NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (10/05):

BUTTER: Grade AA closed at $1.8600. The weekly average for Grade AA is $1.9325 (-.0075).

CHEESE: Barrels closed at $2.0600 and 40# blocks at $2.1000. The weekly average for barrels is $2.0480 (+.0340) and blocks, $2.0940 (+.0375).

BUTTER HIGHLIGHTS: The CME cash butter price continued its' firm trend this week until Friday's active trading. The market turned sharply lower on Friday with 13 sales reported and the price down $0.0925 to $1.8600. Churning schedules across the country are mixed, depending on cream availability. For the most part, churning schedules are strong as butter producers prepare for upcoming holiday butter needs. In some regions of the country, butter producers are indicating that cream supplies for their needs are tightening as some Class II operations increase production of cream based holiday type items. Butter orders are strong for both retail and food service needs. Some retail buyers are indicating that promotions are being scheduled for varying periods prior to the upcoming Thanksgiving holiday and are placing orders to accommodate anticipated good clearances during those times. Food service and restaurant buyers are also placing good orders for upcoming needs. Reports indicate that restaurant traffic flow is good and will potentially get stronger as the yearend holidays near. Butter export assistance continues to be extended through the CWT program. Most recently, assistance was extended for the export of 91 MT (200,621 pounds) now through the first quarter 2013.

CHEESE HIGHLIGHTS: Cheese prices across the U.S. continued to move higher this week. Monthly average prices for barrels for September at the CME Group are over 17 cents higher than prices a year ago. Blocks are also nearly 17 cents higher for the same period. Cheese production while above year ago levels, is slowing its pace. Tight milk supplies in the West have slowed cheese making in the region. Cheese makers would like to expand production, but sourcing the milk is becoming more of an issue. The Central region has remained active in cheese production, taking advantage of rebounding milk volumes after the hot summer. Cheese demand for retail accounts is good with food service accounts adding to their orders. Specialty cheese sales for holiday promotions are also good. Export demand has slowed as prices are higher than most international markets. Manufacturers state that domestic demand is sufficient for most current inventories. Trading at the CME Group closed the week with barrels at $2.0600 and blocks closed Friday at $2.1000.

FLUID MILK: Milk production is increasing, to varying degrees, across most regions of the nation. Eastern milk production is increasing with import loads needed in the Southeast and Florida to meet Class I demand. Manufacturing milk supplies in the Eastern region remain tight. Midwest milk haulers and handlers report that volumes of farm milk pickups are varied. California milk output is steady with processing plants running on lighter than projected schedules as supplies lag behind year ago levels. The Pacific Northwest, Utah and Idaho show milk production benefiting from the cool fall weather and increasing along the seasonal trend. Cream supplies are mostly in balance with need in the East with spot cream availability steady to higher in the Midwest. Western cream markets are trending mostly steady.

DRY PRODUCTS: Nonfat dry milk prices are mixed with narrowing price ranges. Nonfat sales are moving well under contracts, but spot interest has slowed. Dry buttermilk prices are also mixed with narrowing price ranges in the Central and Eastern regions. Increased volumes of cream are moving to churns in the East. Western dry buttermilk prices are steady to slightly higher. Dry whey prices moved higher in the Eastern and Western regions as the market tone remains firm on good demand and tight supplies. Central whey prices held steady with supplies seemingly more available from multiple sources. Whey protein concentrate 34% prices are unchanged to higher with a steady to firm undertone.

ORGANIC DAIRY MARKET NEWS (DMN): Organic milk half gallons have a weighted average advertised price of $3.31, 8 cents higher than two weeks ago, 16 cents lower than four weeks ago and 60 cents lower than 6 weeks ago. The national organic half gallon milk weighted average advertised price of $3.31, compared with the weighted average advertised price for non-organic half gallons, $2.27, results in an organic-conventional half-gallon milk advertised price spread of $1.04, up 22 cents from two weeks ago and even with four weeks ago. Total organic yogurt ad numbers are the second highest level of the year, higher than any of the last fourteen survey periods. The greatest percentage of organic yogurt ads are for 32 ounce organic yogurt, followed by 4-6 ounce organic yogurt. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 63 cents, down 19

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

CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 01	TUESDAY OCT 02	WEDNESDAY OCT 03	THURSDAY OCT 04	FRIDAY OCT 05	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$2.0350 (N.C.)	$2.0350 (N.C.)	$2.0500 (+.0150)	$2.0600 (+.0100)	$2.0600 (N.C.)	(+.0250)	$2.0480 (+.0340)
40# BLOCKS	$2.0850 (+.0100)	$2.0850 (N.C.)	$2.1000 (+.0150)	$2.1000 (N.C.)	$2.1000 (N.C.)	(+.0250)	$2.0940 (+.0375)
NONFAT DRY MILK							
EXTRA GRADE	$1.6350 (N.C.)	$1.6350 (N.C.)	$1.6350 (N.C.)	$1.6350 (N.C.)	$1.6350 (N.C.)	(N.C.)	$1.6350 (N.C.)
GRADE A	$1.6600 (N.C.)	$1.6600 (N.C.)	$1.6600 (N.C.)	$1.6600 (N.C.)	$1.6600 (N.C.)	(N.C.)	$1.6600 (-.0140)
BUTTER							
GRADE AA	$1.9500 (N.C.)	$1.9500 (N.C.)	$1.9500 (N.C.)	$1.9525 (+.0025)	$1.8600 (-.0925)	(-.0900)	$1.9325 (-.0075)

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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cents, from two weeks ago. The lowest price for organic butter, $3.79, is less than the highest price for conventional butter this period, $3.99.

There is a $1.38 price spread between the weighted average advertised price of conventional butter, $2.61, and organic butter, $3.99. This week, results of USDA's 2011 Certified Organic Production Survey were released. Organic milk was the top livestock commodity last year, accounting for $765 million in sales. The state results for total gross value of sales of milk from cows in states by descending rank, millions of dollars, include: California, $127.2; Texas, $120.2; Wisconsin, $82.3; Oregon, $69.1; New York, $60.2; Pennsylvania, $42.6; Vermont, $41.7; Minnesota, $33.2; Washington, $25.6; Idaho, $25.3; Ohio, $23.5; Maine, $11.3; Iowa, $11.1; Louisiana, $2.4; Kentucky, $2.3; Illinois, $1.8; Missouri, $1.8; and North Carolina, $1.5. Sales data was withheld from release in the remaining states because the number of producers was not sufficient to avoid disclosing data for individual operations.

INTERNATIONAL UPDATE (DMN): At the October 2 g/DT session #77, average prices for all products traded and contracting periods were lower with the exception of buttermilk and whole milk powder. Average prices for all contracting periods and individual products were 9.5% lower to a positive 4.0%. The various products price averages (per MT) and percent changes from the previous average are: anhydrous milk fat, $2,982, -6.4%; buttermilk powder, $3,144, +4.0%; cheddar cheese, $3,300, -7.4%; lactose, $2,000, -6.3%; milk protein concentrate, $5,879, -1.5%; rennet casein, $7,361, -9.5%; skim milk powder, $3,309, -0.9%; and whole milk powder, $3,167, +2.8%.

NATIONAL DAIRY RETAIL REPORT (DMN): Retail ad features continue to display dairy products with fall themed advertising centered around football and baking being common. Higher prices are noted this period across the cheese categories, most likely reflecting the higher wholesales cheese prices. There is a slowing down of ice cream features, yet it remains the top featured individual item. National butter prices this two-week period averaged $2.61 per 1-pound pack, down 2 cents from two weeks ago. Ad prices ranged from $1.99-3.99. Wholesale prices for Grade AA butter were $1.95 this week. Cheese prices were higher for 8 ounce blocks, at $2.21 +13 cent; 8 ounce shreds at $2.26 +19 cents; 1 pound block at $3.66, +12 cents; and 1 pound shred at $4.29, +62 cents. Cheese in 2 pound loaves at $4.75, were down 53 cents. Yogurt features remain active. Greek yogurt in 4-6 ounce containers averaged 99 cents nationally, down 1 cent from two weeks ago. Some features were as low as 49 cents for national brand and 69 cents for store brand in surveyed stores. Conventional yogurt prices averaged 50 cents, down 2 cents. Conventional milk's national weighted average advertised price for half gallons this period, $2.27, is 14 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, $3.31, is up 8 cents, after declining 24 cents last period from four weeks ago. This results in an organic-conventional half-gallon milk advertised price spread of $1.04, up from $0.82 two weeks ago and matching the $1.04 four weeks ago.

JULY OVER-ORDER CHARGES ON PRODUCER MILK BY CLASS OF UTILIZATION (FMMO): For July 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was $2.06, up $0.01 from the June 2012 average. Eighty-nine 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 $0.79 in the Pacific Northwest to $2.95 in the Florida Order. For producer milk used in Class II, the all reporting areas combined average over-order charge was $1.13, up $0.04 from the June 2012 average. Seventy-seven percent of the producer milk used in Class II carried an over-order charge.

AUGUST 2012 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 129.1 million pounds, 3.5% below August 2011 and 3.1% below July 2012. American type cheese production totaled 353.5 million pounds, 4.5% above August 2011, but 0.7% below July 2012. Total cheese output (excluding cottage cheese) was 884.4 million pounds, 2.6% above August 2011 and 0.5% above July 2012. Nonfat dry milk production, for human food, totaled 105.9 million pounds, 7.8% below August 2011 and 30.0% below July 2012. Dry whey production, for human food, was 85.1 million pounds, 19.0% above August 2011, but 1.5% below July 2012. Ice cream (hard) production totaled 74.4 million gallons, 5.5% below August 2011, but 0.7% above July 2012.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2012 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II $17.04 (+$1.40), Class III $19.00 (+$1.27), and Class IV $17.41 (+$1.65). Product price averages used in computing Class prices are: butter $1.8269, NDM $1.3768, cheese $1.8647, and dry whey $0.5846. The Class II butterfat price is $2.0117 and the Class III/IV butterfat price is $2.0047. Further information may be found at: www.ams.usda.gov/AMSv1.0/PriceFormulas2012

CME GROUP

MONDAY, OCTOBER 1, 2012
CHEESE -- SALES: 7 CARS 40# BLOCKS: 6 @ $2.0900, 1 @ $2.0850; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ $2.0850; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ $2.0875
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 @ $1.9800

TUESDAY, OCTOBER 2, 2012
CHEESE -- SALES: 2 CARS 40# BLOCKS @ $2.0850; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ $2.0850; 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

WEDNESDAY, OCTOBER 3, 2012
CHEESE -- SALES: 1 CAR BARRELS @ $2.0500; 4 CARS 40# BLOCKS @ $2.1000; LAST BID UNFILLED: 4 CARS 40# BLOCKS @ $2.0950; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 1 CAR GRADE AA @ $1.9500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9575

THURSDAY, OCTOBER 4, 2012
CHEESE -- SALES: 1 CAR BARRELS @ $2.0600; 4 CARS 40# BLOCKS @ $2.1000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ $1.9525; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ $1.9700

FRIDAY, OCTOBER 5, 2012
CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $1.6600
BUTTER -- SALES: 13 CARS GRADE AA: 9 @ $1.9525, 1 @ $1.9450, 1 @ $1.8700, 1 @ $1.8600, 1 @ $1.8525; LAST BID UNFILLED: 5 CARS GRADE AA @ $1.8600; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at $1.9500. The butter price has leveled off over the last 5 trading sessions with only a 1 cent increase in light trading. Cream supplies have tightened in some areas as demand for cream has improved. Good cream volumes continue to come onto the market from yogurt and Class I bottling plants. Butter production has increased as most major butter makers are now receiving orders for the upcoming holiday season. Some butter makers are maximizing their production schedules and adding to inventories. Butter makers are less likely to opt for export opportunities, requiring short term deliveries, as they focus on covering their domestic holiday demand. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 200,621 pounds (91 metric tons) of butter. The products will be delivered from October through March 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 58.3 million pounds and anhydrous milk fat totaling 123,459 pounds. 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 butter market tone remains firm with the CME cash butter price holding at $1.9500 at midweek. Churning schedules in the Central part of the country remain seasonally strong. Active churning schedules are absorbing good volumes of cream and end product is clearing to current orders and enhancing inventories for future needs. Butter producers are indicating that orders for the balance of the calendar year are developing well. Although 7 weeks away, retail buyers are preparing for the upcoming Thanksgiving holiday. It appears that retail feature activity is scheduled to occur during the pre-Thanksgiving period for many retail outlets. Buyers are placing good orders in anticipation of potential strong butter sales. Food service buyers are also placing good butter orders. Reports indicate that traffic flow through food service and restaurants is positive. As the upcoming holiday shopping and party season nears, food service establishments are preparing for a hopefully favorable end of the calendar year. It will not be too long following the Thanksgiving holiday that yearend needs will be shipped. Early reports indicate that orders for this period are also developing very well. Exports out of the country continue with the assistance of the CWT program. The CWT program recently awarded bonuses for 91 MT (200,621 pounds) of butter for export now through the first quarter of 2013. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices are higher this week as weekly average prices from the CME Group continue to inch higher. Demand continues to be strong as buyers look to build their inventories ahead of price jumps. Retail sales are good into warehouse retailers and supermarkets. Food service accounts are also showing some improvement. Butter production is steady to weak as less cream is available to be channeled to the churns. Manufacturers continue to pull additional supplies from stored inventory to fill orders and manage supplies. Export demand is lower without assistance from the CWT program. CWT assistance helped with sales of 91 metric tons this week. Prices for bulk butter range from 2 cents under to 4 1/2 cents under the market, based on the CME with various time frames and averages used. Advertised butter prices from the National Dairy Retail Report showed a weighted average price of $2.61 per pound compared to $2.63 two weeks ago. Butter advertising was mostly unchanged from two weeks ago. Western advertised prices ranged from $2.39-2.99 per pound. The weighted average for butter in the Northwest and the Southwest was $2.50. Wednesday's close on the CME Group exchange for butter is unchanged from Tuesday at $1.9500. The price has remained steady so far this week with only one sale of butter reported on Wednesday. CME Group average price for September 2012 for butter is $1.8803 compared to $1.8724 for September 2011.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
September 29, 2012					
	1.8791	1.8907	1.9051	0.6061	1.4395
	3,619,759	11,811,904	9,486,129	9,732,485	9,894,621

Further data and revisions may be found on the internet at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were unchanged Tuesday with barrels closing at $2.0350 and blocks closing at $2.0850. Trading activity has turned light for barrels with only 1 sale in the last 5 sessions, while blocks continued to be fairly active with 13 sales over the same period. Cheese production remains steady, but most cheese makers would like to expand production. Most production is filling current orders with limited production for aging programs, due to the tight milk supplies. Domestic demand for mozzarella remains active with good orders from pizza makers and restaurants. Most makers of cheddar cheese are comfortable with their current inventories. Export interest continues to prompt sales. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.246 million pounds (1,926 metric tons) of Cheddar cheese. The products will be delivered from October through March 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 95.9 million pounds.

