) | 2.01 (1288) | 2.03 (1312) | 2.03 (1332) | 2.03 (1337) | 2.04 (1341) | 2.07 (1343) | 2.07 (1343) |
| OCT 14 | 1.96 (1280) | 1.98 (1282) | 1.98 (1288) | 1.98 (1288) | 1.99 (1296) | 1.99 (1325) | 1.99 (1327) | 2.00 (1337) | 2.03 (1352) | 2.04 (1352) |
| NOV 14 | 1.92 (1330) | 1.93 (1332) | 1.93 (1337) | 1.93 (1337) | 1.94 (1343) | 1.95 (1374) | 1.95 (1374) | 1.95 (1384) | 1.98 (1395) | 2.00 (1395) |

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

MAY MILK PRODUCTION

Milk production in the 23 major States during May totaled 16.9 billion pounds, up 1.5 percent from May 2013. April revised production, at 16.3 billion pounds, was up 1.4 percent from April 2013. The April revision represented an increase of 27 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,976 pounds for May. This is the highest production per cow for the month of May since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.55 million head, 10,000 head more than April 2014.

MAY 2014 MILK COWS AND MILK PRODUCTION, BY STATES

| STATE | MILK COWS ^{1/} | | MILK PER COW ^{2/} | | MILK PRODUCTION ^{2/} | | |
|----------------|-------------------------|-------|----------------------------|-------|-------------------------------|--------|--------------------|
| | 2013 ^{3/} | 2014 | 2013 ^{3/} | 2014 | 2013 | 2014 | % CHANGE FROM 2013 |
| | THOUSANDS | | POUNDS | | MILLION POUNDS | | PERCENT |
| AZ | | 192 | | 2,225 | 411 | 427 | 3.9 |
| CA | | 1,780 | | 2,110 | 3,720 | 3,756 | 1.0 |
| CO | | 143 | | 2,165 | 283 | 310 | 9.5 |
| FL | | 123 | | 1,895 | 225 | 233 | 3.6 |
| ID | | 572 | | 2,070 | 1,178 | 1,184 | 0.5 |
| IL | | 95 | | 1,770 | 167 | 168 | 0.6 |
| IN | | 177 | | 1,935 | 340 | 342 | 0.6 |
| IA | | 208 | | 1,970 | 405 | 410 | 1.2 |
| KS | | 141 | | 1,955 | 258 | 276 | 7.0 |
| MI | | 384 | | 2,145 | 798 | 824 | 3.3 |
| MN | | 460 | | 1,710 | 788 | 787 | -0.1 |
| NM | | 323 | | 2,240 | 714 | 724 | 1.4 |
| NY | | 615 | | 1,935 | 1,193 | 1,190 | -0.3 |
| OH | | 266 | | 1,795 | 489 | 477 | -2.5 |
| OR | | 125 | | 1,815 | 222 | 227 | 2.3 |
| PA | | 530 | | 1,750 | 941 | 928 | -1.4 |
| SD | | 97 | | 1,855 | 170 | 180 | 5.9 |
| TX | | 460 | | 2,010 | 840 | 925 | 10.1 |
| UT | | 95 | | 1,915 | 177 | 182 | 2.8 |
| VT | | 131 | | 1,755 | 231 | 230 | -0.4 |
| VA | | 93 | | 1,700 | 155 | 158 | 1.9 |
| WA | | 273 | | 2,100 | 558 | 573 | 2.7 |
| WI | | 1,269 | | 1,880 | 2,385 | 2,386 | --- |
| 23 STATE TOTAL | | 8,552 | | 1,976 | 16,648 | 16,897 | 1.5 |

^{1/} Includes dry cows. Excludes heifers not yet fresh.

^{2/} Excludes milk sucked by calves.

^{3/} Survey was not conducted in April and July, resulting in no milk cow and milk per cow data for March through June.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, June 2014.*

FEDERAL MILK ORDER ADVANCE PRICES, JULY

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for July 2014 is \$23.02 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$15.01 and the advanced butterfat pricing factor of \$2.4377. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

Comparison to Previous Month: The base Class I price increased \$0.16 per cwt when compared to the previous month of June 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.10 per cwt., \$0.009 per gallon; reduced fat milk (2%), -\$0.15 per cwt., -\$0.013 per gallon; fat-free (skim milk), -\$0.47 per cwt., -\$0.041 per gallon.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$15.01. Thus, the Class II skim milk price for July 2014 is \$15.71 per cwt., and the Class II nonfat solids price is \$1.7456.

