

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/21):**

**BUTTER:** Grade AA closed at \$1.5375. The weekly average for Grade AA is \$1.5575 (-.0365).

**CHEESE:** Barrels closed at \$1.6550 and 40# blocks at \$1.7400. The weekly average for barrels is \$1.6405 (-.0035) and blocks, \$1.7290 (-.0170).

**BUTTER HIGHLIGHTS:** A combination of three factors: butter prices declining this week to levels last present during mid-July, cream offerings being heavy and expected to increase, and butterfat tests since July substantially above the last few years, all lead to one result - surplus cream. Cream supplies exceed demand. The surplus is expected to increase with coming holidays. The only real/viable outlet for the surplus cream will be the churn. This leads to a complex situation where manufacturers are averse to building inventories concurrent with downward index prices and retail butter orders are dropping as the window for shipping and stocking store shelves before holiday shopping closes. Some butter manufacturers in the Northeast are now increasing production of unsalted 82% butter targeted for the export market, where export demand from the Middle East remains good. Multiples in the Northeast range from 100-115, in the West from 90 to 118, and in the Central Region, early in the week were quoted at 110, but declined steadily throughout the week, closing at just under flat market. CWT is assisting with the sale of 1.3 million pounds of butter that will be delivered from December 2012 through June 2013. This brings the total for the calendar year to 72.4 million pounds.

**CHEESE HIGHLIGHTS:** Cheese production across the U.S. continues at accelerated levels. Milk supplies are steady to increasing in many parts of the country. Coupled with reduced demand from Class I and II due to the holidays, more milk is available for cheese manufacturing. This is expected to be the case for the next two weeks. Midwest plants are reporting discounts to Class III pricing for surplus milk from out of the region. Cheese prices are mixed this week at the CME Group. Barrels saw increasing prices, while blocks moved both directions. There is currently a larger than typical spread between blocks and barrels of 8.5 cents that is causing some confusion as to market direction in the short term. Barrel activity was heavy this week as prices improved. Barrels traded 32 loads, while blocks had 6 sales. Barrels closed the week at \$1.6550 up \$.0300 from last Friday's close, with

blocks closed at \$1.7400 up \$.0150 from last week's close. Export activity was increased due to the lower prices and CWT assistance was provided for 7.5 million pounds.

**FLUID MILK:** Manufacturing milk supplies are increasing across the nation going into the holiday period due to the seasonal declines in Class I and II demand. Manufacturing milk supplies are expected to keep dryers at/or near capacity levels in the Eastern and Central regions. Western processors should have adequate capacity to handle the increased volumes. Milk production is increasing steadily in the Northeast, Mid-Atlantic and Central regions with rising protein and butterfat levels. Milk production in California and the Southwest is steady to building slightly, but below year ago levels. A new yogurt plant opened in Idaho this week and will be ramping up the amount of milk it takes as the schedule allows. Cream supplies are increasing and prices are lower going into the holiday. More cream will be moving towards churns. Butter manufacturers are ramping up production schedules and will be looking for significant price reductions to accept additional volumes.

**DRY PRODUCTS:** Nonfat dry milk prices are steady to marginally higher in light trading. Increased milk volumes will be channeled to dryers over the holiday period. Buyers are purchasing for near term needs, unwilling to expand yearend inventories. Most manufacturers intend to focus on low heat production in order to better handle the increased milk volumes. Dry buttermilk prices are mostly steady in light trading. Production of dry buttermilk is increasing as heavy cream supplies are increasing volumes directed to churns. Dry buttermilk inventories are steadily expanding. Dry whey prices are mixed as the market has taken on a weak undertone. Production is expected to increase over the holiday period with inventories expanding. Demand has weakened as end users have adequate supplies in place for their end of year production needs. Whey protein concentrate 34% prices are unchanged to slightly lower. Manufacturers are clearing spot loads to the spot market with price incentives to boost buyer interest. Lactose prices are steady to weak. Some manufacturers note export interest for spot loads increased over the past two weeks.

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CME GROUP CASH TRADING

DAILY CASH CLOSES, WEEKLY AVERAGES, AND WEEKLY CHANGES  
WEEK OF December 17 - 21, 2012

COMMODITY	MONDAY DEC 17	TUESDAY DEC 18	WEDNESDAY DEC 19	THURSDAY DEC 20	FRIDAY DEC 21	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.6300 (+.0050)	\$1.6300 (N.C.)	\$1.6375 (+.0075)	\$1.6500 (+.0125)	\$1.6550 (+.0050)	:: (+.0300)	:: \$1.6405 (-.0035)
40# BLOCKS	\$1.7250 (N.C.)	\$1.7200 (-.0050)	\$1.7200 (N.C.)	\$1.7400 (+.0200)	\$1.7400 (N.C.)	:: (+.0150)	:: \$1.7290 (-.0170)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: (N.C.)	:: \$1.5600 (N.C.)
GRADE A	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	\$1.5575 (N.C.)	:: (N.C.)	:: \$1.5575 (N.C.)
<b>BUTTER</b>							
GRADE AA	\$1.5700 (-.0250)	\$1.5700 (N.C.)	\$1.5600 (-.0100)	\$1.5500 (-.0100)	\$1.5375 (-.0125)	:: (-.0575)	:: \$1.5575 (-.0365)

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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**INTERNATIONAL DAIRY MARKET NEWS (DMN):** **WESTERN EUROPEAN** milk production trends are holding mostly steady. Year to date levels are moderating as current monthly trends are below a year ago for the region in total. Output levels are indicated to be higher than a year ago in Germany, but tending to be lower for most other countries, trade contacts were noting statistics for France, Ireland and the UK. Despite higher milk pricing, weather effects and high input costs are constraining milk growth. Dairy product prices are mostly steady to slightly higher. Some gains were noted due to currency valuation changes. The end of year marketing of dairy products is tending to be slow with supply/demand in good balance. Relatively higher dairy product pricing is limiting export potential from Western Europe. PSA butter is moving out of storage with total remaining volumes at 33,500 MT, down about 16,000 MT from the latest reported November number. Milk production patterns across **EASTERN EUROPEAN** countries are generally maintaining levels of recent weeks. Milk production remains strong in Poland. Colder weather patterns were developing and creating some collection and transportation issues. The seasonal rate of gain is indicated to be slowing as the year progresses. Surplus dairy products are declining as stocks are utilized to fill orders. **NEW ZEALAND** milk production levels are trending steady to slightly lower as the milk season moves further away from the peak. The shoulder period is holding up rather well. October production numbers are almost 4% higher than a year ago. Seasonal numbers through October are up 6%. The New Zealand Ministry of Primary Industries is forecasting zero growth for the production season, implicating further future declines. Weather conditions have been overall favorable. Some areas of the north island and others in the south island are experiencing dry conditions. Rains are being reported and providing for good growth on grazing pastures. Temperatures are typically mild with intermittent spikes in the daytime highs that are not having much of an impact on milk cows and output. Processing plants are running on extended schedules to handle the seasonally active milk supplies. The production mix is not being changed at present as processors are seeking to balance the milk intakes versus focusing on products of greater need. The strengthening NZ dollar is creating a more difficult export environment in that product costs are higher into the world market. The impact is muted for exporters who are hedging currency values and for those establishing trading values across currencies. **AUSTRALIAN** milk output levels have been growing slightly in recent weeks. November comparable totals are tending to be 1% above year ago levels. The estimates of seasonal totals growing by 2% are expected to be lowered. Early season, wet conditions were harder to overcome for some areas. Other contributing factors mirror what is happening in other milk producing countries and regions. The high feed costs are stressing margins and supplemental feeding is being lowered to mitigate costs. Higher farm milk pay prices are being adjusted as the season progresses. Supermarket milk and dairy product pricing wars continue to be used to entice customers, yet remain a negative impact to milk prices. Dairy product prices are steady, with the exception of lower pricing for whole milk powders. Market sellers are mostly comfortable and confident with production, sales on the books, shipments, and stock levels. Buying interest is generally covered over the yearend holidays and through other events like the Chinese New Year. Stocks are well positioned for Q1. g/DT Update: Average prices at the latest g/DT auction on December 18 and changes from the previous event are: anhydrous milk fat \$3,180, -0.1%; Buttermilk powder \$3,600, -0.4%; cheddar \$3,510, +4.9%; milk protein concentrate \$6,039, +1.0%; rennet casein \$8,477, +6.9%; skim milk powder \$3,419, +1.1%; and whole milk powder \$3,147, -0.6%. The next event, #83 will be held on Tuesday, January 2.

**NOVEMBER FMMO MARKETING AND UTILIZATION SUMMARY (DAIRY PROGRAMS):** During November 2012, more than 8.9 billion pounds of milk were received from producers. This volume of milk is 12.6% lower than the November 2011 volume. In -1A-

November 2011 and November 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 0.2% higher than the previous year. The all-market average Class utilization percentages were: Class I = 42%, Class II = 14%, Class III = 32% and Class IV = 12%. The weighted average statistical uniform price was \$21.15 per cwt., \$0.60 higher than last month and \$1.45 higher than last year.

**JANUARY FEDERAL MILK ORDER ADVANCE PRICES, JANUARY (FMMO):** Under the Federal milk order pricing system, the base Class I price for January 2013 is \$18.97 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$13.33 and the advanced butterfat pricing factor of \$1.7452. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to December 2012, the base Class I price decreased \$2.42 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$2.33 per cwt., -\$0.200 per gallon; reduced fat milk (2%), -\$1.94 per cwt., -\$0.167 per gallon; fat-free (skim milk), -\$1.46 per cwt., -\$0.126 per gallon. The advanced Class IV skim milk pricing factor is \$12.26. Thus, the Class II skim milk price for January is \$12.96 per cwt., and the Class II nonfat solids price is \$1.4400. The two-week product price averages for January are: butter \$1.6126, nonfat dry milk \$1.5442, cheese \$1.8250, and dry whey \$0.6588.