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

Cheddar 40# Block	:	2.4600-2.7450
Process 5# Sliced	:	2.2300-2.3500
Muenster	:	2.4800-2.8400
Grade A Swiss Cuts 10 - 14#	:	3.3650-3.6875

MIDWEST

Milk supplies in the Midwest are tight enough to lead many cheese plants to a situation of paying a class premium for milk. This is true even with some plants noting that “off the farm milk is at pre-July levels”, up from what had been expected. Reports from the field suggest that in the Midwest, with more ability for producers to grow forages than some other regions, some producers who are worried about the unresolved Farm Bill and potential for supply controls, are working to maintain or even increase production to get their base up, should a supply control system become law. The current price of cheese has resulted in some plants experiencing lower export sales. This is attributed to the price of cheese in the U.S. relative to cheese produced in other countries. Lower export sales have led some plants to reduce production commensurately, and attribute the reduced production schedules to the greater difficulty of finalizing export sales at current prices. Domestic cheese sales find Mozzarella moving well but cheddar sales being more “spotty”. By this Wednesday, Blocks were up for the week to $2.1000 and Barrels to $2.0500, each above the high of last week, which declined later last week before prices moved up this week. Cheese retail advertising volume reported in the National Dairy Retail Report has increased 57.8% from two weeks ago, following a 23.0% increase during the last cycle from four weeks ago. The largest number of cheese category ads during the current survey period, 36.3% of total cheese ads, are for 8 ounce shredded cheese, but down from 48.1% the last period. The next highest at 31.5%, is 8 ounce block, followed by 1 pound shredded, 17.5%; 1 pound block, 14.4%; and 2 pound block, 0.3%. One pound block and 1 pound shredded switched relative positions this period from the last period. The weighted average advertised price of 8 ounce shredded increased 9.2% to $2.26; 8 ounce blocks increased 6.3% to $2.21; 1 pound shredded increased 16.9%, to $4.29; 1 pound blocks increased 3.4% to $3.66; but 2 pound blocks decreased 10.0% to $4.75. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.246 million pounds (1,926 metric tons) of Cheddar cheese. The product will be delivered October 2012 through March 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 95.9 million pounds.

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

Process American 5# Loaf	:	2.2025-2.9075
Brick And/Or Muenster 5#	:	2.4475-3.0075
Cheddar 40# Block	:	2.4475-3.4325
Monterey Jack 10#	:	2.4175-3.4325
Blue 5#	:	2.7125-3.6975
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2925-3.5325
Grade A Swiss Cuts 6 - 9#	:	2.8850-3.0025

WEST

Western wholesale cheese prices moved higher this week. Demand is outlasting offered supplies. Cheese production in the West is lagging behind year ago levels due to tighter milk supplies. Buyers are looking to increase orders to fill their expected holiday needs. Retail and food service demand is good with processors finding tighter barrel supplies. Export demand is lower in the face of the higher prices, but manufacturers are satisfied with filling more domestic demand. Advertised cheese prices as reported in the National Dairy Retail Report showed prices are mostly higher in all categories except 2 pound blocks. Featuring of cheese in the weekly flyers was higher from two weeks ago. The most heavily advertised category of 8 oz. shred cheese was 19 cents higher than two weeks ago at $2.26 per package. Cheese prices at the CME Group continued their climb this week. Barrel trading at the CME Group on Wednesday closed up $.0150 at $2.0500. Blocks are up $.0150 at $2.1000. Trading on blocks remains active with 13 loads sold so far this week. Barrel trading has been light with only one load of barrels sold by Wednesday. The CME Group monthly average price for September 2012 for barrels is $1.8780 compared to September 2011 at $1.7010. Blocks averaged $1.9245 for September 2012 compared to $1.7561 for last year.

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

Process 5# Loaf	:	2.1350-2.3925
Cheddar 40# Block	:	2.1850-2.5375
Cheddar 10# Cuts	:	2.3650-2.5850
Monterey Jack 10#	:	2.3750-2.5350
Grade A Swiss Cuts 6 - 9#	:	2.9425-3.3725

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CHEESE MARKETS

CONTINUED FROM PAGE 3

FOREIGN

The CME Group weekly average block price moved higher, increasing domestic wholesale cheese prices by $0.1100. Domestic Swiss and imported cheese prices were unchanged. Imported cheese wholesale orders have increased as customers are building inventories for the upcoming holiday season. Importers have noted that foreign cheese prices have firmed in recent weeks, due to the strength in the Euro as compared with the US dollar. According to FAS, October 15, is the last transmission date for all import applications for calendar year 2013 licenses.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	2.6400-5.2200	2.6000-4.0875*
Gorgonzola	3.6900-6.1900	3.1025-3.5575*
Parmesan (Italy)	-0-	3.9900-6.0800*
Provolone (Italy)	3.4400-5.5800	2.6425-2.8000*
Romano (Cows Milk)	-0-	3.7900-5.9400*
Sardo Romano (Argentine)	2.8500-3.9800	-0-
Reggianito (Argentine)	3.2900-4.2900	-0-
Jarlsberg-(Brand)	2.9500-5.2900	-0-
Swiss Cuts Switzerland	-0-	3.4575-3.7800
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
10/01/12	10,968	119,894
10/01/12	10,968	119,894
CHANGE	0	0
% CHANGE	0	0

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	98	0	94*	0	115	0
*Revised						
SOUTHEAST STATES	25	0	65	0	0	0

Milk production is beginning to increase in the Northeast and Mid-Atlantic regions as plant managers are reporting an increase in load weights and number of deliveries. Class I demand remains strong and continues to limit manufacturing milk supplies. Pasture regrowth has slowed in the Northeast and supplemental feeding has begun. Numerous producers remain concerned about possible hay shortages and/or additional dairy herd culling. Harvest activities remain ahead of last year's pace with crops in mostly fair to good condition. Milk production in Florida is beginning to show some marginal increases, but remains below last year's levels. Class I demand remains strong, prompting 98 spot loads to be imported this week. Pasture conditions are beginning to decline in some areas due to shorter days and cooler nights. Producers have changed their feed ration formulas to account for the higher feed costs. Some contacts have indicated they feel this year's flush will be lower, due to hot weather; market prices and feeding changes have or are affecting milk production. Milk production continues to increase in the Southeast region. Class I demand has marginally declined, lowering the number of import loads needed to 25. Manufacturing milk supplies are being kept at their contract minimums. Load rejections were significantly lower this week. Yogurt and Class I bottling plants continue to supply the market with good volumes of cream. Cream supplies have tightened in some areas as demand for cream from sour cream, cream cheese and butter manufacturers has increased. Prices for spot sales and contracts are nearly the same, an indication that overall cream supplies are in balance with need. Multiples narrowed this week with the range being 128-133. Condensed skim milk supplies were a little more available than last week due to marginal increases in milk production and also due to milk pushbacks from a major yogurt plant, because of maintenance projects. Most current supplies are moving through contracts with most contract volumes at minimum levels. Limited spot market sales of condensed skim are requiring premiums to complete the sale. Most powder plant operators are not inclined to sell condensed skim, because of their concern to meet their future nonfat dry milk commitments.

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 -	2.4832-2.5802
F.O.B. producing plants: Upper Midwest -	2.4056-2.6190

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.41 - 1.52
Northeast - Class III - spot prices -	1.44 - 1.49

MIDWEST

Milk haulers and handlers report the volumes of farm milk pickups are mixed. A few haulers report declines as the milk production season advances, while haulers in other locations report farm milk volumes are on the rise. Component trends are correspondingly mixed. Depending on location, a few manufacturing facilities report they are currently running at full capacity. Other operators indicate that lighter demand from the fluid sector allowed them to retain more of their intake volumes and increase Class III production. Spot milk load availability in the regions is tight in some areas. Many processors are holding onto milk loads and not offering anything to the spot market. Others report that with some regional plants taken off line for repairs and/or maintenance, multiple spot load sales were arranged. Completed spot milk load sale prices vary within the Central region and range from $1.50 - $2.75 over market for the majority of sales. Spot cream availability is steady to higher. While the manufacture of frozen novelties is seasonally slowing, various ice cream retailers, soft serve and custard outlets are offering buy one get one of seasonal flavors, and drawing more actively from ice cream and mix suppliers. Dairy producers in the North Central region are completing corn/silage and soybean harvesting. The final harvest tallies on these crops and other feedstuffs will then allow operators to determine sustainable herd sizes.

WEST

CALIFORNIA milk output is mostly steady. There are reports of slight intake declines in areas of hot weather over the past week. In general, weather conditions are seasonal. Feed prices remain high with alfalfa prices steady and corn prices lower from recent highs. Higher milk prices are welcomed, yet the underlying sentiment is unsettled because of high production costs. Processing plants are running on lighter than projected schedules. With milk supplies lagging year ago levels, challenges remain for processors filling milk supply contracts to others. Finding the appropriate balance is creating tightness in some segments and few avenues to find additional milk supplies in the state. The September 4a price (butter/powder) in CALIFORNIA is $16.62, up $1.22 from August but $2.67 lower than last year. This compares to the Federal Order Class IV price for September at $17.41. The September 4b price (cheese) is $17.50, $0.93 higher than August and $1.17 more than last year. This compares to the Federal Order Class III price for September at $19.00. ARIZONA milk production trends are building higher on a week-to-week basis. Temperatures are reaching daytime highs of around 100 degrees, but cooling conditions into the 60's at nighttime are allowing for better cow comfort conditions. While conditions are less stressful with daytime hours declining as the fall season moves along. Milk is being handled well within the state and there are calls for milk and components for those choosing to sell. Class I utilization is higher and there is a stronger demand for Class I milk from bottlers. Anecdotal reports and newspaper ads are showing increased featuring of fluid milk in the retail outlets. Western CREAM markets are trending mostly steady with pricing points holding fairly flat along with overages and multiples. Demand is unsettled for California cream as higher prices were registered for Class 2/3 basing in October. Higher class product production is trending higher and is expected to build to accommodate seasonal increases in ordering from retail and food service accounts. Retail ads are featuring more dips, sour cream, cream cheese, and similar, that are creating more demand and utilizing more cream. Butter production is seasonally active and cream is being utilized in that sector. Buying interest is good to seasonal buying accounts. The CME Grade AA butter price closed at $1.9500 on Wednesday, October 3,

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

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up 1 cent from a week ago. Cream multiples are unchanged and range 120 to 136, and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST is following expected seasonal patterns. Cooler fall weather has helped to bring production levels up some, but the overall trend is steady. Milk handlers in the region are able to move milk to manufacturing plants with an eye towards best returns. Plant maintenance projects are being utilized to fill downtime for those plants not at capacity. Fall harvest activities are ongoing as dairy farmers look to inventory feed supplies for the winter. Increased milk prices have brightened the profitability picture, but higher feed costs are still the 500 lb. gorilla in the room. UTAH and IDAHO milk production is also benefiting from cooler weather across the high desert region. Milk supplies are along predicted levels with production facilities in the region able to process available supplies with few difficulties. Dairy farmers are busy with fall harvesting and assessing plans for the upcoming winter. Cull cow prices are well above 5 year average prices and replacement prices are mostly steady. Feed costs are the main reason for dairies to remain hesitant about expanding herds.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are both higher and lower on a mixed market. Some market participants indicate buyers/end users are pushing back on higher priced NDM spot loads. Some end users and buyers who have purchased spot load NDM steadily through the last several weeks are opting to decrease spot load purchases because they expect NDM prices will decrease in early to mid-November. These circumstances point toward adequate to ample supplies of NDM in the hands of buyers and the ability to obtain NDM from multiple sources. Conversely, a few end users with lower than anticipated monthly needs indicate they are selling back multiple undelivered low heat NDM contract loads to manufacturers in the Central and East regions. This is providing some leeway on contract fulfillment and/or spot market participation for manufacturers with limited inventories. Prices on those sold back loads incorporated a higher premium to the market than the original contract price. Resale NDM prices are reportedly steady to lower for the week. The September 2012 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was $1.5339 compared to $1.4020 one month ago and $1.5386 in September 2011. The September 2012 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was $1.6818 compared to $1.4655 one month ago and $1.6450 in September 2011. According to NASS, NDM production in the Central region totaled 19.8 million pounds during August 2012, 36.1% less than one month ago, but 85.9% more than one year ago. Cumulative nonfat dry milk production for 2012 in the Central region totals 178.3 million pounds, 62.5% higher compared to 2011 production during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during August 2012 totaled 105.9 million pounds, down 30.0% from July 2012 production and 7.8% lower than August 2011. Cumulative nonfat dry milk production for 2012 totals 1,327.7 million pounds, 27.7% higher than 2011 production during the same time span. Month ending stocks, at 105.6 million pounds, are 18.2% less than a month ago and 37.1% lower than one year ago. July 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 40.3 million pounds, 8.3% more than one month ago and 4.3% more than one year ago. Cumulative 2012 skim milk powder production totals 203.6 million pounds, a 30.4% decrease in production compared to production during the same time span in 2011.

EAST: Nonfat dry milk price ranges narrowed this week as transactions based on price indices moved the low end of the ranges higher, while spot sales lowered the upper end of the ranges. Milk production is slowly building in the East. Strong Class I pulls continue to be a major factor in limiting the manufacturing milk supply. Some plants are continuing to focus on high heat and specialty drying. Most supplies are moving through contracts with limited spot market activity. The limited nonfat dry milk production is being offset by decreased demand and increased resale activity. Demand has declined as a number of end users have secured adequate supplies. Resale activity has increased as some brokers are selling off some of their inventories. Some plant managers continue to be concerned about their ability to meet their future commitments. The market undertone is steady to weak.

DAIRY PRODUCTS: The latest NASS Dairy Products report indicates nonfat dry milk production for August in the Atlantic region totaled 7.4 million pounds, 7.1% of the nation's total. The Atlantic region production was 3.3% more than one year ago, 49.0% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.4625 - 1.6900	MOSTLY:	1.4650 - 1.6000
HIGH HEAT:			1.5125 - 1.7900

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mixed. The market tone is steady overall. Prices are moving higher off the bottom of the range to reflect increases in index based transactions. At the top ends of the range and mostly series, prices are down and reflect buyer pushback at the high prices. In addition, buyers are able to fill some needs in the resale channels at lower prices than some direct offerings. Nonfat sales are moving well under contract. Spot interest has slowed. Export demand is fair to good to regular accounts. New business is uneven, with good interest noted from Mexico. Drying levels for NDM in the region are at low to moderate levels and indicative of the milk supplies and utilization of the milk among processors. Stocks are generally light and committed with limited extra available. High heat prices are mixed. Top of the range pricing moved lower with sales not replicated this week. Buyers are reluctant to pay the top dollar to secure needs and are more content. Production runs remain light and there is limited spot trading. Producer holdings are light.