Product Price Averages: The two-week product price averages for July 2014 are: butter \$2.1845, nonfat dry milk \$1.8526, cheese \$2.0334 and dry whey \$0.6767.

| FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/} | | | | |
|--|--------------|----------------------------|-------------------------------|-------------------------------|
| Federal Milk Order Marketing Area ^{3/} | Order Number | July 2014 | | |
| | | Class I Price (3.5%) | Class I Skim Milk Price | Class I Butterfat Price |
| | | <u>\$ per cwt.</u> | <u>\$ per cwt.</u> | <u>\$ per pound</u> |
| Northeast (Boston) ^{4/} | 001 | 26.27 | 18.26 | 2.4702 |
| Appalachian (Charlotte) ^{5/ 6/} | 005 | 26.42 | 18.41 | 2.4717 |
| Florida (Tampa) ^{6/ 7/} | 006 | 28.42 | 20.41 | 2.4917 |
| Southeast (Atlanta) ^{6/ 8/} | 007 | 26.82 | 18.81 | 2.4757 |
| Upper Midwest (Chicago) ^{9/} | 030 | 24.82 | 16.81 | 2.4557 |
| Central (Kansas City) ^{10/} | 032 | 25.02 | 17.01 | 2.4577 |
| Mideast (Cleveland) ^{11/} | 033 | 25.02 | 17.01 | 2.4577 |
| Pacific Northwest (Seattle) ^{12/} | 124 | 24.92 | 16.91 | 2.4567 |
| Southwest (Dallas) ^{13/} | 126 | 26.02 | 18.01 | 2.4677 |
| Arizona (Phoenix) | 131 | 25.37 | 17.36 | 2.4612 |
| All-Market Average | | 25.91 | 17.90 | 2.4666 |

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

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

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

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

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

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

^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

^{8/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

^{9/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{10/} 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.

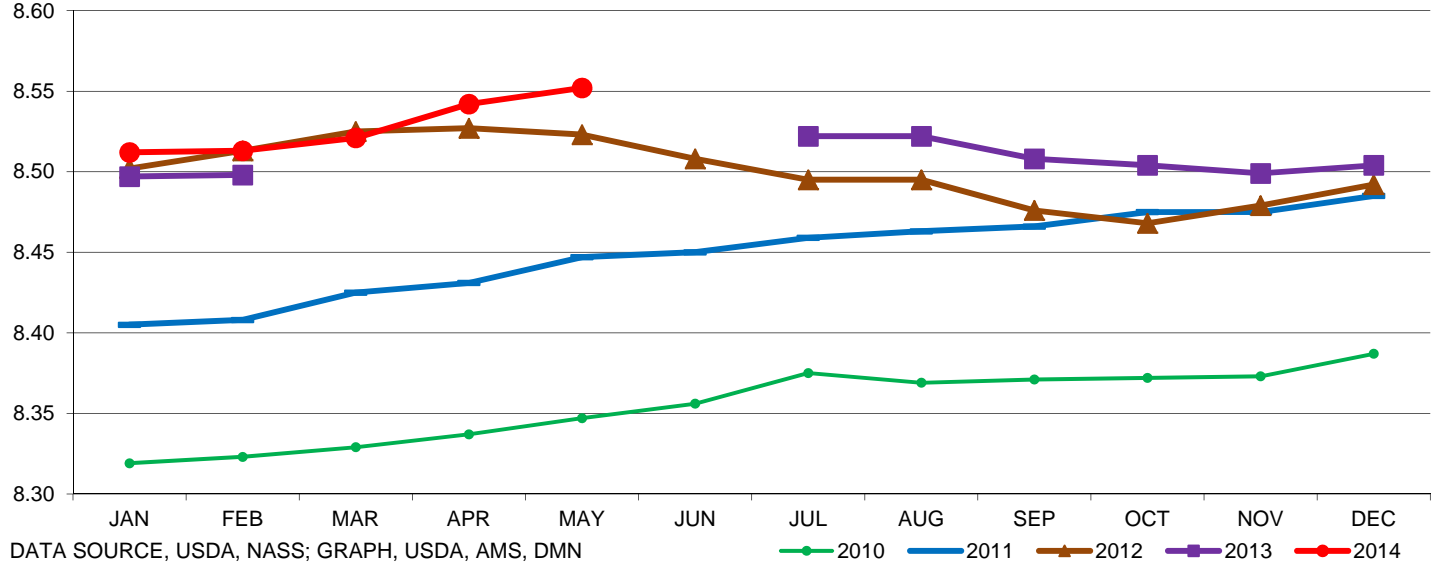
^{11/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{12/} Class I prices at other cities are: Portland, same; and Spokane, same.

^{13/} 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.