**NOVEMBER MILK PRODUCTION (NASS):** Milk production in the 23 major States during November totaled 14.9 billion pounds, up 1.1% from November 2011. October revised production at 15.2 billion pounds, was down slightly from October 2011. The October revision represented an increase of 1 million pounds or less than 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,758 pounds for November, 19 pounds above November 2011. The number of milk cows on farms in the 23 major States was 8.47 million head, 3,000 head less than November 2011, but 8,000 head more than October 2012.

**CME GROUP**

MONDAY, DECEMBER 17, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6500  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$1.5675, 1 @ \$1.5700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5725

TUESDAY, DECEMBER 18, 2012

CHEESE -- SALES: 12 CARS BARRELS @ \$1.6300; 4 CARS 40# BLOCKS: 2 @ \$1.6800, 1 @ \$1.6850, 1 @ \$1.7200; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6200;  
 1 CAR 40# BLOCKS @ \$1.7100; LAST OFFER UNCOVERED: 5 CARS BARRELS @ \$1.6300  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5700  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5500; LAST OFFER UNCOVERED: NONE

WEDNESDAY, DECEMBER 19, 2012

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.6275, 2 @ \$1.6300, 2 @ \$1.6350, 1 @ \$1.6325; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6375; LAST OFFER UNCOVERED: 5 CARS BARRELS @ \$1.6500  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5500; LAST OFFER UNCOVERED: NONE

THURSDAY, DECEMBER 20, 2012

CHEESE -- SALES: 12 CARS BARRELS: 2 @ \$1.6500, 1 @ \$1.6475, 2 @ \$1.6375, 1 @ \$1.6400, 1 @ \$1.6450, 5 @ \$1.6500; 2 CARS 40# BLOCKS: 1 @ \$1.7100, 1 @ \$1.7400; LAST BID UNFILLED: 5 CARS BARRELS @ \$1.6400; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 21, 2012

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.6500, 1 @ \$1.6550; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6550; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6700  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.5400, 1 @ \$1.5375; LAST BID UNFILLED: 10 CARS GRADE AA @ \$1.5350; LAST OFFER UNCOVERED: NONE

**BUTTER MARKETS****NORTHEAST**

The CME Group butter price was unchanged Tuesday, following Monday's \$0.0250 decline, and closed at \$1.5700. Cream supplies have quickly exceeded demand and increased volumes are headed to churns. Most butter makers are resisting purchases of additional loads of cream, knowing supplies will be heavy over the holiday period with prices likely lower. Domestic butter sales are tailing off going onto the holiday period. Some butter makers are increasing production of unsalted, 82% butter as they look to fill their export commitments and build supplies for possible future export orders. Export demand from the Middle East remains good. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.318 million pounds (598 metric tons) of butter. The product will be delivered December 2012 through June 2013. During 2012, CWT has assisted member cooperatives in making export sales of butter totaling 72.4 million pounds and anhydrous milk fat totaling 127,868 pounds. Current bulk butter prices range from 4-7 cents over the market based on the CME Group with various time frames and averages used.

**MIDWEST**

Butter production in the Central region is steady to higher this week, with some manufacturers sticking to using internal cream supplies while others are accepting spot cream loads from Central and East origination points. Many manufacturers expect the upcoming weekend will provide additional spot cream loads at lower multiples as a kick off to a heavy week of churning activity. Retail butter orders are dropping as the window for shipping and restocking store shelves closes. Some grocery store features on butter are active this week for last minute shoppers. Interest in bulk butter from resellers is steady to increasing. The Grade AA butter market at the CME fell two and one-half cents early in the week, then declined another cent by midweek.

**WEST**

Butter prices at the CME on Monday fell 2 1/2 cents and fell another penny on Wednesday to close at \$1.56. Prices have not been that low since mid-July. Sales activity was moderate with 6 loads changing hands through midweek. Prices for bulk butter range from 2-5 cents under the market, based on the CME with various time frames and averages used. Cream offerings are heavy currently and are only expected to increase as the holidays approach over the next two four day weekends. Federal Order butterfat tests have been substantially above the last few years since July. The spread has gotten wider through the current report for October. The only real/viable outlet for the surplus cream will be the churn. However, butter manufacturers are not looking forward to adding to inventories at this time of year with a downward trend noted on index prices. They are expecting some last minute orders, but nothing of any consequence. Early indications are that sales for end of the year needs have been about at expected levels. CWT indicates they are assisting with the sale of 1.3 million pounds of butter that will be delivered from December 2012 through June 2013. This brings the total for the calendar year to 72.4 million pounds.

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

<b>WEEK ENDING</b>	<b>BUTTER</b>	<b>CHEESE 40# BLOCKS</b>	<b>CHEESE BARRELS 38% MOISTURE</b>	<b>DRY WHEY</b>	<b>NDM</b>
December 15, 2012	1.5944 4,446,906	1.8141 10,871,688	1.7546 10,012,378	0.6541 6,823,941	1.5456 15,451,213

## CHEESE MARKETS

## NORTHEAST

CME Group cheese prices were mixed Tuesday with barrels unchanged and closing at \$1.6300, while blocks declined \$0.0050 to close at \$1.7200. Activity on the exchange was notable Tuesday with 12 loads of barrels and 4 loads of blocks transacted. Weekly average prices on the CME Group declined for both blocks and barrels, resulting in a \$0.0150 decline in wholesale prices for cheddar blocks and Muenster and a \$0.0375 decline for processed cheese slices. Swiss cut cheese prices were unchanged. Cheese production continues to increase as milk production increases along the seasonal trend. Holiday orders are all but filled and as a result cheese inventories are expanding. Cheese volumes going into aging programs are also on the increase. Domestic and export demand are expected to decline over the holiday period. The Kansas City Commodity Office announced the award of solicitation AG\_DNAC-S-13-0041 for 1,101,600 pounds of Natural American Barrels for USDA's domestic food distribution programs. Prices for the award ranged from \$1.9175 - \$1.9675. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 7.547 million pounds (3,423 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered December 2012 through June 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack, and Gouda cheese totaling 123.2 million pounds.

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

Cheddar 40# Block	:	2.1475-2.4325
Process 5# Sliced	:	1.8600-1.9800
Muenster	:	2.1675-2.5275
Grade A Swiss Cuts 10 - 14#	:	3.8600-4.1825

## MIDWEST

Strong export sales during the last week at high levels for a weekly cycle, have helped some manufacturers "clean out" inventory of block cheddar. This is a welcome counterpoint to domestic retail sales perceived as "sluggish", attributed to buyer perceptions that prices are not yet low enough to warrant "taking on appreciable inventories". With higher cheese inventory building recently in some plants, resulting from increased cheese manufacturing using milk being sold as much as \$5.00 below Class III, the sales boost of significant export sales is welcome. The week's export transaction accounted for about 20% of all the manufacturer's exports for 2012. Heavy volumes of milk at prices under Class III continue to be available to cheese manufacturers. By Wednesday this week, the block barrel price spread, considered by many to "normally" be 3 to 4 cents, had narrowed to \$.0875, resulting from barrel prices increasing Monday and Wednesday. The spread has not been under \$.0875 since December 5. The uncertainty about whether the Farm Bill will be extended before the end of the year has some cheese plants at least planning for possible reversion to the 1949 Act provisions, which could lead to government price support purchases of cheese. Detailed regulations concerning cheese manufacturing standards, inspection, packaging, storage, tender for sale, shipping etc., are being reviewed and evaluated by some manufacturers wishing to be prepared for whatever January 1 brings. In a completely separate matter, the Kansas City Commodity Office (USDA-FSA) announced last Friday, a purchase award for

1,101,600 pounds of Natural American Cheese Barrels at prices ranging from \$1.9175 to \$1.9675. This cheese will be distributed under USDA's Domestic Food Distribution Program. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 7.547 million pounds (3,423 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered December 2012 through June 2013. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 123.2 million pounds.

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

Process American 5# Loaf	:	1.8325-2.5375
Brick And/Or Muenster 5#	:	2.1350-2.6950
Cheddar 40# Block	:	2.1350-3.0075
Monterey Jack 10#	:	2.1050-3.0075
Blue 5#	:	2.4000-3.3850
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9800-3.1075
Grade A Swiss Cuts 6 - 9#	:	3.3800-3.4975

## WEST

CME Group block cheese prices had held steady at \$1.76 for nine trading sessions through last Wednesday. On Thursday, last week, they fell 3 1/2 cents and fell another 1/2 cent on Tuesday of this week to stand at \$1.72 at midweek. The spread with barrels is 8 1/4 cents, which is not sustainable in the longer run. Sales activity this week has picked up with 18 cars of barrels sold and 4 of blocks. Weekly average block prices have declined for 6 consecutive weeks. This fact, along with the fast approaching end of the year holidays, has held demand in check for the last few weeks. Buyers had been placing minimal orders as prices declined steadily. Now it is late enough in the year that orders had to be on the books to meet end of the year needs, so that time has generally passed. Manufacturers are watching inventory levels closely and have no desire to build stocks at this time. Production has been running a bit ahead of last year as protein tests have been strong all fall even with milk supplies in the region less than last year. CWT indicates that it will be assisting in the sale of 7.5 million pounds of cheddar and Monterey Jack cheese from December 2012 through June 2013. This sale brings the total for the calendar year to 123.2 million pounds. Higher cheese production is anticipated for the next few weeks due to more surplus milk looking for a home.