DAIRY PRODUCTS: U.S. NDM production in August 2012 totaled 105.9 million pounds, 7.8% less than last year. YTD cumulative NDM output through August totals 1.33 billion pounds, up 27.7% or 288.3 million pounds from a year earlier. NDM production in the West region in August totaled 78.7 million pounds, down 18.9% from last year. The West produced 74% of the U.S. total in August. U.S. manufacturers' stocks of NDM at the end of august were 105.6 million pounds, 37.1% lower than a year earlier and 18.2% less than July 2012. U.S. skim milk powder (SMP) production in August totaled 40.3 million pounds, 4.3% more than last year and 8.3% more than July. YTD cumulative SMP output through August totals 203.6 million pounds, down 30.4% or 88.7 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	1.3800 - 1.6500	MOSTLY:	1.4200 - 1.6000
HIGH HEAT:			1.4200 - 1.7000

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices shifted higher on the bottom of the range and lower on the top of the range on a mixed market. Buyer interest is steady for contract loads of dry buttermilk, but sellers indicate spot load interest decreased in step with the recent increase in prices. Churning is active in many Central locations. Condensed buttermilk sales increased this week into several operations, decreasing solids moving through the dryers, but dry buttermilk inventories are rebuilding gradually at several Central facilities. The September 2012 Dairy Market News average of the

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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.

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range price series for Central and East dry buttermilk was $1.4032 compared to $1.2818 one month ago and $1.3905 in September 2011.
DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during August 2012 totaled 6.8 million pounds, 2.9% less than one month ago but 3.6% more than production one year ago. Cumulative 2012 dry buttermilk production totals 73.6 million pounds, 11.0% more than during the same time span of 2011. Month ending stocks of dry buttermilk, at 7.8 million pounds, are 31.0% lower than one month ago and 52.3% lower than one year ago.
EAST: The price range for dry buttermilk narrowed this week with transactions based on price indices moving the low end of the range higher, while spot sales lowered the high end of the range. Production of butter and dry buttermilk is increasing as butter makers are beginning to receive retail fall/holiday orders. Dry buttermilk supplies remain fairly tight and held in firm hands. Overall demand remains good, but in transition as ice cream manufacturing is slowing with baking manufacturers stepping up production. Spot sales and resale activity continues to be light. Some of the dry buttermilk price modulation is due to a weakening in the nonfat dry milk market, giving the dry buttermilk market a weak undertone.

F.O.B. CENTRAL/EAST: 1.4500 - 1.6300

DRY BUTTERMILK - WEST

Western dry buttermilk prices are mostly steady to slightly higher from a week ago. Some momentum uptrends are noted associated with index based transactions. The market tone is steady to firm and only lightly tested. Trading activity is centered on contracted volumes and indexed pricing. There is a limited test on the spot market and few offerings on the resale market. Production is light to moderate. Stock levels are light.
DAIRY PRODUCTS: Buttermilk powder production in August 2012 for the U.S. totals 6.8 million pounds, up 3.6% from last year. Buttermilk stocks at the end of August were 7.8 million pounds, 52.3% lower than a year ago and 31.0% less than a month earlier.

F.O.B. WEST: 1.3200 - 1.6000 MOSTLY: 1.4000 - 1.4800

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged on a steady market for the week. Production is intermittent from plant to plant. The September 2012 Dairy Market News average of the range price series for dry whole milk was $1.6324 compared to $1.5450 one month ago and $1.9814 in September4 2011.
DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during August 2012 totaled 5.6 million pounds, up 12.3% from July 2012 but 23.3% lower than August 2011. Cumulative 2012 production totals 40.9 million pounds, a 16.9% decrease from 2011 production during the same time period. Month ending stocks, at 6.9 million pounds, are 2.1% lower than one month ago and 11.3% lower than one year ago.

F.O.B. PRODUCING PLANT: 1.6000 - 1.7300

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 28	$1.3664	4,932,619	0
September 21	$1.3204	8,161,824	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

Domestic interest in Central dry whey is steady to lower. A few resale market representatives indicate pushback by their buyers for dry whey loads began recently and continues this week. Sellers indicate buyers are less willing to unquestioningly support the strong price trend since dry whey seems to be available from multiple sources on an as needed basis. Interest from buyers serving Asian markets is steady. A few manufacturers note that current sale prices to export markets are in step with Central dry whey indices. Some additional interest in Central dry whey for those markets is occurring from time to time as current prices reportedly offer a discount to Western dry whey pricing. Contracting for 2013 is starting, with conversations centering around quantities before pricing methods. The September 2012 Dairy Market News average of the mostly price series for Central dry whey was $0.5755 compared to $0.5218 one month ago and $0.5794 September 2011. Human food dry whey production during August 2012 in the Central region totaled 36.4 million pounds. This dry whey production is 5.4% lower than one month ago and 1.1% lower than one year ago. Cumulative 2012 human food dry whey production in the Central region totals 311.2 million pounds, a 0.5% decrease from 2011 production during the same time span. ANIMAL FEED dry whey prices notched another increase. The September 2012 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was $0.4876 compared to $0.4479 one month ago and $0.5006 September 2011.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during August 2012 totaled 85.1 million pounds, 1.5% less than July 2012 but 19.0% more than production 1 year ago. August ending stocks of HUMAN FOOD dry whey totaled 35.1 million pounds, 21.1% less than 1 month ago and 11.5% lower than August 2011. Production of ANIMAL FEED dry whey during August 2012 totaled 4.1 million pounds, 5.2% more than one month ago but 50.8% less than the production of August 2011. ANIMAL FEED dry whey month ending stocks totaled 2.4 million pounds, 21.2% less than one month ago and 47.7% less than the stocks of one year ago.

F.O.B. CENTRAL: .5550 - .6250 MOSTLY: .5700 - .6000
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4350 - .5850

DRY WHEY - NORTHEAST

Dry whey prices continued to move higher as transactions based on price indices increased both ends of the price range. Cheese and dry whey production continues at levels below most manufacturers' desired levels, because of the tight manufacturing milk supply, brought about by the combination of good Class I demand and lower seasonal milk production. Current production is moving through contracts with little being added to inventories. Spot market and resale activity in the Eastern region is negligible. Buyers looking for additional loads have to look outside the region. Dry whey demand is good and is shifting as ice cream production slows and baking product manufacturing increases. Export interest has improved compared to recent weeks. The market undertone remains firm. The September 2012 Dairy Market News average of the price series for Northeast dry whey was $0.6070 compared to $0.5597 one month ago and $0.6005 in September 2011.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in August, totaled 85.1 million lbs. The Atlantic region totaled 21.0 million pounds, or 24.7% of the nation's total. The Atlantic area's production is 0.1% more than July and 22.3% more than production one year ago. The national production total was 1.5% less than the previous month, but 19% more than for the same period last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6250 - .6375

DRY WHEY - WEST

Western dry whey prices are higher this week. The market was higher on the low end of both the range and mostly series. The market tone is firm on good demand and tighter supplies. Dry whey production in the West is reduced from previous months due to increased production of concentrated whey protein products. Tight milk supplies in the West are also reducing available milk to cheese plants. The bulk of whey production is tied to contract needs with spot sales coming mostly from the resale market. According to the NASS *Dairy Products* report, edible U.S. whey production in August totals 85.1 million pounds, up 19.0% (+13.6 million pounds) from last year. The Western region produced 27.7 million pounds of whey in August, up 58.0% (+10.2 million pounds) from last year. The West produced 32.5% of the whey in the U.S. in August. Cumulative U.S. total dry whey production for the first seven months of the year is 708.3 million pounds, up 1.9% or 13.2 million pounds from the same period in 2011. Manufacturers' stocks at the end of August for edible whey are 35.1 million pounds, down 11.5% from last year.

NONHYGROSCOPIC: .5800 - .6300 MOSTLY: .5900 - .6225

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to higher. The market tone is steady to firm. Sales of edible WPC 34% into the usual livestock feed operations declined in step with the increased availability of downgraded WPC 34% and NDM. Interest from WPC 34% buyers who channel product to human food end uses, though, is steady to higher. WPC 34% production is steady at some locations, lower at others as sales of condensed WPC 34% continue to various end uses. Flat to lower manufacturing milk supplies in some areas of the Central region have kept WPC 34% manufacturing below capacity. Repair projects have also kept a few WPC 34% facilities off line from time to time. The September 2012 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was $1.1862 compared to $1.1272 one month ago and $1.4900 in September 2011.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during August 2012 totaled 19.4 million pounds, 9.9% more than one month ago but 2.6% lower than production of one year ago. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2012 totals 162.9 million

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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pounds, 2.8% 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 32.8 million pounds, 5.4% less than July 2012 but 75.9% more than the stocks of August 2011.

F.O.B. EXTRA GRADE 34% PROTEIN:1.2000 - 1.3425 MOSTLY:1.2100 - 1.2525

LACTOSE - CENTRAL AND WEST

As a new month and Q4 begins this week for many fixed price contract sales, both the lactose range and mostly price series shifted lower. Sellers indicate additional new contract pricing will emerge next week for those contracts carrying adjustments to various market indices. The general market tone is steady to slightly weaker as spot load availability from various manufacturers has improved over the last few weeks. The September 2012 Dairy Market News average of the mostly price series for Central and West lactose was $0.8250 compared to $0.8261 one month ago and $0.6086 in September 2011.
DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during August 2012 decreased 0.3% compared to July 2012 to 85.6 million pounds but increased 3.0% compared to August 2011 production. Cumulative 2012 lactose production totals 692.8 million pounds, 3.8% more than during the same time span in 2011. Month ending stocks, at 84.7 million pounds, are 5.3% less than one month ago but 25.3% higher than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL.6800 - .9000 MOSTLY: .7500 - .8200

CASEIN - NATIONAL

Casein markets and prices are mixed as the final quarter of 2012 begins. Some buyers are stating that fourth quarter contracts were put together earlier and some prices have trended lower. The 2012 European casein production season is now in the books and suppliers are generally comfortable with their supply/commitment balance. In most instances, stocks are sufficient for commitments with minimal uncommitted volumes available for spot interest, although some uncommitted volumes of casein appear to be available although prices are firm. The Oceania casein production season is underway at varying rates. Milk production in areas of New Zealand that logistically is not economical to ship distances for processing is clearing to casein output, while casein operations in other areas remain shuttered or are just getting underway. Early report remain optimistic about the Oceania milk production season, thus casein output is currently as projected. At the October 2 g/DT event, rennet casein prices eased 9.5% from the previous all contract average to $7,361 per MT or about $3.3400 per pound.

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

RENNET:	3.7000 - 4.4000
ACID:	4.3500 - 4.7500

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk $1.05 per pound; CHEESE 40# Blocks $1.13 per pound; 500# Barrels $1.10; NONFAT DRY MILK $.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2011

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
09/15/2012	63.4	2,160.6	60.8	2,033.5

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt
SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

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

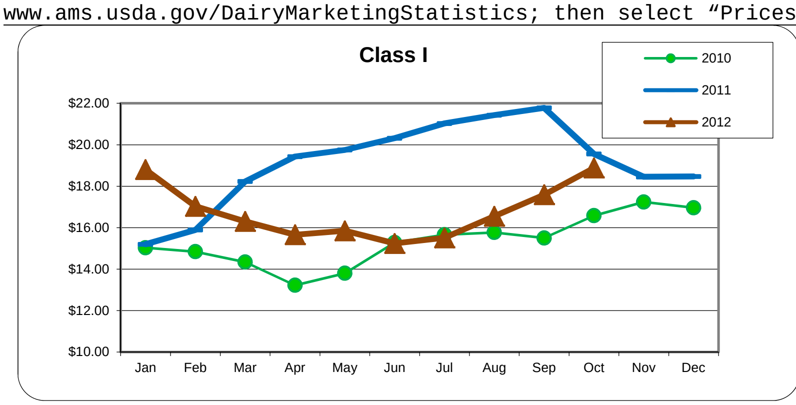
CLASS IV MILK PRICES (3.5% BF)

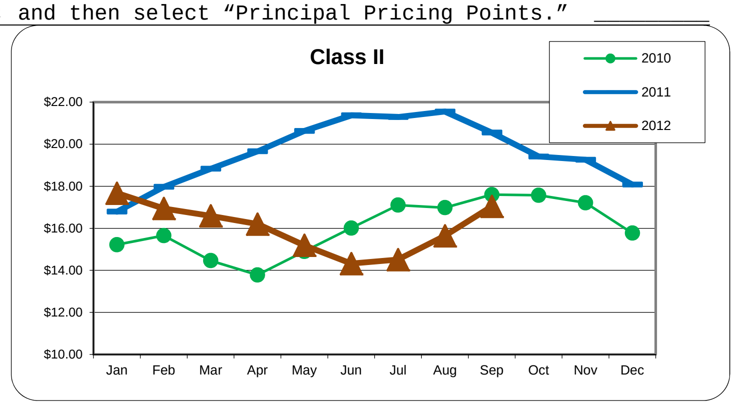
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41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

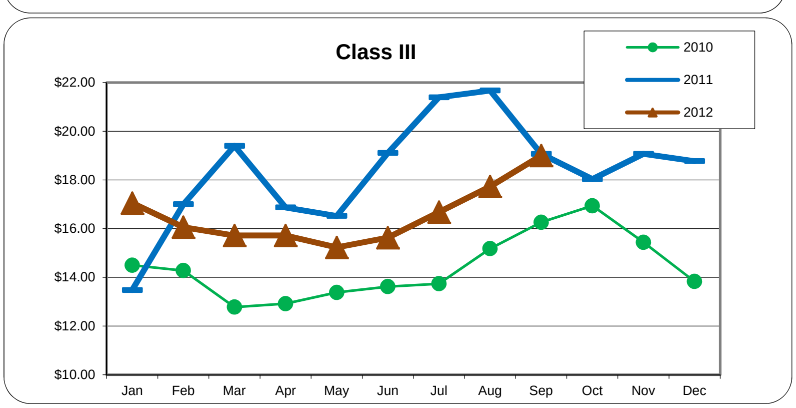
FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

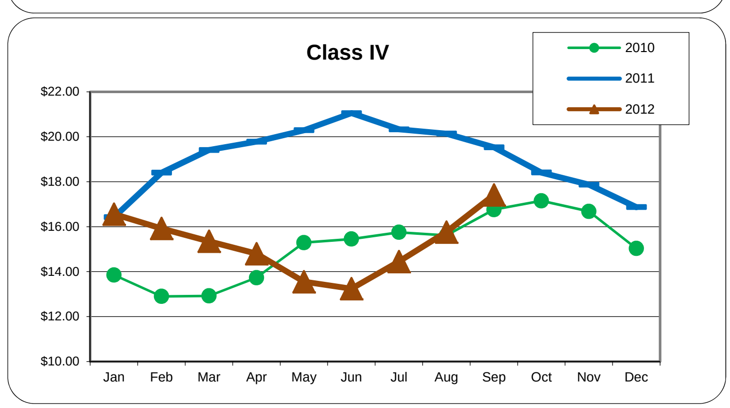
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	18.88			
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04			
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00			
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41			

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









ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 5, 2012

ORGANIC DAIRY FLUID OVERVIEW

This week results of USDA's 2011 Certified Organic Production Survey were released. Organic milk was the top livestock commodity last year, accounting for $765 million in sales. The state results for total gross value of sales of milk from cows in states by descending rank, millions of dollars, include: California, $127.2; Texas, $120.2; Wisconsin, $82.3; Oregon, $69.1; New York, $60.2; Pennsylvania, $42.6; Vermont, $41.7; Minnesota, $33.2; Washington, $25.6; Idaho, $25.3; Ohio, $23.5; Maine, $11.3; Iowa, $11.1; Louisiana, $2.4; Kentucky, $2.3; Illinois, $1.8; Missouri, $1.8; and North Carolina, $1.5. Sales data was withheld from release in the remaining states because the number of producers was not sufficient to avoid disclosing data for individual operations.

