

**NATIONAL DAIRY MARKET AT A GLANCE****CME GROUP CASH MARKETS (11/6):**

**BUTTER:** Grade AA closed at \$1.5000. The weekly average for Grade AA is \$1.4330 (+.0690).

**CHEESE:** Barrels closed at \$1.5250 and 40# blocks at \$1.5600. The weekly average for barrels is \$1.5035 (+.0120) and blocks, \$1.5335 (+.0305).

**BUTTER HIGHLIGHTS:** The cash butter price at the CME continues to climb and attain new record highs for the year. On Friday, cash trading closed at \$1.5000, \$0.0900 higher than last Friday, but \$0.1350 lower than last year at this time. Churning activity across the country continues to be dependent on cream availability. Class II cream based holiday item production is strong, thus absorbing a significant portion of available cream. Butter producers and handlers state that demand is strong for butter, thus they are often looking for additional cream volumes. Current churning schedules are often not keeping up with demand, thus handlers are reaching further into inventories. Overall butter demand is good. International buyer interest is reported with some domestic producers committing to these inquiries. Retailers are preparing for the upcoming holiday period and placing good orders. Retailers across the country are already running print features which are anticipated to clear good volumes of print butter. Some features range from a free pound of butter with accompanying purchases to \$0.9900 per pound prints. Food service orders remain lighter than previous years, although many food service buyers are optimistic that traffic flow through their operations will improve as the holiday season approaches.

**CHEESE HIGHLIGHTS:** The CME Group cash cheese market is showing strength reaching 2009 highs again this week despite adequate offerings of current cheddar. Orders received by many packagers lack the usual holiday season urgency. Time is running out to get orders packaged and shipped for Thanksgiving use. Process movement is steady to lighter seasonally. Rumors of export interest may also be adding buoyancy to prices. Cheese production is around the annual low levels due to lower milk intakes in November and stronger demand from other uses. During the first 9 months of 2009, estimated U.S. cheddar production totals 2.403 billion pounds, up 50.9 million pounds (2.2%) from the comparable months in 2008. Mozzarella output in 2009 totals 2.434 billion pounds, an increase of 2.2 million pounds (0.1%) from 2008. Total cheese output during 2009 is estimated at 7.540 billion pounds, up 147.0 million pounds (2.0%) above last year.

**FLUID MILK:** Seasonal milk production patterns are common over most areas of the U.S. Processing plants are generating additional items for the upcoming Thanksgiving Day and year end holidays. Milk production patterns in the Southwest remain under pressure. California milk output is mostly steady and continues to trend 6-8% lower than year ago levels. Plants are competing for the milk supply. Arizona milk production is flat and remains well below year ago levels. There are several more herds that will depart due to the CWT program in coming weeks. Milk production in

New Mexico is flat to slightly lower during the week. In the Pacific Northwest, milk production was mostly unchanged compared with recent weeks. In Utah and Idaho, processors continue to operate at shortened schedules as milk intakes remain tight. Northeast fluid milk supplies remain tight, but are improved from last week. In the Mid Atlantic region, fluid milk availability has improved with lessening of Class I demand and marginal increases in milk production. Milk output was higher in Florida with no spot loads imported. Milk intake reports still vary, as do component trends in the Upper Midwest with receipts about steady to frequently lower. Further south, receipts are steady to generally higher.

**DRY PRODUCTS:** Firming price trends continue for dry dairy products. Nonfat dry milk prices are higher with spot activity slower as more buyers have coverage. There are resale loads trading at higher levels. NDM production has been limited because of declining milk receipts at dryers. Dry buttermilk pricing levels are higher with seasonal interest in the marketplace. Buying interest is geared around contracts with limited spot product being shown. Dry whey prices are trading higher with good interest from food and feed accounts. Demand has been spurred on by higher prices in other dairy markets. Drying is mostly steady as active cheese production creates a solid whey stream, especially in the Central U.S. region. WPC 34% market prices continue to move higher and are gaining crossover demand from buyers looking for NDM and dairy proteins. Lactose prices continue to gain price strength as demand improves and output declines. Monthly November contract prices moved higher.

**CCC PRICE SUPPORT PURCHASES (FSA):** Activity under the Product Price Support Program will be reported should purchases resume. The three month increases in support prices for cheese and NDM were sunset on October 31. Effective November 1, the product support prices are: cheddar blocks, \$1.13; cheddar barrels, \$1.10; nonfat dry milk, \$ .80 per pound; and butter, \$1.05.