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

Process 5# Loaf	:	1.7675-2.0250
Cheddar 40# Block	:	1.8675-2.2200
Cheddar 10# Cuts	:	2.0475-2.2675
Monterey Jack 10#	:	2.0575-2.2175
Grade A Swiss Cuts 6 - 9#	:	3.4375-3.8675

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## CHEESE MARKETS

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## FOREIGN

The weekly average CME Group block price declined, lowering domestic wholesale foreign type cheese prices by \$0.0150. Swiss cuts and import varieties were unchanged. Port operations at New York and New Jersey are much improved from a few weeks ago, thanks to post Superstorm Sandy recovery efforts. Cheese importers continue to be very busy as they replenish and rebuild supplies. Negotiations with the Longshoremen's union enter a critical stage this week with importers hoping a strike can be avoided. A strike would be a major problem for importers as December 31 is the last day for licensees to make entries to fulfill the requirement to use 85% of their calendar year 2012 license amount. It is also the last day for which calendar year 2012 licenses are valid.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.2200	2.2875-3.7750*
Gorgonzola	3.6900-6.1900	2.7900-3.2450*
Parmesan (Italy)	-0-	3.6775-5.7675*
Provolone (Italy)	3.4400-5.5800	2.3300-2.4875*
Romano (Cows Milk)	-0-	3.4775-5.6275*
Sardo Romano (Argentine)	2.8500-3.9800	-0-
Reggianito (Argentine)	3.2900-4.2900	-0-
Jarlsberg-(Brand)	2.9500-5.2900	-0-
Swiss Cuts Switzerland	-0-	3.9575-4.2800
Swiss Cuts Finnish	2.5900-2.8500	-0-

\* = Price change.

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

BUTTER : CHEESE

	:	
12/17/12	4,466	: 113,325
12/01/12	4,881	: 114,041
CHANGE	-415	: -716
% CHANGE	-9	: -1

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	70	0	70	8	0
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies continue to increase in the Northeast and Mid-Atlantic regions. Milk production in both regions is increasing along the seasonal trend. Butterfat levels of incoming milk are above year ago levels and in some areas near 4%. Class I demand is expected to decline later in the week, adding to overall manufacturing milk volumes. Florida milk production is beginning to pick up again as cooler weather and some badly needed rains covered some areas of the state. Most producers are comfortable with their forage feed supplies, but grain supplies are limited and prices are high. Due to the forage/grain situation, most producers expect this year's flush to be below last year's levels. Class I demand held steady this week and limited exports to 70 loads. Southeast milk supplies continue to be nearly in balance with need with only a few loads going to auxiliary manufacturers. Load rejections, due to high aflatoxin levels, were down compared to last week. Class I demand has held steady, but is expected to decline going into the holiday week. Cream supplies are very "sloppy" with some loads having trouble finding a home. Butter makers are in no mood to buy extra loads of cream at this point in time as they know they'll be facing heavy supplies at possibly lower prices over the holiday period. Demand for cream is weak as holiday orders are filled and ice cream plants are preparing for extended shut downs, which is typical for this time of year. Some cream loads are making their way west at significant discounts and there have been reports of trouble finding truckers for longer hauls. Multiples declined from last week and range from 100-115 and are dependent on need, day of week and location. Class II holiday production is declining, which is increasing condensed skim supplies. Spot sales are few and far between with most of the extra volumes headed to dryers. Drying operations at most plants will be at/or near capacity levels for the yearend holiday period.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast -	1.5940-1.8331
F.O.B. producing plants: Upper Midwest -	1.5940-1.7600

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

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.50 - 1.59
Northeast - Class III - spot prices -	1.68 - 1.77

## MIDWEST

Production of milk on farms is increasing steadily in the Central region. Protein, butterfat and nonfat solids test values are also rising. Milk handlers indicate some milk volumes are still looking for processing room during the upcoming extended holiday weekend. Prices ranged down to \$5 under Class at midweek, but may decline further as the weekend approaches. Several balancing plants indicate they are booked to capacity with internal supplies and no additional milk can be processed. Class II cream multiples decreased sharply as the week progressed, in tandem with increasing

availability of spot loads. Early in the week multiples were quoted at 110, but declined steadily throughout the week, closing at just under flat market as the number of Class II plants willing to process additional cream loads dropped. One or two butter plant operators who run intermittently expect to churn during the next two weeks to help clear cream supplies. November 2012 milk production increased compared to November 2011 in eight of the ten Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production increases range from 1.9% in Illinois to 6.1% in Kansas. Regional cow numbers grew by 18,000 animals compared to one year ago, led by Wisconsin and Michigan each adding 6,000 cows and Iowa adding 5,000 cows.

## WEST

CALIFORNIA milk production is mostly steady and said to be building slightly, although volumes continue to be well below year ago levels. Cooler, rainy weather in Northern California left some mountain areas with new snow. Additional moisture is welcomed to add to snowpack and reservoirs. Freeze warnings were issued in the Fresno area as the storms impact the Northwest. Balancing plants are seeing increased volumes as Class I demand is lighter with schools recessed for the holidays. The increased milk volumes will be sent to manufacturing plants and should cause no handling problems. Lower cheese and butter prices have dairy farmers looking at lower milk prices. This will add to profitability issues in the near term. ARIZONA milk production is mostly steady. Cooler weather went through the region this week. Conditions were good for cow comfort and steady milk production. Class I needs are lower as schools prepare to close for the holiday season. Local processors have adequate capacity to handle any extra supplies. Milk pooled on the Arizona Order 131 totaled 350.3 million pounds in November 2012; approximately 98 producers delivered milk to the market. The average daily delivery per producer was 119,139 pounds. Class I utilization was 119.8 million pounds and accounted for 34.2% of producer milk. The uniform price was \$20.67. An equivalent producer price differential would have been negative \$0.16. The uniform price for the Arizona Order was \$0.44 above last month, and \$1.36 above the same month last year, an increase of 7.0%. NEW MEXICO milk production is steady with previous week's, but running behind year ago. Lower cow numbers and high feed costs are responsible for production losses. Processors report sufficient milk can be found for current needs but are watching availability of milk in the second quarter of the year. A large dairy in the region will close soon and cows are being put on the auction block. Cream prices are lower as the markets move into the holiday period. Demand is light as many Class II plants go dark for the holiday. More cream will be moving towards butter churns. Butter manufacturers are ramping up production schedules, but are looking for significant price reductions to accept additional supplies. At the CME Group, the Grade AA butter price closed at \$1.5600 on Wednesday, December 19, down 3.5 cents from a week ago. Cream multiples range from 90 to 118, and vary depending on basing points and averages. Coastal areas of the PACIFIC NORTHWEST continue to get quite a bit of moisture, mostly rain, but some snow mixed in also. Heavy wind storms have also been common every few days. Some power line issues are noted. Little impact is noted on

CONTINUED ON PAGE 4A

## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

dairies or plants. More snow is common over the mountain areas and into internal/eastern regions of the two states. No plants are expecting to have problems handling milk over the holiday weekend unless unexpected plant breakdowns develop. UTAH and IDAHO are getting some much needed snow also. Alfalfa fields generally have some snow cover which is good now that temperatures are getting down into single digits. The opening of the new yogurt plant in Idaho occurred on Monday of this week. The plant will be ramping up the amount of milk it takes as the schedule there allows. Milk pooled on the Pacific Northwest Order 124 totaled 415.0 million pounds in November 2012; approximately 450 producers delivered milk to the market. The average daily delivery per producer was 30,739 pounds. Class I utilization was 187.2 million pounds and accounted for 45.1% of producer milk. The producer price differential (PPD) for the Pacific Northwest Order was a negative \$0.85, resulting in a statistical uniform price of \$19.98. The statistical uniform price for the Pacific Northwest Order was \$0.80 above last month, and \$1.21 above the same month last year, an increase of 6.4%. According to NASS, the November *Milk Production* report shows an increase for the 23 surveyed states of 1.1% to 14.90 billion pounds. This is the largest increase from last year since June. Cow numbers are down 3,000 head from last year, but up 8,000 head from October. Production per cow is up 19 pounds from November 2011 or 1.1%. November milk output for selected Western states is as follows: Arizona down 2.0%, California down 2.3%, Colorado up 6.5%, Idaho up 2.3%, New Mexico down 4.0%, Oregon up 0.5%, Utah up 2.0%, and Washington down 0.6%.

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 contract prices notched higher following increases in various indices. Those increases are in contrast to some spot market prices that were steady to lower for some manufacturers as they use pricing discounts to actively manage inventories. Spot loads are readily available from several locations in the region. Buyer interest is often for the very near term as few end users or resellers want to carry sizeable inventories into the New Year. Nonfat dry milk production in the Central region is steady to higher as fewer loads of condensed skim are clearing to Class II manufacturers. Cheese production is also lower as the cheese market is unsettled and manufacturers are reluctant to build inventory on a market with downside potential. Fluid orders surged midweek into some balancing plants as many retail outlets reordered to cover the upcoming holiday weekend, but orders then declined. Most Central NDM manufacturers indicate they will be running at full capacity through Tuesday. Low heat nonfat dry milk is on most schedules.

**EAST:** Low heat nonfat dry milk prices moved higher, supported by price increases for transactions based on various price indices. Prices for high heat nonfat dry milk held steady. Nonfat dry milk production is increasing as heavier milk volumes are headed to the dryers, due to declining Class II production. Numerous ice cream plants will be closed for the holiday period, channeling more milk to dryers. Most drying operations are expected to be at/or near capacity for much of the holiday period with inventories increasing. The recent focus on high heat production is transitioning to low heat production in order to better handle the increasing milk supply. Most market transactions are via contracts with limited spot sales activity. Most buyers are purchasing hand to mouth unwilling to increase inventories prior to year's end.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5100 - 1.6275 MOSTLY: 1.5300 - 1.6125  
 HIGH HEAT: 1.6500 - 1.6800

**NONFAT DRY MILK - WEST**

Western nonfat dry milk prices are steady to slightly higher in light preholiday trading. The market tone is mostly steady with the upper end of both the range and mostly series moving higher as various contract pricing indices moved up. Trade participants describe the market as predictable with lackluster demand as the year ends. Contracted deliveries are moving in an orderly fashion. Spot buyers are reluctant to increase inventories with few opportunities to find bargain prices. Manufacturers are content with current inventories and are holding prices steady. Increased volumes of milk are expected to move to drying facilities over the holiday period. While this is expected, with the holidays falling on Tuesday's this year, additional volumes are anticipated. Western high heat prices are following the trend in the low heat market. Most manufacturers intend to concentrate on low heat production during the holiday flush. Negotiations continue for contracts into first quarter of 2013 and beyond.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5000 - 1.6000 MOSTLY: 1.5100 - 1.5600  
 HIGH HEAT: 1.5200 - 1.6400

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk prices in the Central region are unchanged for the week. Buyer interest is at low ebb as few traders or end users want to build inventories at current prices, especially as the seasonal increase in production is already in motion. Market participants' general expectation is lower dry buttermilk prices will be available soon. Dry buttermilk production is increasing rapidly throughout this week, and is expected to continue until midweek next week. Dry buttermilk inventories are growing steadily.