There was also data released for the number of farms in each state reporting sales of organic milk from cows. Numbers of farms do not necessarily correlate with dollar value of milk sales because some states have larger average herd size than other states. For example, while Wisconsin ranks third among states in dollar value of organic milk sales, it ranks first in number of farms, with 397 of the 1,823 organic dairy farms nationwide reporting sales of organic milk. The number of organic dairy farms reported in other states includes Pennsylvania, 236; New York, 235; Vermont, 180; Minnesota, 114; Indiana, 81; Iowa, 78; California, 72; Maine, 50; Michigan, 46; Oregon, 43; Washington, 35; Idaho, 17; Kentucky, 13; Illinois, 12; New Hampshire, 12; Missouri, 9; Virginia, 9; Texas, 8; Massachusetts, 5; North Carolina, 5; Colorado, 4; Maryland, 4; South Dakota, 4; Louisiana, 3; Nebraska, 3; New Mexico, 3; Tennessee, 2; Utah, 2; Alabama, 1; Arizona, 1; Arkansas, 1; Mississippi, 1; Montana, 1; and Wyoming, 1.

The data above comes from Table 11, page 160 of 2011 Certified Organic Production Survey, NASS, USDA, which is attached to this week's Dairy market News Weekly Report..

ORGANIC DAIRY RETAIL OVERVIEW

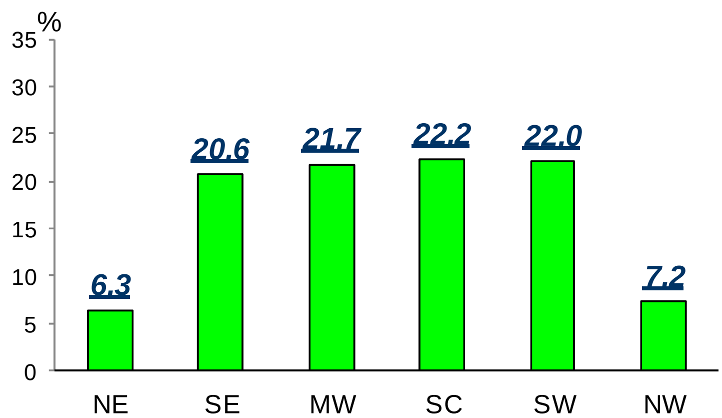
NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. The beginning of fall brings the end of a late summer string of record advertising volume for organic milk, butter or total organic ads spanning a number of reporting periods. Nevertheless, primarily due to relatively high organic yogurt ad volume, even with relatively low organic milk ad volume, total organic ad numbers remain in the upper tier of 2012 periods. Organic milk ad volume is lower than for any of the last five two week reporting periods. Even with organic milk ad numbers declining relative to recent periods, and organic yogurt ads remaining relatively high, organic milk ads comprise 47% of all organic dairy ads, continuing the role of organic milk as the traditionally leading organic dairy product in retail emphasis. Organic yogurt ads constitute 29% of organic dairy ads, organic butter 23% and organic cream cheese 1%.

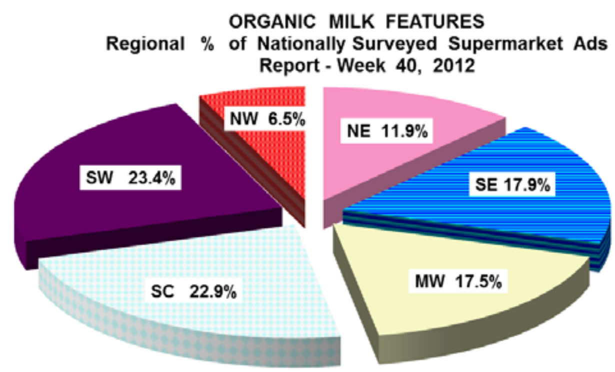
Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period September 22, 2012, to October 5, 2012, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Regional Organic Dairy Ad Trends – Current Period. Four regions are nearly even with each other when comparing the six regions for regional percentages of total national organic dairy ads. The South Central region has 22.2% of organic dairy ads, 22.0% in the Southwest, 21.7% in the Midwest and 20.6% in the Southeast. Trailing these four regions, the Northwest had 7.2% of ads and the Northeast 6.3%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 40, 2012



Organic Milk. Organic milk ads as a percentage of total ads have declined for three consecutive reporting periods, even though they still lead all categories. The highest percentage of organic milk ads appear in the Southwest, 23.4%. Other regions include the South Central, 22.9%; Southeast, 17.9%; Midwest, 17.5%; Northeast, 11.9%; and Northwest, 6.5%.



Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, $3.31, is 8 cents higher than two weeks ago, 16 cents lower than four weeks ago and 60 cents lower than 6 weeks ago. The price range is $2.49 to $4.99, is unchanged at the bottom of the price range but $1.00 higher at the top. This period, the concentration of advertised organic half gallon brands shifted to national brands having an edge over store brand ads. Two weeks ago store brands predominated. The highest price is for national brands and the lowest for store brands. The weighted average advertised price for national brands is $3.61 and for store brands, $3.08.

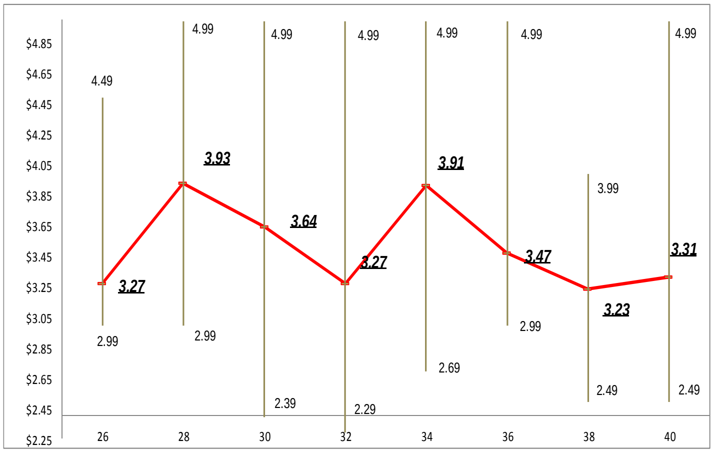
CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 5, 2012

CONTINUED FROM PAGE 8

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



ORGANIC MILK HALF GALLON ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE $
NE	15.5	4.08
SE	23.2	3.13
MW	17.9	3.23
SC	24.7	3.30
SW	10.3	2.96
NW	08.4	2.99
US		3.31

The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of $3.31, also determined the weighted average advertised price for non-organic half gallons as $2.27, an organic-conventional half-gallon milk advertised price spread of $1.04, up 22 cents from two weeks ago and even with four weeks ago. During 2012, the price spread has ranged from $0.78 to $2.46.

Advertising volume for organic half gallon containers of milk has been higher during six periods of the year and lower during thirteen periods.

Organic Milk 8 Ounce. All ads for 8 ounce containers of organic milk listed a price range of $1.00. The volume of ads this period is lower than any of the last five reporting periods.

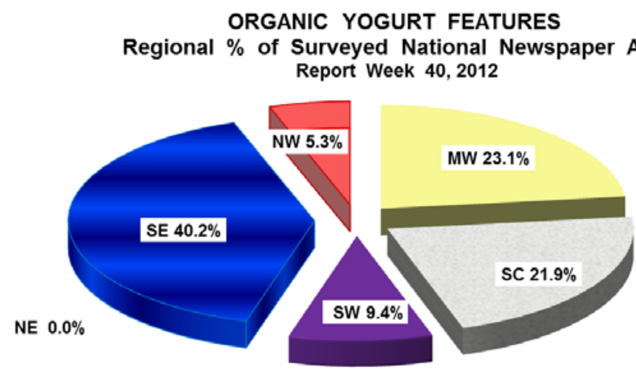
ORGANIC MILK 8 OUNCE ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE $
NE	00.0	----
SE	00.0	----
MW	16.0	1.00
SC	16.8	1.00
SW	67.2	1.00
NW	00.0	----
US		1.00

Organic Milk Gallons. There are no ads for organic milk gallons this reporting period nor were there any two weeks ago. The last reported national weighted average advertised price was $5.43, with a price spread of $5.99 to $4.99.

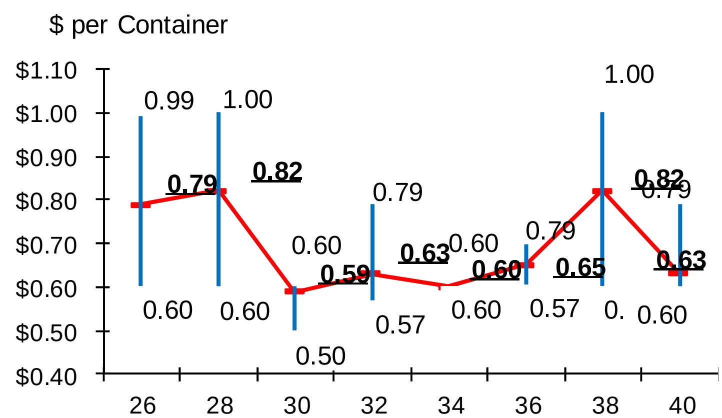
Organic Yogurt. Total organic yogurt ad numbers are the second highest level of the year, higher than any of the last fourteen survey periods. The greatest percentage of organic yogurt ads are for 32 ounce organic yogurt, followed by 4-6 ounce organic yogurt. No ads appeared for Greek yogurt.

The Southeast led all regions in total organic yogurt advertising for the second consecutive survey period. The Northeast, which has led the regions in organic yogurt for most periods of the year, had zero organic yogurt ads this period. Regional percentages of organic yogurt ads this period include the Southeast, 40.2%; Midwest, 23.1%; South Central, 21.9%; Southwest, 9.4%; and Northwest, 5.3.



4-6 Ounce Organic Yogurt. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 63 cents, down 19 cents, from two weeks ago. The price range is $0.60 to $0.79. All ads are for national brands. Most ads were listed in the Southeast, with the remaining ads in the South Central region.

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



CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered September 24 - October 5, 2012

CONTINUED FROM PAGE 8-A

4-6 OUNCE ORGANIC YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE $
NE	00.0	----
SE	82.1	0.60
MW	00.0	----
SC	17.9	0.79
SW	00.0	----
NW	00.0	----
US		0.63

32 Ounce Organic Yogurt. For the first time this year, 32 ounce organic yogurt led organic yogurt in ad numbers. There are nearly three times the number of ads for 32 ounce organic yogurt as for 4-6 ounce organic yogurt. Approximately three out of every five ads for 32 ounce organic yogurt are for national brands than store brands.

32 OUNCE ORGANIC YOGURT ADS
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE $
NE	00.0	----
SE	26.1	3.45
MW	30.9	3.37
SC	23.3	2.99
SW	12.6	3.00
NW	07.1	3.00
US		3.23

1 Pound Organic Butter. Organic butter advertising fell back 40.7% from the highest level of the year and the highest level in the history of this survey, but remains the second highest level of 2012. The Southwest region outpaced all other regions with 36.3% of the organic butter ads. More organic butter ads were store brands than national brands.

The lowest price for organic butter, $3.79, is less than the highest price for conventional butter this period, $3.99. There is a $1.38 price spread between the weighted average advertised price of conventional butter, $2.61, and organic butter, $3.99.

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

REGION	%	WTD. AV. ADV. PRICE $
NE	00.0	----
SE	02.0	3.79
MW	28.1	3.99
SC	22.2	3.99
SW	36.3	3.99
NW	11.4	3.99
US		4.31

8 Ounce Organic Cream Cheese. All ads for organic cream cheese are in the Northeast, for a national brand, priced $2.59.

8 Ounce Shredded Organic Cheese. All ads for organic cheese are in the Midwest, for a store brand, priced $3.59. Less than 0.5% of all organic ads are for organic cheese.

SUPERMARKET PRICE COMPARISON:

Madison, Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period.

Madison stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store.