**ORGANIC DAIRY MARKET OVERVIEW (DMN):** Advertised prices for organic fluid milk in half gallon containers comprised virtually all advertising of organic milk and dairy products in weekly newspaper inserts. Even so, only about 35% of ads surveyed contained advertising for organic fluid milk or products, while all surveyed ads contained advertising for non-organic milk or dairy products. The range of prices for organic half gallons increased due to the bottom of the range falling 50 cents from 2 weeks ago, with the range now being \$2.49 to \$3.99. The weighted average advertised price this period was \$3.11, compared with \$3.21 2 weeks ago. The second most advertised organic dairy product last period with 690 ads, 6 ounce yogurt, declined this period to 145 ads. The new number 2 product this period is 1 pound containers of organic butter, with 541 ads. The price ranged from \$2.99 to \$5.99, with the weighted average advertised price being \$4.44.

CONTINUED ON PAGE 1A

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

ORGANIC DAIRY MARKET NEWS (PAGE 8)  
OCTOBER DEIP BID ACCEPTANCES (PAGE 9)  
OCTOBER MONTHLY AVERAGES AND SUMMARY (PAGE 10-12)  
OCTOBER AGRICULTURAL PRICES (PAGE 13)

CORRECTED ANNOUNCED COOPERATIVE CLASS I PRICES (PAGE 14)  
SEPTEMBER DAIRY PRODUCTS (PAGE 15)  
DAIRY GRAPHS (G1 - G2)

**CME GROUP  
CASH TRADING**

PRODUCT	MONDAY NOVEMBER 2	TUESDAY NOVEMBER 3	WEDNESDAY NOVEMBER 4	THURSDAY NOVEMBER 5	FRIDAY NOVEMBER 6	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4850 (-.0025)	\$1.4825 (-.0025)	\$1.5000 (+.0175)	\$1.5250 (+.0250)	\$1.5250 (N.C.)	(+.0375)	\$1.5035 (+.0120)
40# BLOCKS	\$1.5075 (-.0025)	\$1.5200 (+.0125)	\$1.5300 (+.0100)	\$1.5500 (+.0200)	\$1.5600 (+.0100)	(+.0500)	\$1.5335 (+.0305)
BUTTER GRADE AA	\$1.4100 (N.C.)	\$1.4100 (N.C.)	\$1.4200 (+.0100)	\$1.4250 (+.0050)	\$1.5000 (+.0750)	(+.0900)	\$1.4330 (+.0690)

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 AT A GLANCE

CONTINUED FROM PAGE 1

**OCTOBER AGRICULTURAL PRICES (NASS):** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2009 was unchanged at 175. Compared with October 2008, the index was down 12 points (6.4%). The index of prices received by farmers for dairy products advanced 7 points during the month of October 2009 to 106. Compared with October 2008, the index was down 30 points (22.1%). Prices received by farmers in October with changes from September were: for All Milk, \$13.80, up \$.90; for Fluid Grade Milk, \$13.80, up \$.90; and for Manufacturing Grade Milk, \$13.00, up \$.80.

**NOVEMBER CORRECTED ANNOUNCED COOPERATIVE CLASS PRICES (AMS):** The November 2009, corrected all-city average announced cooperative Class I price was \$18.02, \$2.52 higher than the Federal milk order (FMO) Class I price average for these cities. The corrected November cooperative Class I price was \$0.56 higher than the October price, while the Federal order Class I price was \$0.51 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$3.81 in Miami, FL. For November 2008, the all-city average announced cooperative Class I price was \$22.42, \$2.45 higher than the Federal order Class I price average for these cities.

**SEPTEMBER DAIRY PRODUCTS (NASS):** Butter production was 94.6 million pounds in September, 21.9% below September 2008 and 6.2% below August 2009. American type cheese production totaled 341.2 million pounds, 6.4% above September 2008 but 1.1% below August 2009. Total cheese output (excluding cottage cheese) was 845.4 million pounds, 4.4% above September 2008 but 0.5% below August 2009. Nonfat dry milk production, for human food, totaled 87.1 million pounds, 1.8% above September 2008 but 17.7% below August 2009. Dry whey production, for human food, was 83.9 million pounds, 2.8% above September 2008 but 3.5% below August 2009. Ice cream (hard) production totaled 74.3 million gallons, 2.1% below September 2008 and 6.1% below August 2009.