**EAST:** Prices for dry buttermilk were unchanged this week. Production of dry buttermilk is increasing as heavy cream supplies are expanding the volumes going to butter production. The market activity is very limited, supplies are moving through contracts and manufacturer's inventories are building. The market forecast is for more of the same for the holiday period. Demand for dry buttermilk is declining as most end users have adequate supplies to complete yearend production and are not inclined to expand inventories. The market undertone remains weak.

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

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are mostly steady. The upper end of the mostly series was slightly higher as some contracts followed higher pricing indices. The overall tone of the market is steady with very little activity above contract needs. Production of dry buttermilk continues to accelerate as more cream is arriving at butter churns. The upcoming holiday period is expected to increase on this volume. With the holidays arriving midweek, many ice cream plants and Class II users will take additional days off. Sales of condensed buttermilk have slowed accordingly. Increased supplies of buttermilk solids will lead to more drying in the next two weeks. Manufacturers are content to put dry buttermilk into inventory for 2013 needs. Buyers are looking for discounts, and there is increased interest for buttermilk, but sales activity is limited without discounts.

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

**DRY WHOLE MILK - NATIONAL**

No price changes are noted for dry whole milk selling this week. Interest is light and the market is untested. Production at many plants is on hiatus until the after the two upcoming extended holiday weekends.

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

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
December 14	\$1.5274	7,733,091	0
December 7	\$1.5162	5,307,139	0

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

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

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

**DRY WHEY - CENTRAL**

Central dry whey prices are unchanged to higher on the range, reflecting increases in variable-index pricing sales, but the increases were matched by price discounts on spot loads from several manufacturers. The mostly series is unchanged on the bottom and one-quarter cent lower on the top. Various manufacturers report inventories are approaching target levels for the end of the fiscal year, aided by active offerings to the spot market. A majority of the Q1 and/or annual contracts are finalized, but some contracting for seller/buyer relationships will firm up during January. Dry whey production is active throughout the region as farm milk intakes increase seasonally. ANIMAL FEED DRY WHEY prices are steady. Supplies are ample from feed grade plants and are being occasionally supplemented by downgraded loads from edible plants.

F.O.B. CENTRAL: .5700 - .6900 MOSTLY: .6300 - .6500  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4750 - .6300

**DRY WHEY - NORTHEAST**

Dry whey prices were mixed this week with the low end of the range declining and the high end of the range increasing. The market reflected the transitioning inventory situation with some manufacturers having expanded supplies and considering pricing discounts, while other manufacturer's inventories remain fairly tight. Production is expected to exceed demand over the holiday period as more milk makes its way to cheese vats. Market activity remains fairly light with supplies primarily moving through contracts. Some resale activity with pricing in the low 60's has been noted as some brokers manage their yearend inventories. Demand has weakened as end users have adequate supplies to cover their yearend needs. The market undertone has turned steady to weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6600 - .7200

**DRY WHEY - WEST**

Some pushback has developed on the buying side for Western whey powder. Sellers are also more concerned about the future market situation and are working hard to make sure inventories remain at reasonable levels. Production of whey is expected to increase over the next three weeks and demand will likely be lackluster due to the holidays. There is generally a weaker undertone developing in the market. Prices on the mostly series moved lower.

NONHYGROSCOPIC: .5400 - .6825 MOSTLY: .6000 - .6600

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% are unchanged on the range, unchanged to fractionally lower on the mostly price series. Pushback from contract customers on December contract WPC 34% loads freed up volumes for spot market offerings in some producers' inventories. Manufacturers are clearing spot loads to the market, with pricing incentives aiding buyers' interests. A few WPC 34% producers remain behind on production and are solely concentrating on contract fulfillment. WPC 34% production is steady to lower as some plants clear condensed WPC 34% volumes to other processors on a steady to increasing basis.

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

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged for the week on the mostly series, but both lower and higher on the range. Spot loads from some Central and West manufacturers are available. Mesh size, packaging, and quality factors are influencing demand/pricing for these loads. Some manufacturers note export interest in spot loads perked up during the last two weeks. Reallocation of loads among buyers on a weekly basis is helping fill this late interest. Prices on spot loads are reportedly garnering steady to marginally lower prices compared to Q4 contract values. Q1 contracting is active, with many producers hoping to wrap up negotiations this week. Producers indicate interest in Q1 lactose contracting is active, however some customers are asking for changes in pricing structure. A few manufacturers are introducing and/or expanding Q1 fixed price options for established customers. Lactose production is unchanged for the week at most locations.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL: .5300 - .8700 MOSTLY: .7200 - .8200

**CASEIN - NATIONAL**

There are no price changes this week to both acid and rennet casein. Market activity is light heading into the end of the year, holiday weeks. Most all commitments have been filled with the trade working on Quarter 1 and other 2013 contracting. There is some unsettledness on availability and pricing for future needs. Early indications are that there will be few surprises on Q1 pricing. The g/DT auction showed trading in February and March 2013 at \$8449 - \$8541 per MT or \$3.83 - \$3.87 per pound for New Zealand product.

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

RENNET: 3.7000 - 4.4000  
ACID: 4.4500 - 4.7500

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009**

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

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

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

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
12/01/2012	65.1	2,847	61.0	2,732

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](http://www.ams.usda.gov/mnreports/sj_ls714.txt)

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

**CLASS III MILK PRICES (3.5% BF)**

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

**CLASS IV MILK PRICES (3.5% BF)**

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

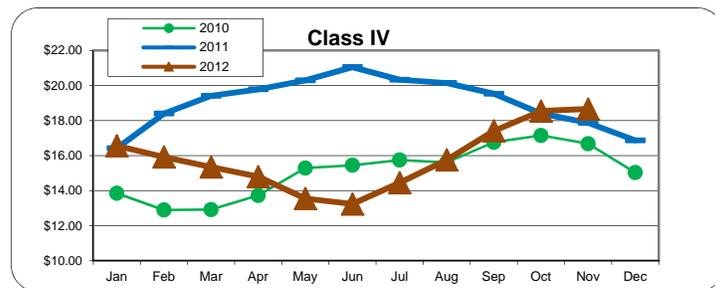
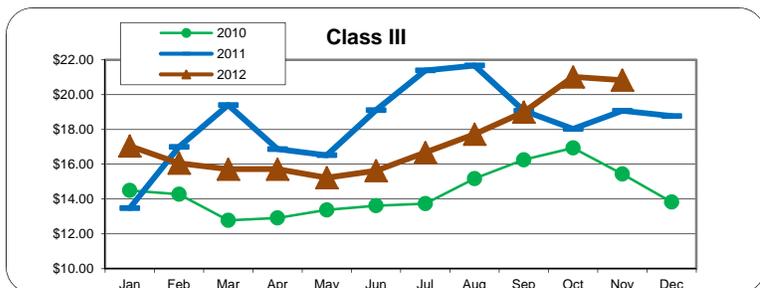
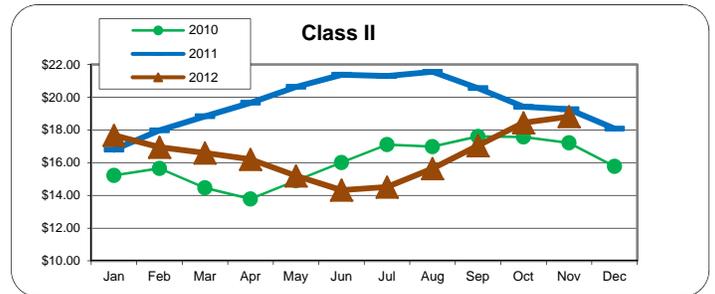
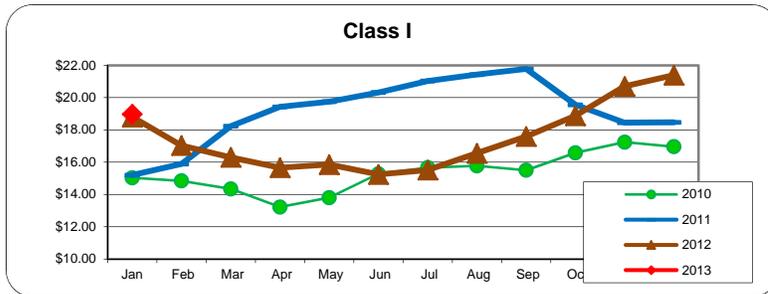
**FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51	16.55	17.59	18.88	20.70	21.39
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51	15.64	17.04	18.44	18.81	
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	

**FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)**

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

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered December 10 - 21, 2012

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

**WESTERN OVERVIEW:** Western European milk production trends are holding mostly steady. Year to date levels are moderating as current monthly trends are below a year ago for the region in total. Output levels are indicated to be higher than a year ago in Germany, but tending to be lower for most other countries, trade contacts were noting statistics for France, Ireland and the UK. Despite higher milk pricing, weather effects and high input costs are constraining milk growth. Dairy product prices are mostly steady to slightly higher. Some gains were noted due to currency valuation changes. The end of year marketing of dairy products is tending to be slow with supply/demand in good balance. Relatively higher dairy product pricing is limiting export potential from Western Europe. PSA butter is moving out of storage with total remaining volumes at 33,500 MT, down about 16,000 MT from the latest reported November number.

**BUTTER/BUTTEROIL:** European butter prices and markets are fully steady. Market activity is light to fair into export channels as pricing for both butter and butteroil are at levels above other exporting countries. Internal demand remains seasonally active and is readily clearing. Butter churning is building seasonally as milk moves higher from seasonal low levels and more cream is available to churning operations. PSA butter is moving out of storage with total remaining volumes at 33,500 MT, down about 16,000 MT from the latest reported November number. There is not any impact with the butter reentering the market. Butteroil prices are unchanged. Output trends are limited. Current pricing levels continue to impact the ability to export butteroil with competition in the world markets at lower pricing points. The latest g/DT auction was quoting AMF at \$3,180 per MT across all contract periods.