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2012 REPORTING WEEK 40

	MADISON, WISCONSIN LOW (in Dollars)	HIGH	RANGE
FLUID MILK			
MILK - gallon			
Whole	5.79*	6.79	1.00*
Reduced fat (2%)	5.79*	6.79	1.00*
Low fat (1%)	5.79*	6.79	1.00*
Nonfat (Skim)	5.79*	6.79	1.00*
MILK - half gallon			
Whole	3.59*	4.89*	1.30*
Reduced fat (2%)	3.59*	4.89*	1.30*
Low fat (1%)	3.59*	4.89*	1.30*
Nonfat (Skim)	3.59*	4.89*	1.30*
FLAVMILK - half gallon			
All fat tests	3.09	5.69	2.60
YOGURT			
Yogurt - 4-6 oz			
Yogurt	0.79	1.29	0.50
CHEESE			
Cheese - 8 oz block			
Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10
Cheese - 6 oz string			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10
BUTTER			
Butter - 1 Pound	4.99*	6.19	1.20*

- **= Price change from prior reporting period.**

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grain and feedstuffs were mostly lower with moderate demand. New crop harvest has begun for the majority of organic farmers and yields have been described as "what you would expect" for drought ravaged areas, and fair to good for less stricken areas. Feed grade corn and soybeans this period were lower due mostly in part to the availability of new crop grain. Feed grade wheat was higher with good demand, due to corn prices. Many livestock producers are feeding more wheat than anticipated earlier this year. Feed wheat remains in the area of $2.00 over the protein point in all regions this period. Barley trade has not been in the forefront of recent trading due largely to the bulk of that commodity being imported from Canada. While soybean prices have lowered slightly, some buyers and end users continue to consider utilizing grains from overseas due to prices demanded by many producers. Organic alfalfa pellets, 17% protein, were $430.00/ton this period in Nebraska. Alfalfa hay in the North Inter-Mountain area of California was 240.00 -280.00/ton for supreme and good quality. Premium oat hay was $155.00/ton in the Sacramento Valley. Additional information is available at: http://www.ams.usda.gov/mnreports/lsbnof.pdf

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

For July 2012, the all reporting areas combined average over-order charge on producer milk used in Class I was $2.06 per cwt., up $0.01 from the June 2012 average. Eighty-nine 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 $0.79 in the Pacific Northwest to $2.95 in the Florida Order. For producer milk used in Class II, the all reporting areas combined average over-order charge was $1.13 per cwt., up $0.04 per cwt.from the June 2012 average. Seventy-seven 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	5	2.69	1.26
Florida	6	2.95	0.33
Southeast	7	2.71	1.95
Upper Midwest	30	2.12	0.92
Central	32	1.96	0.93
Mideast	33	1.73	1.40
Pacific Northwest	124	0.79	0.64
All Reporting Areas Combined 3/		2.06	1.13

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 or 202-690-1932

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

COMMODITY	REPORT NUMBER 36 SEP 03 - 07	REPORT NUMBER 37 SEP 10 - 14	REPORT NUMBER 38 SEP 17 - 21	REPORT NUMBER 39 SEP 24 - 28		2012 Average or Total	2011 Average or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.9875 - 2.6925	1.9650 - 2.6700	1.9850 - 2.6900	2.0925 - 2.7975		2.3611	2.3260
-- Brick And/Or Muenster 5#	2.2425 - 2.8025	2.2200 - 2.7800	2.2375 - 2.7975	2.3400 - 2.9000		2.5409	2.4940
-- Cheddar 40# Block	2.2425 - 3.2275	2.2200 - 3.2050	2.2375 - 3.2225	2.3400 - 3.3250		2.7534	2.5739
-- Monterey Jack 10#	2.2125 - 3.2275	2.1900 - 3.2050	2.2075 - 3.2225	2.3100 - 3.3250		2.7384	2.5551
-- Blue 5#	2.5075 - 3.4925	2.4850 - 3.4700	2.5025 - 3.4875	2.6050 - 3.5900		3.0184	2.9563
-- Mozzarella 5 - 6#	2.0875 - 3.3275	2.0650 - 3.3050	2.0825 - 3.3225	2.1850 - 3.4250		2.7259	2.5414
-- Grade A Swiss Cuts 6 - 9#	2.8850 - 3.0025	2.8850 - 3.0025	2.8850 - 3.0025	2.8850 - 3.0025		2.9438	3.2317
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	2.2550 - 2.5400	2.2325 - 2.5175	2.2500 - 2.5350	2.3525 - 2.6375		2.4159	2.2277
-- Process 5# Sliced	2.0150 - 2.1350	1.9925 - 2.1125	2.0125 - 2.1325	2.1200 - 2.2400		2.0961	1.9827
-- Muenster	2.2750 - 2.6350	2.2525 - 2.6125	2.2700 - 2.6300	2.3725 - 2.7325		2.4734	2.2127
-- Grade A Swiss Cuts 10 - 14#	3.3650 - 3.6875	3.3650 - 3.6875	3.3650 - 3.6875	3.3650 - 3.6875		3.5263	4.0367
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.9200 - 2.1775	1.8975 - 2.1550	1.9175 - 2.1750	2.0250 - 2.2825		2.0698	1.9717
-- Cheddar 40# Block	1.9775 - 2.3300	1.9550 - 2.3075	1.9725 - 2.3250	2.0775 - 2.4300		2.1728	2.0790
-- Cheddar 10# Cuts	2.1575 - 2.3775	2.1350 - 2.3550	2.1525 - 2.3725	2.2575 - 2.4775		2.2866	2.1927
-- Monterey Jack 10#	2.1675 - 2.3275	2.1450 - 2.3050	2.1625 - 2.3225	2.2675 - 2.4275		2.2666	2.1727
-- Grade A Swiss Cuts 6 - 9#	2.9425 - 3.3725	2.9425 - 3.3725	2.9425 - 3.3725	2.9425 - 3.3725		3.1575	3.6680
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM ($ per lb. butterfat)							
-- Northeast - f.o.b	2.3405 - 2.4868	2.4635 - 2.5942	2.3578 - 2.5051	2.3936 - 2.5432		2.4631	2.4970
-- Upper Midwest - f.o.b	2.3405 - 2.4319	2.3142 - 2.4262	2.2841 - 2.4314	2.3188 - 2.4684		2.3765	2.4095
PRICES OF CONDENSED SKIM - NORTHEAST ($ per lb. wet solids) - f.o.b.							
-- Class II	1.29 - 1.34	1.29 - 1.40	1.29 - 1.40	1.41 - 1.55		1.3742	1.6550
-- Class III	1.44 - 1.49	1.44 - 1.49	1.44 - 1.49	1.44 - 1.49		1.4650	1.7431

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

COMMODITY	REPORT NUMBER 36 SEP 03 - 07	REPORT NUMBER 37 SEP 10 - 14	REPORT NUMBER 38 SEP 17 - 21	REPORT NUMBER 39 SEP 24 - 28	2012 Average or Total	2011 Average or Total
DRY PRODUCTS						
NONFAT DRY MILK						
-- Central And East (f.o.b.)						
-- Low/Medium Heat	1.3525 - 1.8000	1.3975 - 1.8000	1.4325 - 1.8000	1.3800 - 1.8000	1.5963	1.5385
-- Mostly	1.3900 - 1.6200	1.4000 - 1.6500	1.4500 - 1.6500	1.4500 - 1.6500	1.5339	1.5386
-- High Heat	1.4150 - 1.9000	1.4475 - 1.9000	1.4825 - 1.9000	1.5000 - 1.9000	1.6818	1.6450
-- West (f.o.b)						
-- Low/Medium Heat	1.2800 - 1.7000	1.3050 - 1.7300	1.3400 - 1.7000	1.3600 - 1.7000	1.5157	1.4947
-- Mostly	1.3200 - 1.6500	1.3400 - 1.6700	1.3800 - 1.6500	1.4000 - 1.6500	1.5087	1.4902
-- High Heat	1.3300 - 1.6700	1.3400 - 1.7500	1.3800 - 1.7500	1.4000 - 1.7500	1.5487	1.6045
WHEY POWDER (Nonhygroscopic)						
-- Central (f.o.b.)	0.5200 - 0.6000	0.5200 - 0.6050	0.5450 - 0.6250	0.5550 - 0.6250	0.5751	0.5823
-- Mostly	0.5500 - 0.5800	0.5500 - 0.5850	0.5650 - 0.6000	0.5700 - 0.6000	0.5755	0.5794
-- West (f.o.b.)	0.5600 - 0.6200	0.5700 - 0.6250	0.5800 - 0.6250	0.5700 - 0.6300	0.5979	0.5985
-- Mostly	0.5700 - 0.6000	0.5800 - 0.6050	0.5900 - 0.6125	0.5800 - 0.6225	0.5955	0.6143
-- Northeast (f.o.b.)	0.5775 - 0.5925	0.5900 - 0.6150	0.6050 - 0.6200	0.6150 - 0.6325	0.6070	0.6005
WHEY PROTEIN CONCENTRATE						
-- Central And West (f.o.b.)						
-- Extra Grade 34% Protein	1.0700 - 1.2975	1.0700 - 1.3125	1.1700 - 1.3200	1.1900 - 1.3425	1.2236	1.4881
-- Mostly	1.1400 - 1.1850	1.1600 - 1.1850	1.1800 - 1.2050	1.1925 - 1.2325	1.1862	1.4900
ANIMAL FEED - WHEY						
-- Central (f.o.b.)						
-- Milk Replacer	0.4050 - 0.5400	0.4050 - 0.5450	0.4250 - 0.5600	0.4350 - 0.5800	0.4876	0.5006
BUTTERMILK (Min. 30% protein)						
-- Central And East (f.o.b.)	1.3000 - 1.3525	1.3000 - 1.3700	1.3300 - 1.4500	1.4225 - 1.6700	1.4032	1.3905
-- West (f.o.b.)	1.2300 - 1.4500	1.2750 - 1.6000	1.3000 - 1.5500	1.3200 - 1.6000	1.4196	1.2767
-- Mostly	1.2750 - 1.3350	1.3250 - 1.3750	1.3600 - 1.4400	1.3800 - 1.4800	1.3747	1.2740
WHOLE MILK POWDER						
-- National (f.o.b.)	1.5800 - 1.6400	1.5800 - 1.6400	1.5800 - 1.7000	1.6000 - 1.7300	1.6324	1.9814
LACTOSE						
-- Central And West (f.o.b.)	0.6600 - 0.9575	0.6500 - 0.9575	0.6600 - 0.9575	0.6650 - 0.9575	0.8081	0.6008
-- Mostly	0.7800 - 0.8700	0.7800 - 0.8700	0.7800 - 0.8700	0.7800 - 0.8700	0.8250	0.6086
CASEIN - Edible - National (f.o.b.)						
-- Nonrestricted - Rennet	3.7500 - 4.4000	3.7500 - 4.4000	3.7500 - 4.4000	3.7500 - 4.4000	4.0750	4.9750
-- Nonrestricted - Acid	4.1500 - 4.7000	4.1500 - 4.7000	4.3500 - 4.7500	4.3500 - 4.7500	4.4908	5.1800

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 SEPTEMBER 2012

COMMODITY	REPORT NUMBER 36 SEP 4 - 7	REPORT NUMBER 37 SEP 10 - 14	REPORT NUMBER 38 SEP 17 - 21	REPORT NUMBER 39 SEP 24 - 28		2012 * Monthly Average	2011 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday		1.8550	1.8500	1.9300			
--Tuesday	1.8600	1.8200	1.8525	1.9400			
--Wednesday	1.8700	1.8400	1.8675	1.9400			
--Thursday	1.8700	1.8450	1.8900	1.9400			
--Friday	1.8650	1.8500	1.8900	1.9500		1.8803	1.8724
--Weekly Average**	1.8663	1.8420	1.8700	1.9400			
CHEESE*							
-- BARRELS							
--Monday		1.7750	1.8450	1.9600			
--Tuesday	1.7775	1.7700	1.8725	2.0000			
--Wednesday	1.7775	1.8000	1.9050	2.0400			
--Thursday	1.7750	1.8125	1.9400	2.0350			
--Friday	1.7750	1.8275	1.9600	2.0350		1.8780	1.7010
--Weekly Average**	1.7763	1.7970	1.9045	2.0140			
-- 40# BLOCKS							
--Monday		1.8300	1.8850	2.0000			
--Tuesday	1.8200	1.8300	1.9100	2.0500			
--Wednesday	1.8200	1.8400	1.9500	2.0825			
--Thursday	1.8400	1.8550	2.0000	2.0750			
--Friday	1.8300	1.8725	2.0000	2.0750		1.9245	1.7561
--Weekly Average**	1.8275	1.8455	1.9490	2.0565			
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday		1.6350	1.6350	1.6350			
--Tuesday	1.6250	1.6350	1.6350	1.6350			
--Wednesday	1.6350	1.6350	1.6350	1.6350			
--Thursday	1.6350	1.6350	1.6350	1.6350			
--Friday	1.6350	1.6350	1.6350	1.6350		1.6345	1.6000
--Weekly Average**	1.6325	1.6350	1.6350	1.6350			
-- GRADE A							
--Monday		1.7000	1.6900	1.6800			
--Tuesday	1.7000	1.7000	1.6900	1.6800			
--Wednesday	1.7000	1.7000	1.6900	1.6800			
--Thursday	1.7000	1.6900	1.6900	1.6700			
--Friday	1.7000	1.6900	1.6900	1.6600		1.6895	1.4919
--Weekly Average**	1.7000	1.6960	1.6900	1.6740			

* 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.

AUGUST 2012 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 129.1 million pounds, 3.5 percent below August 2011 and 3.1 percent below July 2012. **AMERICAN TYPE CHEESE** production totaled 353.5 million pounds, 4.5 percent above August 2011 but 0.7 percent below July 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 884.4 million pounds, 2.6 percent above August 2011 and 0.5 percent above July 2012. **NONFAT DRY MILK** production, for human food, totaled 105.9 million pounds, 7.8 percent below August 2011 and 30.0 percent below July 2012. **DRY WHEY** production, for human food, was 85.1 million pounds, 19.0 percent above August 2011 but 1.5 percent below July 2012. **ICE CREAM** (hard) production totaled 74.4 million gallons, 5.5 percent below August 2011 but 0.7 percent above July 2012.

PRODUCTION OF DAIRY PRODUCTS

PRODUCT	AUG 2012	PERCENT CHANGE FROM:			PRODUCT	AUG 2012	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 2011	JUL 2012	YEAR TO DATE 1/		1,000 LBS.	AUG 2011	JUL 2012	YEAR TO DATE 1/
BUTTER	129,090	-3.5	-3.1	4.3	SOUR CREAM	109,936	0.6	9.4	2.2
CHEESE					YOGURT (PLAIN AND FLAVORED)	389,051	4.5	9.2	3.5
AMERICAN TYPES 2/	353,515	4.5	-0.7	2.1	DRY WHEY, HUMAN FOOD	85,078	19.0	-1.5	---
CHEDDAR	250,683	3.1	-3.1	1.1	DRY WHEY, ANIMAL FEED	4,070	-50.8	5.2	---
OTHER AMERICAN	102,832	8.0	5.5	---	DRY WHEY, TOTAL 8/	89,148	11.8	-1.3	1.9
BRICK & MUENSTER	13,361	-9.8	-1.9	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	72,635	13.1	8.6	---	HUMAN FOOD	2,419	-4.8	45.8	---
HISPANIC	20,157	9.5	7.4	---	ANIMAL FEED	5,325	21.7	11.4	---
TOTAL ITALIAN TYPES	370,418	1.9	0.5	1.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	85,593	3.0	-0.3	3.8
MOZZARELLA	284,902	-0.3	-2.2	1.7	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	85,516	9.9	10.8	---	HUMAN FOOD 9/	33,008	---	3.5	---
SWISS	25,902	-8.6	-3.5	---	ANIMAL FEED 9/	1,931	-14.1	-12.3	---
ALL OTHER TYPES	12,529	-30.5	-5.5	---	TOTAL 9/	34,939	-0.9	2.5	4.5
TOTAL	884,448	2.6	0.5	2.7	25.0-49.9 PERCENT 10/	19,364	-2.6	9.9	---
COTTAGE CHEESE, CURD 3/	38,965	1.8	10.7	---	50.0-89.9 PERCENT 10/	15,575	1.3	-5.4	---
COTTAGE CHEESE, CREAM 4/	29,377	-3.6	5.7	-3.2	WHEY PROTEIN ISOLATES 11/	5,274	12.9	9.1	---
COTTAGE CHEESE, LOWFAT 5/	36,270	6.2	12.5	1.0	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSD WHOLE MILK	(D)	(X)	(X)	---	ICE CREAM (HARD)	74,381	-5.5	0.7	-1.0
DRY BUTTERMILK	6,787	3.6	-2.9	---	ICE CREAM, LOWFAT (HARD)	17,262	6.8	0.9	---
DRY WHOLE MILK	5,576	-23.3	12.3	---	ICE CREAM, LOWFAT (SOFT)	23,321	-13.6	-5.0	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	5,468	-2.0	3.0	---	ICE CREAM, LOWFAT (TOTAL)	40,583	-6.0	-2.6	-1.6
NONFAT DRY MILK (NDM), HUMAN	105,898	-7.8	-30.0	27.7	SHERBET, HARD	3,768	-13.7	-4.2	-5.7
SKIM MILK POWDERS (SMP) 7/	40,337	4.3	8.3	-30.4	FROZEN YOGURT (TOTAL)	6,542	-0.9	11.3	4.5