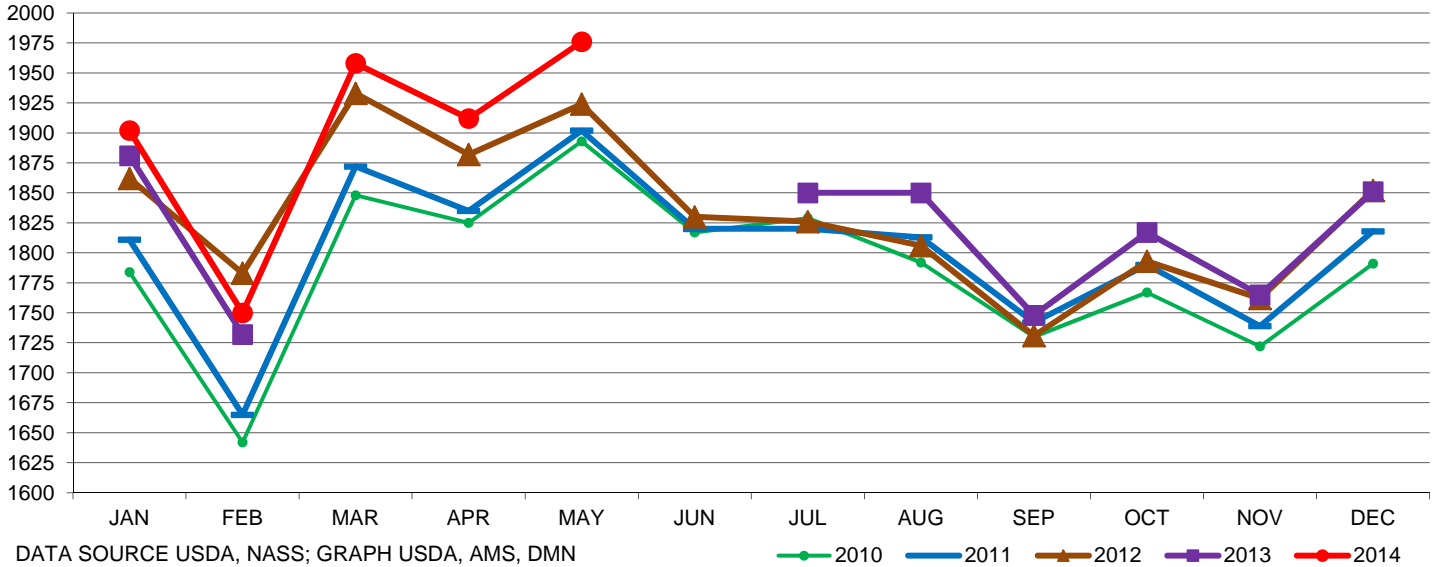
MILLION HEAD

MILK COW NUMBERS - 23 SELECTED STATES



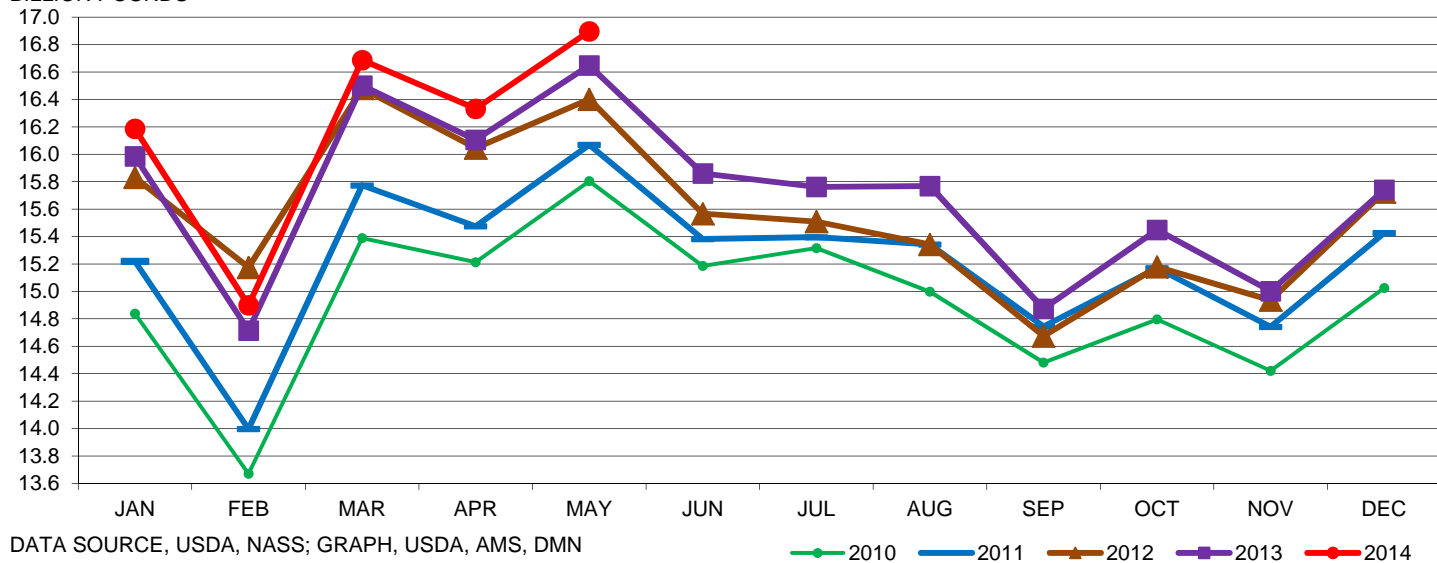
POUNDS

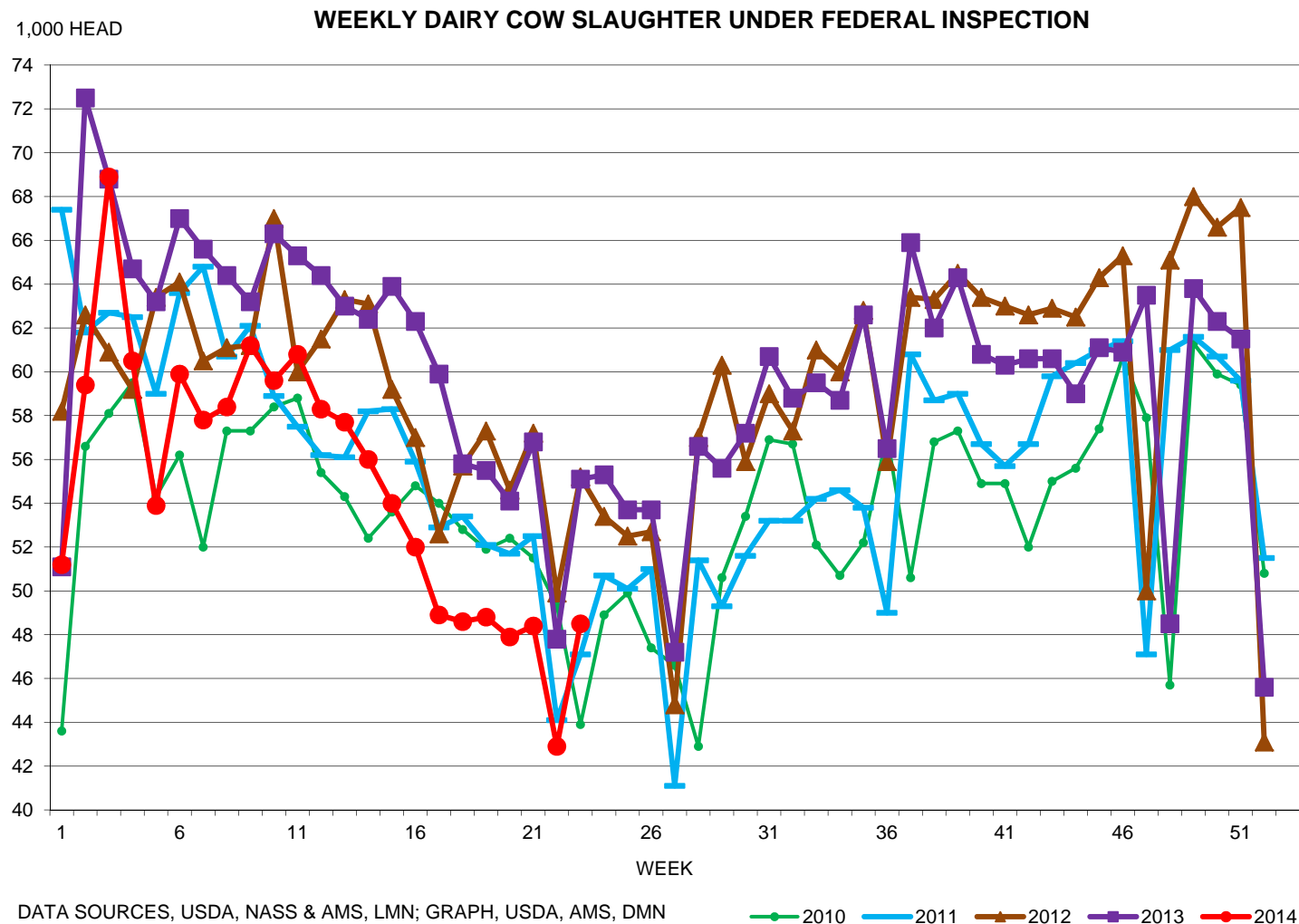
MONTHLY MILK PER COW - 23 SELECTED STATES



BILLION POUNDS

MILK PRODUCTION - 23 SELECTED STATES





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