82% BUTTERFAT: 4,300 - 4,600  
99% BUTTERFAT: 4,950 - 5,250

**SKIM MILK POWDER (SMP):** European SMP prices are unchanged. The market is noted to be in balance with supply/demand having limited issues. Buying interest is trending lower and matched by more limited offerings. Trading is more constrained around the year end; albeit along expectations. Drying volumes are mixed across categories with current production mostly sold. Recent production numbers show SMP output running at below a year ago by 14%. European SMP offered at the December 18 g/DT trading event traded at \$3,320-3,450 per MT.

1.25% BUTTERFAT: 3,400 - 3,600

**SWEET WHEY POWDER:** European whey prices and markets are stable to slightly firmer. The uptick in the Euro value is increasing domestic and export pricing, while making exporting more challenging. Traders and handlers are quoting the market as "stable" as the end of the year approaches. Nearby buyer needs have been filling and accommodated. Production of whey proteins is active and competing with whole dry whey for whey solids.

NONHYGROSCOPIC: 1,325 - 1,475

**WHOLE MILK POWDER (WMP):** European WMP pricing levels continue to move slightly higher. The uptick in the Euro value is making EU sourced products more expensive and the increased prices are increasing the spread between the EU and other world suppliers. Exporting could become more stagnant with the widening gap. EU drying patterns are fully steady from recent weeks with only slight overall gains noted from year ago levels. Buying interest is light to fair. The yearend period is tempering demand, but that has been built into the market.

26% BUTTERFAT: 3,850 - 4,000

**EASTERN OVERVIEW:** Milk production patterns across Eastern European countries are generally maintaining levels of recent weeks. Milk production remains strong in Poland. Colder weather patterns were developing and creating some collection and transportation issues. The seasonal rate of gain is indicated to be slowing as the year progresses. Surplus dairy products are declining as stocks are utilized to fill orders.

**Exchange rates for selected foreign currencies**  
December 17, 2012

1.0166 Canadian Dollar	.0182 Indian Rupee
.2048 Argentina Peso	.8450 New Zealand Dollar
.0786 Mexican Peso	1.0552 Australian Dollar
.3218 Polish Zloty	.0119 Japanese Yen
	1.3163 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0786) = 12.7226 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 10 - 21, 2012

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

**OCEANIA OVERVIEW: NEW ZEALAND** milk production levels are trending steady to slightly lower as the milk season moves further away from the peak. The shoulder period is holding up rather well. October production numbers are almost 4% higher than a year ago. Seasonal numbers through October are up 6%. The New Zealand Ministry of Primary Industries is forecasting zero growth for the production season, implicating further future declines. Weather conditions have been overall favorable. Some areas of the north island and others in the south island are experiencing dry conditions. Rains are being reported and providing for good growth on grazing pastures. Temperatures are typically mild with intermittent spikes in the daytime highs that are not having much of an impact on milk cows and output. Processing plants are running on extended schedules to handle the seasonally active milk supplies. The production mix is not being changed at present as processors are seeking to balance the milk intakes versus focusing on products of greater need. The strengthening NZ dollar is creating a more difficult export environment in that product costs are higher into the world market. The impact is muted for exporters who are hedging currency values and for those establishing trading values across currencies. **AUSTRALIAN** milk output levels have been growing slightly in recent weeks. November comparable totals are tending to be 1% above year ago levels. The estimates of seasonal totals growing by 2% are expected to be lowered. Early season, wet conditions were harder to overcome for some areas. Other contributing factors mirror what is happening in other milk producing countries and regions. The high feed costs are stressing margins and supplemental feeding is being lowered to mitigate costs. Higher farm milk pay prices are being adjusted as the season progresses. Supermarket milk and dairy product pricing wars continue to be used to entice customers, yet remain a negative impact to milk prices. Dairy product prices are steady, with the exception of lower pricing for whole milk powders. Market sellers are mostly comfortable and confident with production, sales on the books, shipments, and stock levels. Buying interest is generally covered over the yearend holidays and through other events like the Chinese New Year. Stocks are well positioned for Q1. **g/DT Update:** Average prices at the latest g/DT auction on December 18 and changes from the previous event are: anhydrous milk fat \$3,180, -0.1%; Buttermilk powder \$3,600, -0.4%; cheddar \$3,510, +4.9%; milk protein concentrate \$6,039, +1.0%; rennet casein \$8,477, +6.9%; skim milk powder \$3,419, +1.1%; and whole milk powder \$3,147, -0.6%. The next event, #83 will be held on Tuesday, January 2.

**BUTTER:** Butter pricing is steady to marginally higher on the top end of the range. Production levels remain at high volumes and generally are tracking below seasonal high volumes. Lower fat component levels in milk are noted. Cream demand is trending downwards following the completion of ordering for other cream based products for holiday consumption. Additional cream is moving into butter production. Domestic butter demand has been active in Australia but is indicated to be slowing. Export demand to larger customers has been to budget. Butter holdings are in good shape with commitments on the books for current and future shipments.

82% BUTTERFAT: 3,000 - 3,600

**SKIM MILK POWDER (SMP):** Oceania skim milk powder pricing trends are fully steady. Trading interest is tracking along planned levels. There is a firm demand for usage in infant formulations and nutraceutical applications. SMP pricing at the December 18 g/DT event for all contracting periods at an average \$3,419 per MT, up 1.1% from the previous average. For the nearby trading in Contract period 2, (February 2013), prices ranged from \$3,385 to \$3,435 for NZ sourced product. Export levels are steady into Asia. The end of year holidays are dampening trading interest with that factored into the marketing plans. Q1 interest has been good and clearing offerings. Production has been active to process seasonal milk supplies.

1.25% BUTTERFAT: 3,250 - 3,550

**CHEDDAR CHEESE:** Oceania cheese prices are fully steady. Commodity cheese demand is fair to good with product moving to established accounts and expected, normal sales being placed for later season needs. Domestic demand is seasonally good for cheese sales in Australia. Overall, cheese production is being kept steady. Buying interest and pricing levels for processing cheese are trending slightly upwards.

39% MAXIMUM MOISTURE: 3,800 - 4,200

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets and prices are slightly lower this reporting period. The market undertone is slightly weaker and surprising to some traders and handlers who are seeing active movements of WMP to established accounts. There is fair to good demand for offered product. Some weaker tones were noted on the December 18 gDT event, with all contracting periods down 0.6% at 3,147 per MT. Contract 2 (February 2013) pricing averaged \$3,126 per MT, down 1%. New Zealand production trends are steady to moving slightly downwards in areas where milk receipts are lower. Holdings are fair to moderate to service accounts.

26% BUTTERFAT: 3,100 - 3,500

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 10 - 21, 2012

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

US\$/MT	Global/Dairy Trading (g/DT) Event 82 Recap - December 18, 2012													
	Contract 1 Jan-13		Contract 2 Feb-13		Contract 3 Mar-13		Contract 4 Apr-13		Contract 5 May-13		Contract 6 Jun-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$3,136	0.6%	\$3,153	-1.1%	\$3,199	-1.1%	\$3,280	0.3%	\$3,302	1.4%	\$3,180	-0.1%	
Buttermilk Powder	n.a.	\$3,600	-0.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,600	-0.4%	
Cheddar	n.a.	\$3,470	3.3%	\$3,495	4.5%	\$3,652	8.7%	n.a.	n.a.	n.a.	n.a.	\$3,510	4.9%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$6,065	3.1%	\$6,040	-0.2%	\$5,975	-0.7%	n.a.	n.a.	n.a.	n.a.	\$6,039	1.0%	
Rennet Casein	n.a.	\$8,541	8.3%	\$8,449	6.7%	\$8,356	4.2%	n.a.	n.a.	n.a.	n.a.	\$8,477	6.9%	
Skim Milk Powder	\$3,395	4.0%	\$3,399	-0.5%	\$3,455	3.5%	\$3,470	3.4%	\$3,478	2.5%	\$3,372	2.6%	\$3,419	1.1%
Whole Milk Powder	n.a.	\$3,126	-1.0%	\$3,146	0.0%	\$3,181	0.2%	\$3,177	-1.7%	\$3,297	0.1%	\$3,147	-0.6%	

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 82 Recap - December 18, 2012													
	Contract 1 Jan-13		Contract 2 Feb-13		Contract 3 Mar-13		Contract 4 Apr-13		Contract 5 May-13		Contract 6 Jun-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$1.4225	0.6%	\$1.4302	-1.1%	\$1.4511	-1.1%	\$1.4878	0.3%	\$1.4978	1.4%	\$1.4424	-0.1%	
Buttermilk Powder	n.a.	\$1.6329	-0.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1.6329	-0.4%	
Cheddar	n.a.	\$1.5740	3.3%	\$1.5853	4.5%	\$1.6565	8.7%	n.a.	n.a.	n.a.	n.a.	\$1.5921	4.9%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$2.7511	3.1%	\$2.7397	-0.2%	\$2.7102	-0.7%	n.a.	n.a.	n.a.	n.a.	\$2.7393	1.0%	
Rennet Casein	n.a.	\$3.8742	8.3%	\$3.8324	6.7%	\$3.7903	4.2%	n.a.	n.a.	n.a.	n.a.	\$3.8451	6.9%	
Skim Milk Powder	\$1.5400	4.0%	\$1.5418	-0.5%	\$1.5672	3.5%	\$1.5740	3.4%	\$1.5776	2.5%	\$1.5295	2.6%	\$1.5508	1.1%
Whole Milk Powder	n.a.	\$1.4179	-1.0%	\$1.4270	0.0%	\$1.4429	0.2%	\$1.4411	-1.7%	\$1.4955	0.1%	\$1.4275	-0.6%	