MANUFACTURERS' STOCKS, END OF MONTH 12/

PRODUCT	AUG 2012	PERCENT OF:		PRODUCT	AUG 2012	PERCENT OF:	
	1,000 LBS.	AUG 2011	JUL 2012		1,000 LBS.	AUG 2011	JUL 2012
DRY WHEY, HUMAN FOOD	35,119	-11.5	-21.1	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	2,403	-47.7	-21.2	HUMAN FOOD 9/	51,002	43.6	-5.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	7,833	75.8	8.1	ANIMAL FEED 9/	2,709	-5.8	12.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	84,719	25.3	-5.3	TOTAL 9/	53,711	39.9	-4.4
CANNED EVAP & CONDSD WHOLE MILK	(D)	(X)	(X)	25.0-49.9 PERCENT 10/	32,826	75.9	-5.4
DRY BUTTERMILK	7,754	-52.3	-31.0	50.0-89.9 PERCENT 10/	20,885	5.8	-2.7
NONFAT DRY MILK (NDM), HUMAN FOOD	105,648	-37.1	-18.2	WHEY PROTEIN ISOLATES 11/	8,004	77.2	-0.2

(D) = Withheld to avoid disclosing data for individual operations.
(X) = Not applicable.
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, October 2012.*

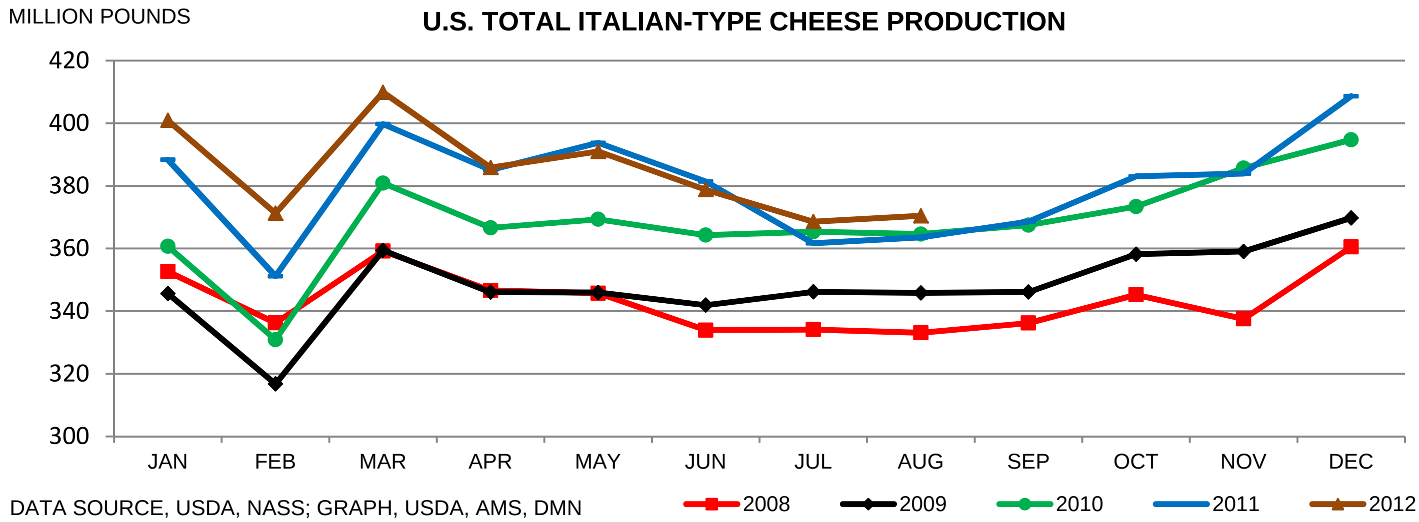
FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

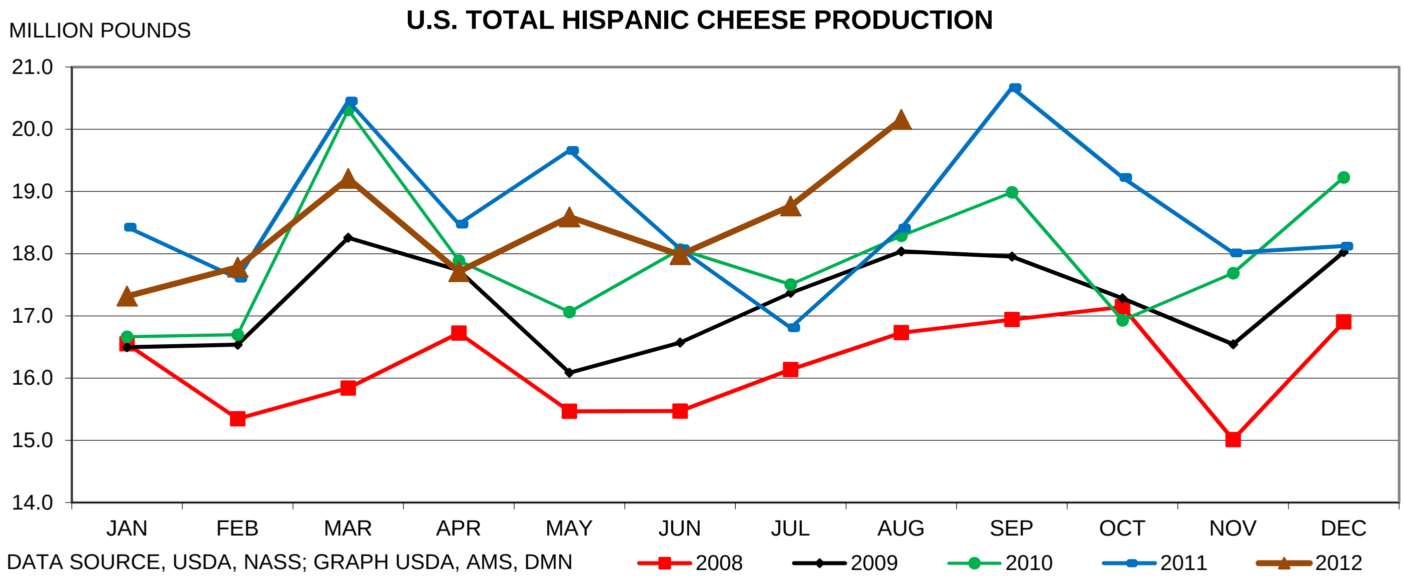
Component Price Information: Under the Federal milk order pricing system, the butterfat price for September 2012 is $2.0047 per pound. Thus, the Class II butterfat price is $2.0117. The protein and other solids prices for September are $3.2521 and $0.3971 per pound, respectively. These component prices set the Class III skim milk price at $12.42 per cwt. The September Class IV skim milk price is $10.77, which is derived from the nonfat solids price of $1.1969 per pound. **Product Price Averages:** The product price averages for September are: butter $1.8269, nonfat dry milk $1.3768, cheese $1.8647, and dry whey $0.5846.

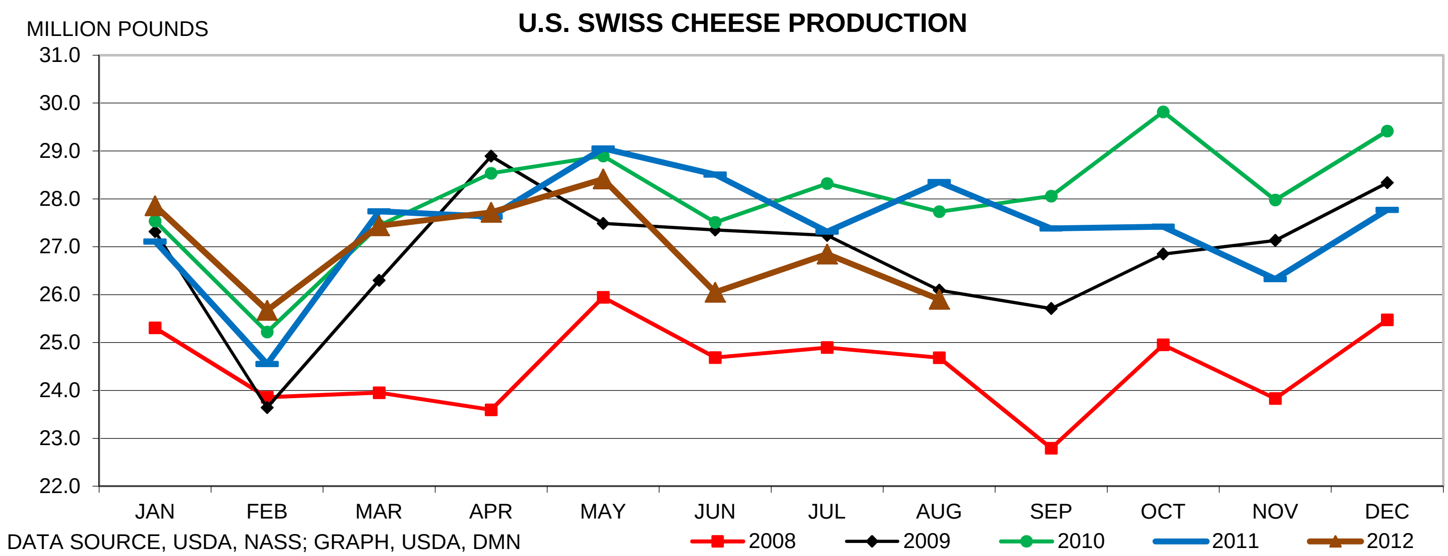
FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/

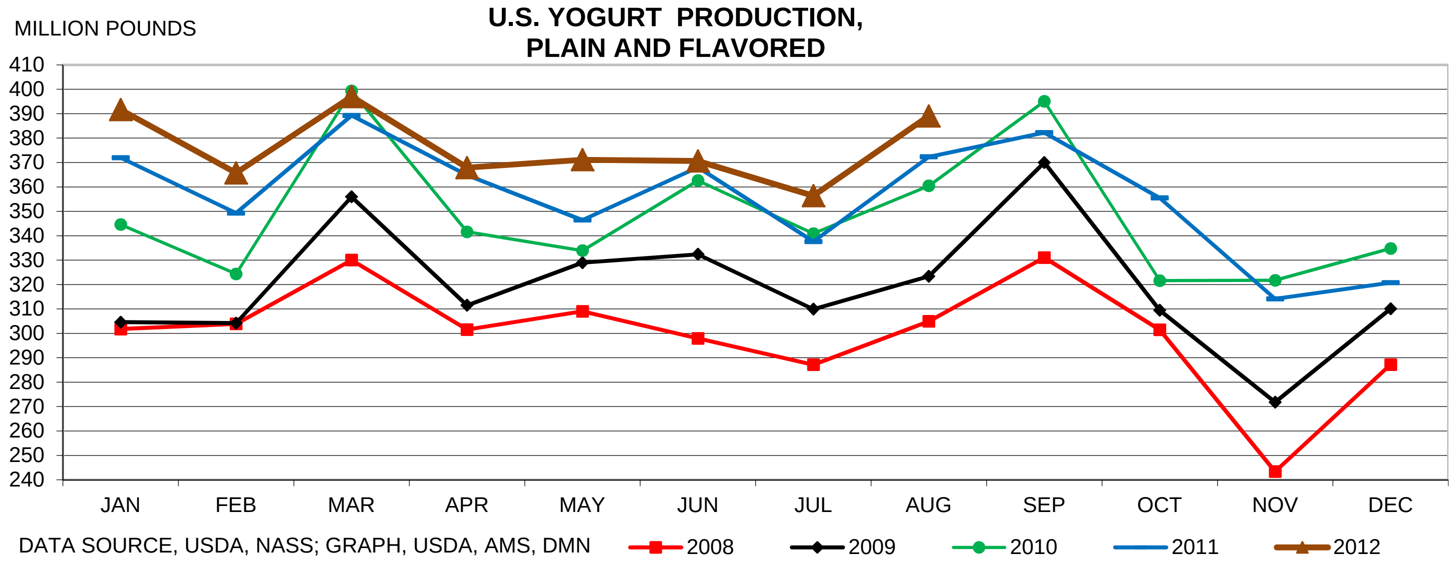
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	SEPTEMBER 2012				OCTOBER 2012
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	20.84	17.04	19.00	17.41	22.13
Appalachian (Charlotte) 5/ 6/	005	20.99	17.04	19.00	17.41	22.28
Southeast (Atlanta) 6/ 7/	007	21.39	17.04	19.00	17.41	22.68
Florida (Tampa) 6/ 8/	006	22.99	17.04	19.00	17.41	24.28
Mideast (Cleveland) 9/	033	19.59	17.04	19.00	17.41	20.88
Upper Midwest (Chicago) 10/	030	19.39	17.04	19.00	17.41	20.68
Central (Kansas City) 11/	032	19.59	17.04	19.00	17.41	20.88
Southwest (Dallas) 12/	126	20.59	17.04	19.00	17.41	21.88
Arizona (Phoenix)	131	19.94	17.04	19.00	17.41	21.23
Pacific Northwest (Seattle) 13/	124	19.49	17.04	19.00	17.41	20.78
All-Market Average	---	20.48	17.04	19.00	17.41	21.77

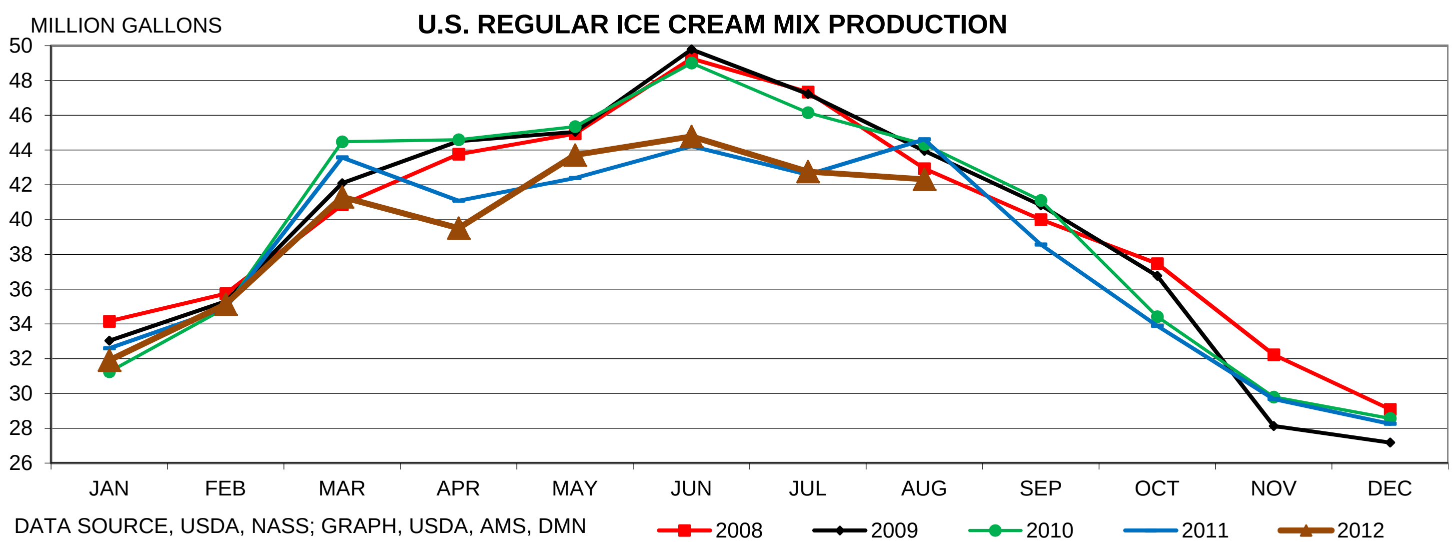
1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.
2/ Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
3/ Names in parentheses are the major city in the principal pricing point of the market.
4/ Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25; and Washington, DC, minus $0.25.
5/ Class I prices at other cities are: Knoxville, minus $0.20 and Louisville, minus $1.10.
6/ Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
7/ Class I prices at other cities are: New Orleans, same; Memphis, minus $0.90; Nashville, minus $0.90; and Springfield, MO, minus $1.40.
8/ Class I prices at other cities are: Orlando, same; Miami, plus $0.60; and Jacksonville, minus $0.40.
9/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
10/ Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10.
11/ Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
12/ Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.
13/ Class I prices at other cities are: Portland, same; and Spokane, same.