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

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	12/06	12/07	12/10	12/11	12/12	12/13	12/14	12/17	12/18	12/19
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
DEC 12	18.50 (4254) 1	18.51 (4272) 0	18.51 (4268) 0	18.50 (4238) 38	18.48 (4263) 0	18.58 (4251) 0	18.59 (4243) 0	18.63 (4234) 0	18.68 (4232) 0	18.65 (4233) 0
JAN 13	17.99 (3020) 0	18.07 (3028) 1	18.12 (3034) 65	18.36 (3042) 0	18.16 (2985) 0	17.56 (3104) 3	17.75 (3087) 25	17.81 (3126) 0	18.06 (3148) 3	17.93 (3143) 1
FEB 13	18.10 (2256) 0	18.07 (2317) 1	18.08 (2271) 40	18.31 (2262) 19	18.21 (2273) 0	17.90 (2386) 5	18.25 (2430) 19	18.37 (2426) 0	18.42 (2420) 0	18.38 (2459) 1
MAR 13	18.34 (1867) 0	18.30 (1899) 1	18.34 (1890) 7	18.50 (1876) 20	18.40 (1904) 0	18.19 (2011) 3	18.66 (2037) 27	18.74 (2047) 0	18.74 (2051) 0	18.69 (2073) 1
APR 13	18.43 (1358) 0	18.39 (1367) 0	18.38 (1368) 1	18.55 (1385) 0	18.54 (1388) 0	18.48 (1435) 3	18.70 (1441) 0	18.76 (1483) 0	18.79 (1494) 0	18.66 (1502) 1
MAY 13	18.43 (1306) 0	18.36 (1317) 0	18.44 (1302) 1	18.58 (1321) 0	18.57 (1323) 0	18.59 (1338) 3	18.73 (1341) 0	18.75 (1353) 0	18.79 (1347) 0	18.70 (1357) 1
JUN 13	18.43 (1188) 0	18.38 (1204) 0	18.45 (1199) 1	18.55 (1208) 0	18.59 (1215) 0	18.59 (1222) 3	18.71 (1227) 0	18.77 (1224) 0	18.84 (1221) 0	18.72 (1229) 1
JUL 13	18.55 (855) 0	18.52 (879) 0	18.62 (889) 0	18.66 (891) 0	18.67 (898) 0	18.63 (911) 3	18.69 (920) 0	18.75 (930) 0	18.84 (938) 0	18.69 (943) 0
AUG 13	18.60 (859) 1	18.64 (859) 0	18.66 (863) 0	18.72 (872) 0	18.68 (874) 0	18.61 (895) 3	18.63 (900) 0	18.73 (904) 0	18.82 (909) 0	18.74 (913) 0
SEP 13	18.52 (703) 0	18.52 (703) 0	18.52 (702) 0	18.60 (711) 0	18.60 (713) 0	18.56 (724) 3	18.60 (739) 0	18.70 (751) 0	18.79 (749) 0	18.72 (750) 0
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
DEC 12	18.14 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0	18.00 (171) 0
JAN 13	18.41 (150) 1	18.41 (154) 4	18.45 (154) 0	18.45 (154) 0	18.25 (155) 0	18.25 (155) 0	18.25 (152) 0	18.25 (152) 0	18.25 (152) 0	18.23 (152) 0
FEB 13	18.51 (192) 1	18.51 (194) 4	18.59 (194) 0	18.70 (194) 0	18.69 (194) 0	18.63 (194) 0	18.63 (194) 0	18.60 (194) 0	18.57 (194) 0	18.55 (194) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
DEC 12	161.05 (818) 0	161.05 (818) 0	161.50 (818) 0	161.50 (818) 0	161.50 (818) 0	160.05 (812) 7	160.05 (812) 0	160.05 (812) 0	160.05 (812) 0	160.05 (813) 1
JAN 13	166.25 (327) 0	166.25 (327) 1	166.25 (327) 0	165.75 (363) 43	164.00 (362) 3	164.00 (362) 1	163.50 (363) 6	161.50 (372) 11	159.75 (374) 4	159.50 (371) 4
FEB 13	168.00 (340) 5	168.00 (339) 3	168.25 (338) 7	167.75 (347) 39	167.75 (357) 18	165.00 (364) 17	165.00 (364) 0	163.75 (380) 16	162.50 (385) 19	161.90 (383) 10
<b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
DEC 12	153.75 (216) 0	153.75 (216) 0	153.75 (216) 0	153.80 (216) 0	153.80 (215) 0	154.50 (215) 0	155.00 (215) 0	155.00 (215) 0	155.00 (215) 0	155.55 (211) 0
JAN 13	158.00 (83) 0	158.00 (83) 0	158.25 (83) 0	158.25 (83) 0	158.25 (83) 0	157.75 (83) 0	157.00 (81) 0	157.00 (81) 0	157.00 (81) 0	157.00 (81) 0
FEB 13	158.00 (61) 0	158.00 (61) 0	158.75 (61) 0	160.00 (68) 0	159.50 (67) 0	159.00 (67) 0	159.00 (67) 0	159.00 (67) 0	159.00 (67) 0	159.00 (67) 0
<b>CME - WHEY (Electronic-Traded)</b>										
DEC 12	63.50 (307) 17	63.75 (309) 2	64.38 (307) 4	64.50 (300) 11	63.75 (301) 2	65.73 (302) 3	65.23 (301) 6	65.23 (301) 0	65.75 (302) 1	65.75 (301) 1
JAN 13	59.00 (202) 28	58.80 (208) 20	59.25 (208) 16	61.00 (205) 8	60.50 (215) 20	61.50 (212) 33	61.43 (217) 7	61.43 (217) 1	62.15 (219) 7	62.15 (221) 28
FEB 13	54.75 (182) 33	54.50 (193) 16	55.00 (199) 6	56.18 (205) 11	56.00 (194) 23	56.75 (199) 34	56.90 (201) 2	57.75 (199) 16	58.75 (198) 5	59.00 (198) 25
<b>CME - CHEESE CSC (Electronic-Traded)</b>										
DEC 12	1.79 (1512) 4	1.79 (1511) 1	1.79 (1511) 5	1.79 (1512) 5	1.79 (1512) 1	1.79 (1503) 22	1.79 (1503) 0	1.79 (1502) 1	1.80 (1502) 0	1.80 (1503) 1
JAN 13	1.77 (787) 27	1.78 (823) 49	1.78 (846) 37	1.79 (857) 21	1.78 (893) 44	1.71 (911) 44	1.73 (917) 54	1.74 (923) 12	1.75 (948) 42	1.74 (952) 25
FEB 13	1.80 (464) 45	1.80 (513) 59	1.80 (538) 31	1.82 (574) 47	1.81 (579) 11	1.77 (653) 102	1.81 (671) 30	1.81 (673) 12	1.81 (677) 15	1.81 (669) 40
MAR 13	1.83 (412) 29	1.83 (433) 30	1.83 (459) 33	1.84 (473) 14	1.83 (511) 38	1.81 (540) 52	1.85 (556) 25	1.85 (563) 13	1.86 (559) 14	1.86 (561) 3
APR 13	1.84 (223) 15	1.84 (231) 12	1.84 (241) 10	1.84 (241) 6	1.85 (241) 6	1.84 (241) 14	1.85 (226) 23	1.86 (236) 30	1.85 (234) 7	1.84 (240) 16
MAY 13	1.85 (206) 14	1.85 (207) 2	1.85 (217) 13	1.86 (223) 7	1.86 (223) 0	1.85 (228) 9	1.85 (226) 5	1.85 (215) 15	1.85 (213) 8	1.85 (219) 17

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

## FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, NOVEMBER 2012

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for November have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During November 2012, more than 8.9 billion pounds of milk were received from producers. This volume of milk is 12.6 percent lower than the November 2011 volume. In November 2011 and November 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.7 billion pounds of producer milk were used in Class I products, 0.2 percent higher than the previous year. The all-market average Class utilization percentages were: Class I = 42%, Class II = 14%, Class III = 32% and Class IV = 12%. The weighted average statistical uniform price was \$21.15 per cwt., \$0.60 higher than last month and \$1.45 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF NOVEMBER 2012										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	1,996.7	4.8	855.7	1.3	43	25	23	9	21.35
Appalachian (Charlotte)	005	470.2	-7.9	343.3	-7.0	73	13	6	8	22.88
Florida (Tampa)	006	240.9	-0.4	211.2	2.3	88	9	0	3	25.12
Southeast (Atlanta)	007	515.9	-6.3	382.1	-1.1	74	9	12	5	23.47
Upper Midwest (Chicago)	030 3/	2,265.3	-16.0	335.6	-8.2	15	7	74	4	20.68
Central (Kansas City)	032 3/	858.3	-18.8	422.6	10.4	49	14	18	19	20.23
Mideast (Cleveland)	033 3/	1,309.3	-2.7	560.6	3.7	43	17	25	15	20.38
Pacific Northwest (Seattle)	124 3/	415.0	-37.2	187.2	-2.7	45	8	11	36	19.98
Southwest (Dallas)	126 3/	551.4	-41.3	370.7	-0.5	67	16	6	11	21.37
Arizona (Phoenix)	131 3/	350.3	-2.7	119.8	-1.6	34	9	25	32	20.67
<b>ALL MARKET AVERAGE OR TOTAL</b>	3/	8,973.3	-12.6	3,788.8	0.2	42	14	32	12	21.15

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 1.829 billion pounds of milk that normally would have been associated with these markets. In November 2011, the estimated not pooled volume of milk was 402 million pounds, occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is -1.2%.

## NOVEMBER MILK PRODUCTION

Milk production in the 23 major States during November totaled 14.9 billion pounds, up 1.1 percent from November 2011. October revised production at 15.2 billion pounds, was down slightly from October 2011. The October revision represented an increase of 1 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,758 pounds for November, 19 pounds above November 2011.

The number of milk cows on farms in the 23 major States was 8.47 million head, 3,000 head less than November 2011, but 8,000 head more than October 2012.