MILLION POUNDS
U.S. TOTAL ITALIAN-TYPE CHEESE PRODUCTION
420
400
380
360
340
320
300
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2008 2009 2010 2011 2012


MILLION POUNDS
U.S. TOTAL HISPANIC CHEESE PRODUCTION
21.0
20.0
19.0
18.0
17.0
16.0
15.0
14.0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH USDA, AMS, DMN
2008 2009 2010 2011 2012


MILLION POUNDS
U.S. SWISS CHEESE PRODUCTION
31.0
30.0
29.0
28.0
27.0
26.0
25.0
24.0
23.0
22.0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, DMN
2008 2009 2010 2011 2012


MILLION POUNDS
U.S. YOGURT PRODUCTION, PLAIN AND FLAVORED
410
400
390
380
370
360
350
340
330
320
310
300
290
280
270
260
250
240
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2008 2009 2010 2011 2012


MILLION GALLONS
U.S. REGULAR ICE CREAM MIX PRODUCTION
50
48
46
44
42
40
38
36
34
32
30
28
26
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2008 2009 2010 2011 2012

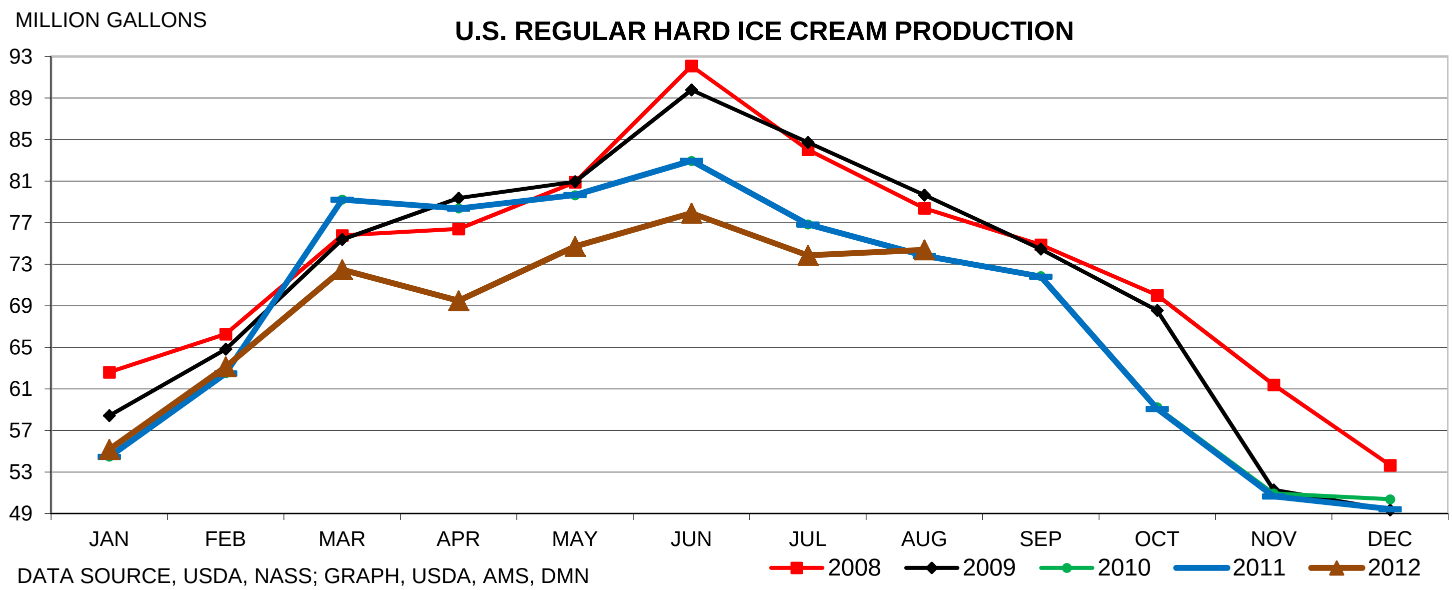

MILLION GALLONS
U.S. REGULAR HARD ICE CREAM PRODUCTION
93
89
85
81
77
73
69
65
61
57
53
49
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
2008 2009 2010 2011 2012
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

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Table 11. **Organic Livestock Products and Poultry Products Value of Sales from Certified Organic Farms - United States and States: 2011**

Commodity and geographic area	Sales								
	Total gross value of sales			Sold as certified organic			Sold as conventional		
	Farms	Quantity	Dollars	Farms	Quantity	Dollars	Farms	Quantity	Dollars
MILK FROM COWS (POUNDS)									
United States	1,823	2,797,845,926	764,685,911	1,812	2,791,430,858	763,381,231	31	6,415,068	1,304,680
Alabama	1	(D)	(D)	1	(D)	(D)	-	-	-
Arizona	1	(D)	(D)	1	(D)	(D)	-	-	-
Arkansas	1	(D)	(D)	-	-	-	1	(D)	(D)
California	72	469,148,296	127,201,275	72	(D)	(D)	3	(D)	(D)
Colorado	4	(D)	(D)	4	(D)	(D)	1	(D)	(D)
Idaho	17	93,922,456	25,310,940	17	93,922,456	25,310,940	-	-	-
Illinois	12	7,717,416	1,776,290	12	7,717,416	1,776,290	-	-	-
Indiana	81	46,341,401	(D)	81	46,341,401	(D)	-	-	-
Iowa	78	42,146,613	11,142,508	76	41,353,802	10,983,672	5	792,811	158,836
Kentucky	13	8,511,384	2,277,098	13	8,511,384	2,277,098	-	-	-
Louisiana	3	(D)	2,361,343	3	(D)	2,361,343	-	-	-
Maine	50	39,770,451	11,264,907	50	39,770,451	11,264,907	-	-	-
Maryland	4	(D)	(D)	4	(D)	(D)	-	-	-
Massachusetts	5	(D)	(D)	5	(D)	(D)	-	-	-
Michigan	46	(D)	(D)	46	(D)	(D)	-	-	-
Minnesota	114	124,912,937	33,187,033	112	124,134,301	33,020,397	3	778,636	166,636
Mississippi	1	(D)	(D)	1	(D)	(D)	-	-	-
Missouri	9	6,957,000	1,756,921	9	6,957,000	1,756,921	-	-	-
Montana	1	(D)	(D)	1	(D)	(D)	-	-	-
Nebraska	3	(D)	(D)	3	(D)	(D)	-	-	-
New Hampshire	12	(D)	(D)	12	(D)	(D)	-	-	-
New Mexico	3	(D)	(D)	3	(D)	(D)	-	-	-
New York	235	218,597,110	60,165,502	235	218,121,034	60,058,757	6	476,076	106,745
North Carolina	5	(D)	1,474,724	5	(D)	1,474,724	-	-	-
Ohio	135	83,003,533	23,524,496	133	(D)	(D)	2	(D)	(D)
Oregon	43	259,213,324	69,140,278	43	259,213,324	69,140,278	-	-	-
Pennsylvania	236	148,704,869	42,632,437	236	148,440,277	42,579,601	3	264,592	52,836
South Dakota	4	1,748,628	(D)	4	1,748,628	(D)	-	-	-
Tennessee	2	(D)	(D)	2	(D)	(D)	-	-	-
Texas	8	423,558,952	120,232,218	8	423,558,952	120,232,218	-	-	-
Utah	2	(D)	(D)	2	(D)	(D)	-	-	-
Vermont	180	149,649,913	41,702,950	180	149,649,913	41,702,950	-	-	-
Virginia	9	(D)	(D)	9	(D)	(D)	1	(D)	(D)
Washington	35	90,841,191	25,628,798	34	(D)	(D)	1	(D)	(D)
Wisconsin	397	313,991,661	82,278,236	394	313,298,106	82,151,746	5	693,555	126,490
Wyoming	1	(D)	(D)	1	(D)	(D)	-	-	-
GOAT MILK (POUNDS)									
United States	19	1,561,871	749,137	19	1,561,871	749,137	-	-	-
Iowa	10	676,556	331,489	10	676,556	331,489	-	-	-
Minnesota	2	(D)	(D)	2	(D)	(D)	-	-	-
Montana	1	(D)	(D)	1	(D)	(D)	-	-	-
New Mexico	1	(D)	(D)	1	(D)	(D)	-	-	-
New York	1	(D)	(D)	1	(D)	(D)	-	-	-
Oregon	2	(D)	(D)	2	(D)	(D)	-	-	-
Vermont	1	(D)	(D)	1	(D)	(D)	-	-	-
Wisconsin	1	(D)	(D)	1	(D)	(D)	-	-	-

See footnote(s) at end of table.

--continued

Agricultural Marketing Service

Dairy Market News Branch

National Dairy Retail Report

Websites: http://www.marketnews.usda.gov/portal/da **and** http://www.ams.usda.gov/mnreports/dybretail.pdf

Volume 79- Number 40 | Issued Biweekly | Thursday, October 4, 2012

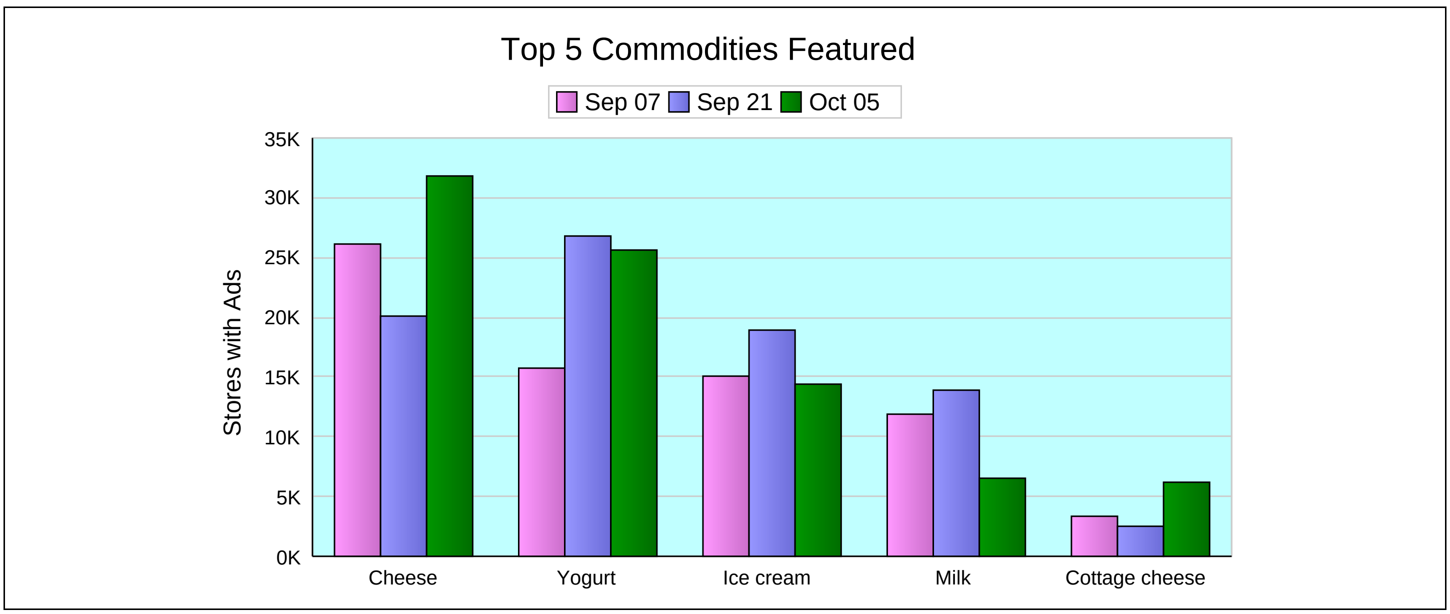
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 09/24 to 10/05

Retail ad features continue to display dairy products with fall themed advertising centered around football and baking being common. Higher prices are noted this period across the cheese categories, most likely reflecting the higher wholesales cheese prices. There is a slowing down of ice cream features, yet it remains the top featured individual item.

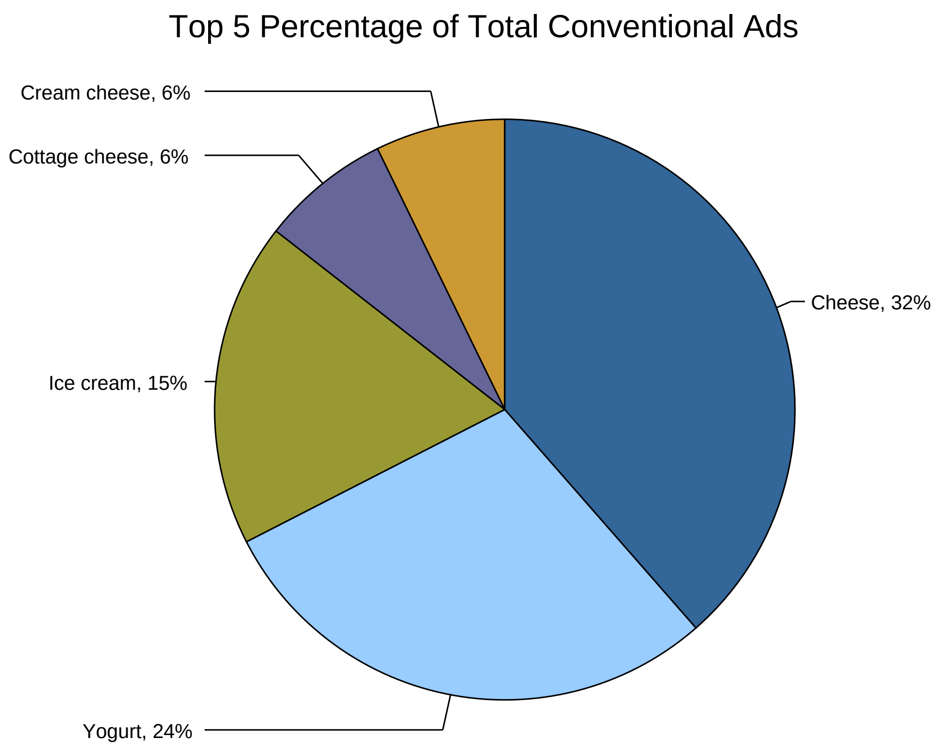
National butter prices this two-week period averaged $2.61 per 1-pound pack, down 2 cents from two weeks ago. Ad prices ranged from $1.99-3.99. Wholesale prices for Grade AA butter were $1.95 this week. Cheese prices were higher for 8 ounce blocks, at $2.21 +13 cent; 8 ounce shreds at $2.26 +19 cents; 1 pound block at $3.66, +12 cents; and 1 pound shred at $4.29, +62 cents. Cheese in 2 pound loaves at $4.75, were down 53 cents.

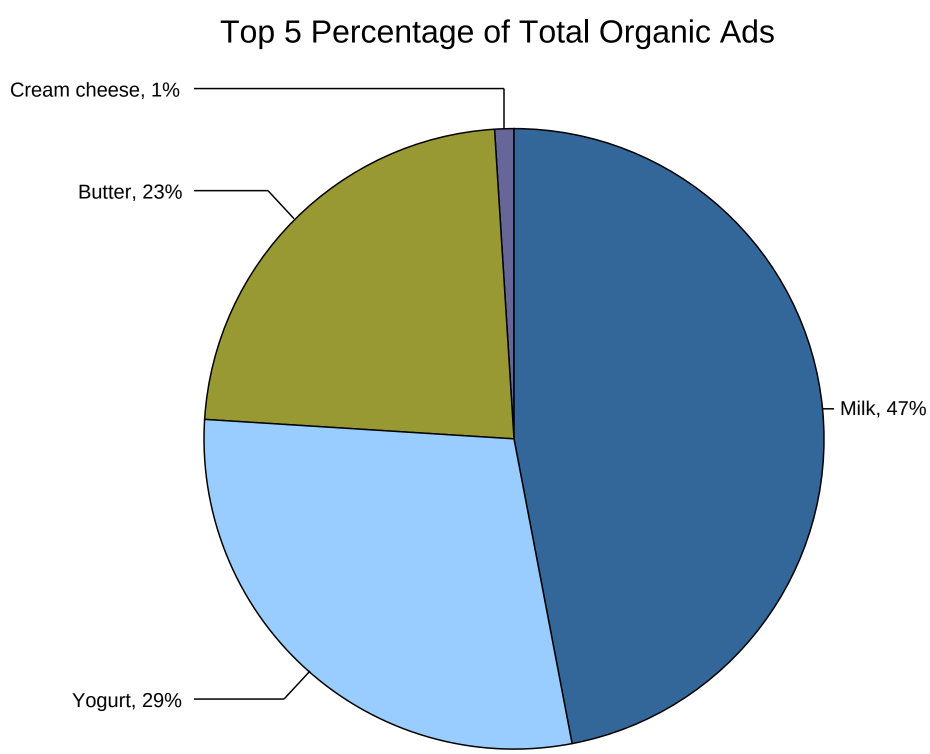
Yogurt features remain active. Greek yogurt in 4-6 ounce containers averaged 99 cents nationally, down 1 cent from two weeks ago. Some features were as low as 49 cents for national brand and 69 cents for store brand in surveyed stores. Conventional yogurt prices averaged 50 cents, down 2 cents.

Conventional milk's national weighted average advertised price for half gallons this period, $2.27, is 14 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, $3.31, is up 8 cents, after declining 24 cents last period from four weeks ago. This results in an organic-conventional half-gallon milk advertised price spread of $1.04, up from $0.82 two weeks ago and matching the $1.04 four weeks ago.



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





Wtd Avg - Simple weighted average

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	4419	2.61	4506	2.63
Cheese	Natural Varieties	8 oz block	9991	2.21	5486	2.08
Cheese	Natural Varieties	1 # block	4574	3.66	2393	3.54
Cheese	Natural Varieties	2 # block	101	4.75	677	5.28
Cheese	Natural Varieties	8 oz shred	11508	2.26	9667	2.07
Cheese	Natural Varieties	1 # shred	5546	4.29	1878	3.67
Cottage cheese		16 oz	6189	1.70	2582	1.70
Cream cheese		8 oz	6010	1.51	5067	1.57
Flavored milk	All fat tests	half gallon	1173	2.42	788	2.63
Flavored milk	All fat tests	gallon	875	3.44	83	2.99
Ice cream		48-64oz	14480	3.16	18816	3.11
Milk	All fat tests	half gallon	1274	2.27	1524	2.41
Milk	All fat tests	gallon	1712	2.64	4638	2.39
Sour cream		16 oz	4866	1.45	7399	1.60
Yogurt	Greek	4-6 oz	9596	.99	13702	1.00
Yogurt	Greek	32 oz	857	3.58	248	3.98
Yogurt	Yogurt	4-6 oz	12002	.50	9714	.52
Yogurt	Yogurt	32 oz	914	2.05	1890	2.23

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.99	2300	2.70	2.29-3.00	356	2.72	1.99-2.99	546	2.44
Cheese	Natural Varieties	8 oz block	0.99-3.99	2551	2.14	1.67-3.00	2366	2.37	1.49-3.00	1238	2.19
Cheese	Natural Varieties	1 # block	1.98-6.99	3629	3.57	4.98	202	4.98	2.99-4.49	325	4.18
Cheese	Natural Varieties	8 oz shred	1.00-3.99	2964	2.43	1.67-2.50	2231	2.25	1.49-2.50	1067	2.10
Cheese	Natural Varieties	1 # shred	2.99-5.19	126	4.70	2.99-5.19	1829	4.52	2.99-4.49	878	3.58
Cottage cheese		16 oz	1.50-2.99	2260	2.13	1.00-1.99	203	1.58	1.00-1.77	502	1.52
Cream cheese		8 oz	0.75-2.50	2050	1.73	0.93-2.39	1286	1.56	0.98-1.68	984	1.21
Flavored milk	All fat tests	half gallon	1.99-2.50	711	2.31				0.99-3.00	375	2.63
Flavored milk	All fat tests	gallon	3.29-3.99	323	3.67	3.99	105	3.99	2.98-3.00	175	2.99
Ice cream		48-64oz	1.99-4.59	3532	2.93	1.88-5.50	2128	3.44	2.49-3.50	2472	2.93
Milk	All fat tests	half gallon	1.50-3.00	851	2.57	1.50-2.99	67	2.17	0.99	52	.99
Milk	All fat tests	gallon	4.29	46	4.29	2.50-2.99	425	2.88	2.29-2.50	750	2.41
Sour cream		16 oz	0.99-1.99	1545	1.48	1.34-2.00	888	1.60	0.99-1.79	843	1.42
Yogurt	Greek	4-6 oz	0.79-1.25	2155	1.01	0.69-1.25	1380	.99	0.88-1.00	1525	.98
Yogurt	Greek	32 oz	3.00-4.49	829	3.62						
Yogurt	Yogurt	4-6 oz	0.39-0.60	3205	.49	0.45-0.60	3308	.51	0.39-0.50	1337	.50
Yogurt	Yogurt	32 oz	1.50-2.99	195	2.09	1.97	195	1.97	1.79-2.50	403	2.16

Wtd Avg - Simple weighted average

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.28-3.00	503	2.50	2.39-2.99	432	2.50	2.50	282	2.50
Cheese	Natural Varieties	8 oz block	1.49-3.49	981	2.19	1.88-2.50	1863	2.10	2.00-2.99	992	2.30
Cheese	Natural Varieties	1 # block				2.99-3.99	389	3.38	4.49	29	4.49
Cheese	Natural Varieties	2 # block							2.99-6.98	101	4.75
Cheese	Natural Varieties	8 oz shred	1.49-2.50	1436	2.11	1.98-3.00	2793	2.26	2.00-4.49	1017	2.23
Cheese	Natural Varieties	1 # shred	2.99-4.99	1069	3.71	2.99-4.99	1210	4.79	2.99-4.99	434	4.62
Cottage cheese		16 oz	1.00-1.99	829	1.28	0.99-1.99	1727	1.51	1.00-1.50	668	1.44
Cream cheese		8 oz	0.99-2.00	592	1.33	1.00-1.99	798	1.54	1.00-1.99	300	1.18
Flavored milk	All fat tests	half gallon	2.50	87	2.50						
Flavored milk	All fat tests	gallon	2.99	43	2.99	3.29	229	3.29			
Ice cream		48-64oz	2.00-4.50	1919	3.38	1.88-3.99	3355	3.22	2.00-4.99	1074	3.32
Milk	All fat tests	half gallon	2.49-2.50	122	2.50	0.88	64	.88	1.25	118	1.25
Milk	All fat tests	gallon	3.57	53	3.57	1.59-2.99	438	2.50			
Sour cream		16 oz	1.00-1.50	779	1.18	1.00-2.00	500	1.43	1.00-2.00	311	1.70
Yogurt	Greek	4-6 oz	0.89-1.00	1453	.99	0.49-1.00	2144	.98	0.99-1.00	939	1.00
Yogurt	Greek	32 oz							2.50	28	2.50
Yogurt	Yogurt	4-6 oz	0.45-0.60	999	.50	0.40-0.60	2955	.51	0.50	198	.50
Yogurt	Yogurt	32 oz				1.67	93	1.67	1.99	28	1.99

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	1737	3.99	2929	4.31
Cheese	Natural Varieties	8 oz shred	26	3.59		
Cream cheese		8 oz	56	2.59		
Ice cream		48-64oz			56	5.99
Milk	All fat tests	half gallon	2705	3.31	4553	3.23
Milk	All fat tests	8 oz UHT	805	1.00	3103	.98
Yogurt	Greek	4-6 oz			507	1.12
Yogurt	Yogurt	4-6 oz	560	.63	572	.82
Yogurt	Yogurt	32 oz	1658	3.23	90	2.99

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				3.79	34	3.79	3.99	488	3.99

Wtd Avg - Simple weighted average

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz shred							3.59	26	3.59
Cream cheese		8 oz	2.59	56	2.59						
Milk	All fat tests	half gallon	3.89-4.49	418	4.08	2.99-3.39	627	3.13	2.99-3.49	485	3.23
Milk	All fat tests	8 oz UHT							1.00	129	1.00
Yogurt	Yogurt	4-6 oz				0.60	460	.60			
Yogurt	Yogurt	32 oz				2.99-3.49	432	3.45	2.99-3.49	513	3.37

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99	386	3.99	3.99	631	3.99	3.99	198	3.99
Milk	All fat tests	half gallon	2.49-4.99	669	3.30	2.69-3.29	279	2.96	2.99	227	2.99
Milk	All fat tests	8 oz UHT	1.00	135	1.00	1.00	541	1.00			
Yogurt	Yogurt	4-6 oz	0.79	100	.79						
Yogurt	Yogurt	32 oz	2.99	386	2.99	2.99-3.00	209	3.00	3.00	118	3.00

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

Commodity	Type	Pack Size	NATIONAL BRANDS				STORE BRANDS			
			Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50	3.99	1251	2.98	1.99	3.49	3168	2.47
Cheese	Natural Varieties	8 oz block	.99	3.99	5191	2.33	1.00	2.50	4800	2.09
Cheese	Natural Varieties	1 # block	1.98	6.99	3414	3.61	2.99	4.49	1160	3.84
Cheese	Natural Varieties	2 # block	6.98	6.98	35	6.98	2.99	3.98	66	3.56
Cheese	Natural Varieties	8 oz shred	1.49	4.49	6682	2.42	1.00	2.50	4826	2.05
Cheese	Natural Varieties	1 # shred	3.99	5.19	3304	5.03	2.99	4.49	2242	3.18
Cottage cheese		16 oz	1.50	2.99	2212	2.04	.99	2.99	3977	1.51
Cream cheese		8 oz	.99	2.50	1455	1.98	.75	2.00	4555	1.37
Flavored milk	All fat tests	half gallon	.99	2.50	519	2.40	1.99	3.00	654	2.45
Flavored milk	All fat tests	gallon	2.98	3.99	469	3.45	2.99	3.99	406	3.42
Ice cream		48-64oz	1.99	5.50	10457	3.28	1.88	3.99	4023	2.85
Milk	All fat tests	half gallon	.99	3.00	907	2.54	.88	2.50	367	1.61
Milk	All fat tests	gallon	2.50	4.29	286	3.15	1.59	3.57	1426	2.53
Sour cream		16 oz	1.49	2.00	1426	1.78	.99	2.00	3440	1.32
Yogurt	Greek	4-6 oz	.49	1.25	6639	1.01	.69	1.00	2957	.96
Yogurt	Greek	32 oz	2.50	4.49	857	3.58				
Yogurt	Yogurt	4-6 oz	.39	.60	10056	.51	.39	.50	1946	.48
Yogurt	Yogurt	32 oz	1.50	2.99	195	2.09	1.67	2.50	719	2.04

Wtd Avg - Simple weighted average

NATIONAL -- ORGANIC DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	3.99	3.99	631	3.99	3.79	3.99	1106	3.98
Cheese	Natural Varieties	8 oz shred					3.59	3.59	26	3.59
Cream cheese		8 oz	2.59	2.59	56	2.59				
Milk	All fat tests	half gallon	2.69	4.99	1166	3.61	2.49	3.49	1539	3.08
Milk	All fat tests	8 oz UHT	1.00	1.00	805	1.00				
Yogurt	Yogurt	4-6 oz	.60	.79	560	.63				
Yogurt	Yogurt	32 oz	2.99	3.49	993	3.39	2.99	3.00	665	2.99

REGIONAL DEFINITIONS

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

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

Wtd Avg - Simple weighted average