## NOVEMBER 2012 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS <sup>1/</sup>		MILK PER COW <sup>2/</sup>		MILK PRODUCTION <sup>2/</sup>		
	2011	2012	2011	2012	2011	2012	% CHANGE FROM 2011
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	192	180	1,855	1,940	356	349	-2.0
CA	1,778	1,780	1,880	1,835	3,343	3,266	-2.3
CO	131	135	1,870	1,935	245	261	6.5
FL	120	122	1,460	1,400	175	171	-2.3
ID	579	579	1,840	1,880	1,065	1,089	2.3
IL	98	100	1,580	1,580	155	158	1.9
IN	173	173	1,670	1,730	289	299	3.5
IA	200	205	1,765	1,790	353	367	4.0
KS	123	127	1,725	1,770	212	225	6.1
MI	369	375	1,865	1,915	688	718	4.4
MN	465	465	1,520	1,590	707	739	4.5
MO	94	93	1,190	1,180	112	110	-1.8
NM	333	323	2,020	2,000	673	646	-4.0
NY	610	610	1,680	1,735	1,025	1,058	3.2
OH	269	270	1,560	1,625	420	439	4.5
OR	122	123	1,615	1,610	197	198	0.5
PA	538	533	1,580	1,600	850	853	0.4
TX	435	430	1,815	1,770	790	761	-3.7
UT	88	89	1,740	1,750	153	156	2.0
VT	134	133	1,510	1,555	202	207	2.5
VA	96	95	1,440	1,455	138	138	-
WA	263	261	1,880	1,880	494	491	-0.6
WI	1,265	1,271	1,660	1,730	2,100	2,199	4.7
23 STATE TOTAL	8,475	8,472	1,739	1,758	14,742	14,898	1.1

<sup>1/</sup> Includes dry cows. Excludes heifers not yet fresh.

<sup>2/</sup> Excludes milk sucked by calves.

**Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, December 2012.*

## FEDERAL MILK ORDER ADVANCE PRICES, JANUARY

**Base Class I Price.** Under the Federal milk order pricing system, the base Class I price for January 2013 is \$18.97 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$13.33 and the advanced butterfat pricing factor of \$1.7452. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to December 2012, the base Class I price decreased \$2.42 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$2.33 per cwt., -\$0.200 per gallon; reduced fat milk (2%), -\$1.94 per cwt., -\$0.167 per gallon; fat-free (skim milk), -\$1.46 per cwt., -\$0.126 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$12.26. Thus, the Class II skim milk price for January is \$12.96 per cwt., and the Class II nonfat solids price is \$1.4400. **Product Price Averages.** The two-week product price averages for January are: butter \$1.6126, nonfat dry milk \$1.5442, cheese \$1.8250, and dry whey \$0.6588.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	January 2013		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	22.22	16.58	1.7777
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	22.37	16.73	1.7792
Southeast (Atlanta) <sup>6/ 7/</sup>	007	22.77	17.13	1.7832
Florida (Tampa) <sup>6/ 8/</sup>	006	24.37	18.73	1.7992
Midwest (Cleveland) <sup>9/</sup>	033	20.97	15.33	1.7652
Upper Midwest (Chicago) <sup>10/</sup>	030	20.77	15.13	1.7632
Central (Kansas City) <sup>11/</sup>	032	20.97	15.33	1.7652
Southwest (Dallas) <sup>12/</sup>	126	21.97	16.33	1.7752
Arizona (Phoenix)	131	21.32	15.68	1.7687
Pacific Northwest (Seattle) <sup>13/</sup>	124	20.87	15.23	1.7642
All-Market Average		21.86	16.22	1.7741

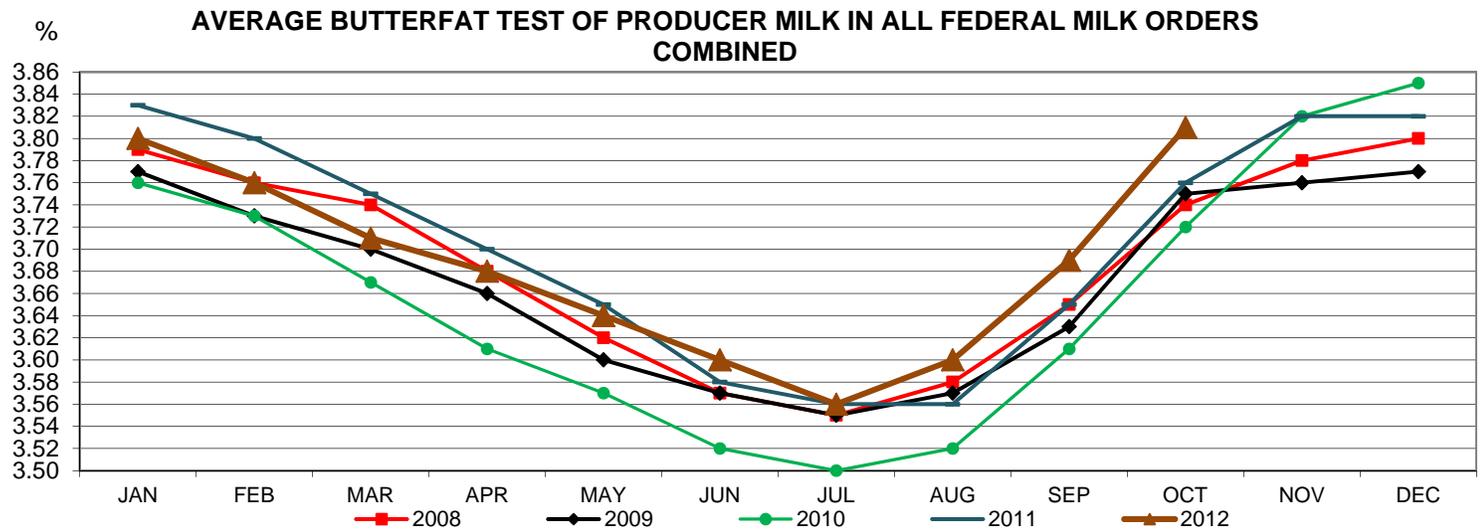
<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk. <sup>2/</sup> Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. <sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets. <sup>4/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.

<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. <sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. <sup>7/</sup> Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90;

Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. <sup>8/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. <sup>9/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. <sup>10/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. <sup>11/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

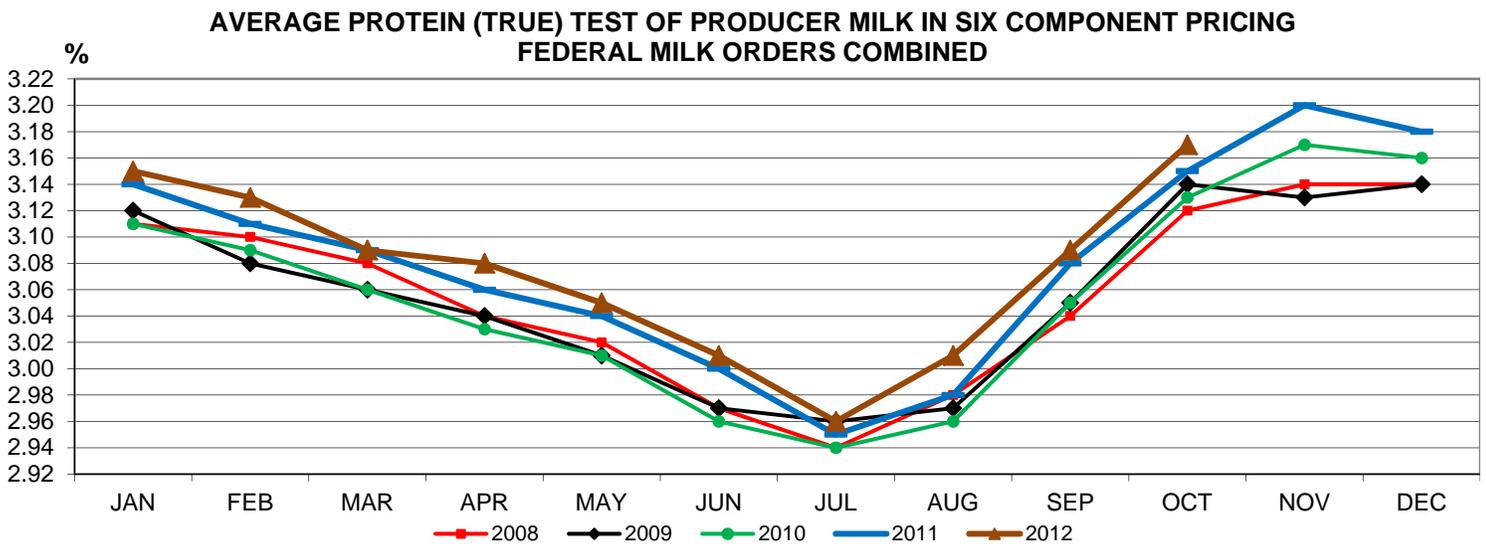
<sup>12/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

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



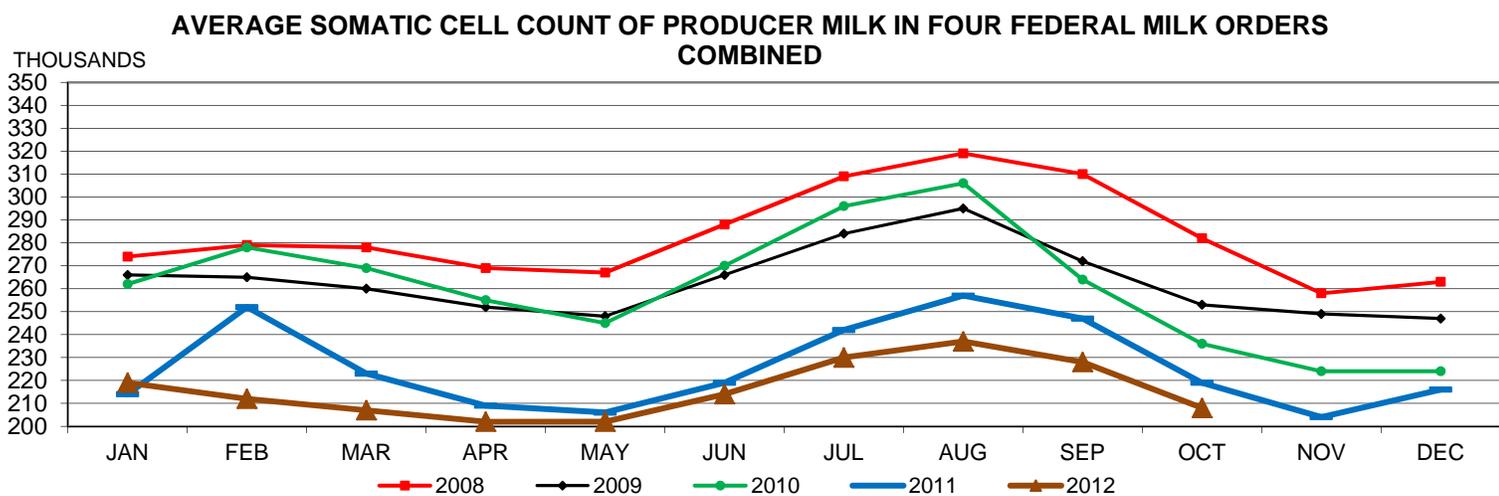
FEDERAL ORDERS INCLUDED ARE: 1, 5, 6, 7, 30, 32, 33, 124, 126, 131

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN



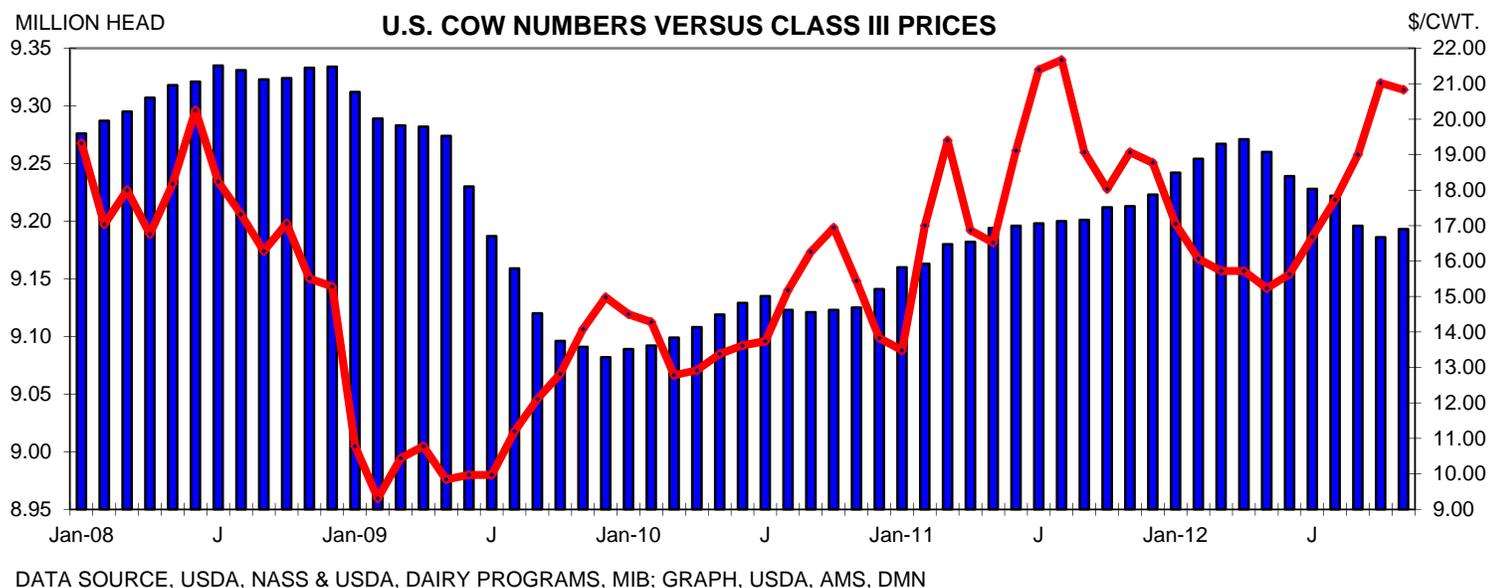
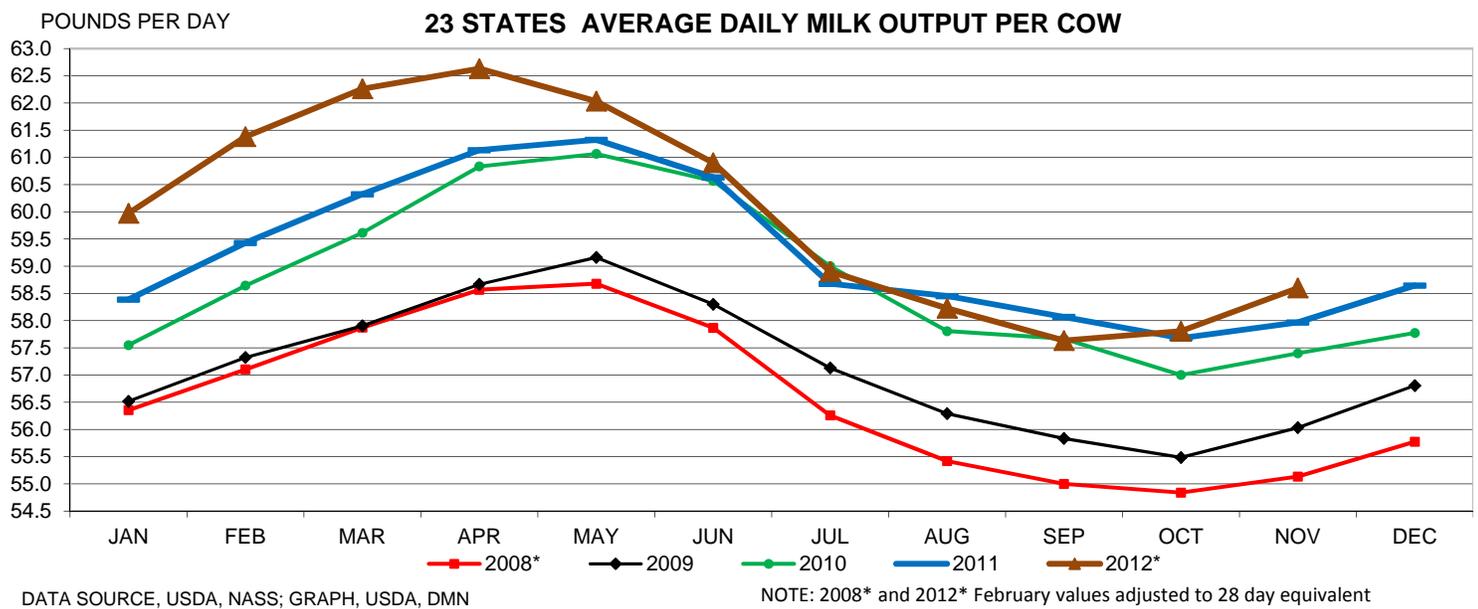
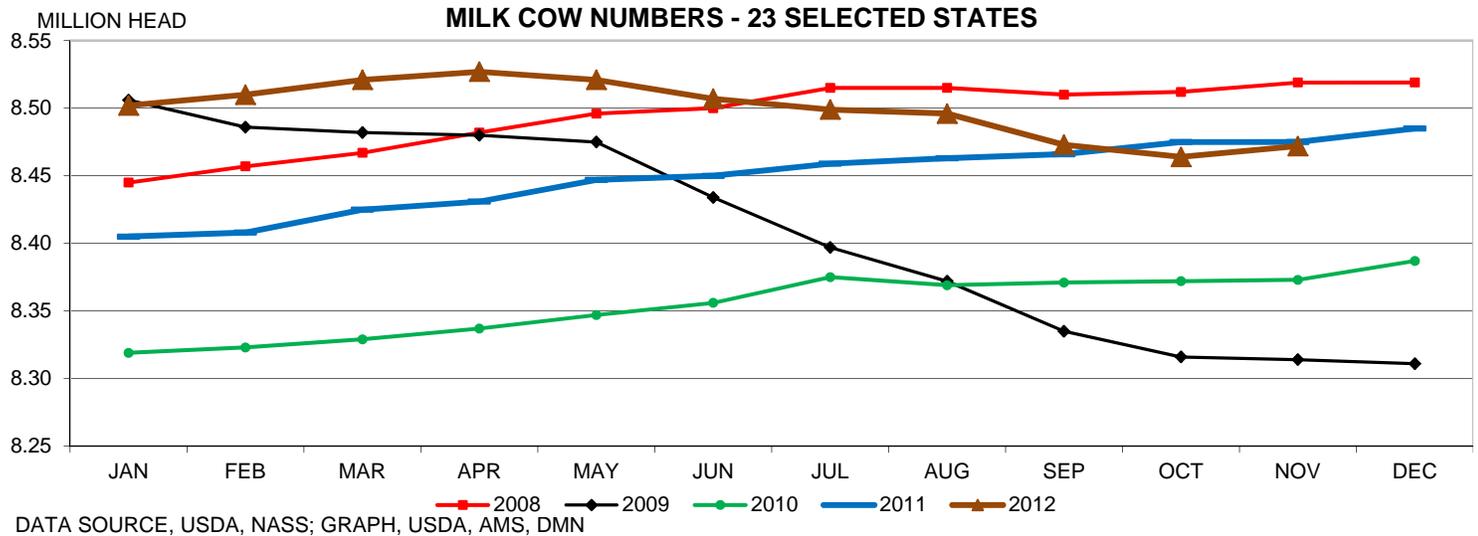
FEDERAL ORDERS INCLUDED ARE: 1, 30, 32, 33, 124, 126

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN



FEDERAL ORDERS INCLUDED ARE: 30, 32, 33, 126

DATA SOURCE, USDA, AMS, DAIRY PROGRAMS, MIB; GRAPH, USDA, AMS, DMN



# DAIRY MARKET NEWS

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