**CME GROUP**

MONDAY, NOVEMBER 2, 2009

CHEESE — SALES: 3 CARS 40# BLOCKS @ \$1.5075; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4850; 1 CAR 40# BLOCKS @ \$1.5075  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3500; 1 CAR GRADE A @ \$1.3350; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.4100; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4800

TUESDAY, NOVEMBER 3, 2009

CHEESE — SALES: 1 CAR BARRELS @ \$1.4825; 11 CARS 40# BLOCKS: 4 @ \$1.5000, 1 @ \$1.5075, 2 @ \$1.5100, 1 @ \$1.5125, 1 @ \$1.5150, 1 @ \$1.5175, 1 @ \$1.5200;  
 LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4825  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3400; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.4100; LAST OFFER UNCOVERED: NONE

WEDNESDAY, NOVEMBER 4, 2009

CHEESE — SALES: 5 CARS BARRELS: 2 @ \$1.4825, 1 @ \$1.4875, 1 @ \$1.4900, 1 @ \$1.4925; 2 CARS 40# BLOCKS: 1 @ \$1.5200, 1 @ \$1.5300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5000; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.4000; 1 CAR GRADE A @ \$1.3700; LAST OFFER UNCOVERED: NONE  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4200; LAST OFFER UNCOVERED: NONE

THURSDAY, NOVEMBER 5, 2009

CHEESE — SALES: 1 CAR BARRELS @ \$1.5050; 4 CARS 40# BLOCKS: 2 @ \$1.5300, 1 @ \$1.5400, 1 @ \$1.5500; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5250; 1 CAR 40# BLOCKS @ \$1.5500; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5600  
 NONFAT DRY MILK — SALES: 1 CAR EXTRA GRADE @ \$1.4000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.4000  
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4250; LAST OFFER UNCOVERED: NONE

FRIDAY, NOVEMBER 6, 2009

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.5500, 1 @ \$1.5600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.3000; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.4000; 1 CAR GRADE A @ \$1.4000  
 BUTTER — SALES: 4 CARS GRADE AA: 1 @ \$1.4800, 1 @ \$1.4900, 2 @ \$1.5000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5000; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5100

**CME GROUP CASH NONFAT DRY MILK:** Extra Grade closed the week at \$1.4000 and Grade A at \$1.3700. The last price change for Extra Grade was on 11/04/09 and Grade A was on 11/04/09. The weekly average for Extra Grade is \$1.3800 (+.1100) and Grade A is \$1.3570 (+.0300).

**BUTTER MARKETS**

**SEPTEMBER DAIRY PRODUCTS**

According to NASS, U.S. butter production in September was 94.6 million pounds, down 21.9% or 26.5 million pounds from last year. September production was 6.3 million pounds less, down 6.2% from August 2009.

**NORTHEAST**

The CME Group butter price was unchanged Tuesday from its yearly high of \$1.41, established Friday. Most plants are churning 2-3 days per week as cream supplies remain limited, due to seasonal declines in milk production and increased Class II demand. Good seasonal demand for butter, especially private label interests, have plants continuing to microfix inventories to fill orders. Prices for bulk butter range from 5 to 7 cents over the market, based on the CME with various time frames and averages used.

**CENTRAL**

The CME cash butter price continues to trend higher and settled at \$1.4200 at midweek. This is the highest cash price since November 2008. Churning activity in the Central part of the country is seasonally active and geared to cream availability. In many instances, cream volumes are lighter than desired by most butter producers. Year end orders continue to be placed, although large shipments are clearing to buyers that have placed previous orders. In many instances, orders are surpassing current production thus suppliers are reaching further into inventoried stocks to fill needs. Retail feature activity is very apparent in both print and within store notifications. Features range from a free pound of butter with the purchase of accompanying items to \$0.9900 per pound quarter pound prints. Retailers anticipate that these features will attract good buyer interest. Domestic butter producers continue to report international buyer interest. With most of the yearend holiday orders placed, some butter producers are now looking at possibly filling some of these

inquiries. Spot bulk butter prices range from 2 - 4 cents over various pricing basis and averages per pound. On Tuesday, for the first time within the global/Dairy Trading event in New Zealand, anhydrous milk fat (99%) was traded for deliveries at various times during the first half of 2010, at an average price of \$4,757 per MT (\$2.16 per pound). Many domestic butter producers are closely monitoring this activity as it is another information fact for possible international butter activity decision making.

**WEST**

Butter prices at the CME Group traded 1 cent higher on Wednesday at \$1.4200. The market has been steady to higher for the last three weeks. Processors are busy filling orders. One plant reported their print operation is booked to capacity until the Thanksgiving holiday is passed. Sales for retail and club accounts are good with food service accounts reported flat. Export interest is turning into some reported sales. Fresh and inventoried stocks are adequate for current demand. Last week, butter stocks in CME approved warehouses totaled 69 million pounds, compared to 76 million pounds for the previous week. This compares to 51.5 million pounds in 2008 and 93.4 million pounds in 2007. The 7 million pounds that were moved out of storage last week is the largest weekly drop in almost 2 years. According to NASS, U.S. butter production in September was 94.6 million pounds, down 21.9% or 26.5 million pounds from last year. September production was 6.3 million pounds less, down 6.2% from August 2009. Cumulative output for the first nine months of the year totaled 1,184.7 million pounds, 3.2% less or 38.8 million pounds less than last year. September butter production in the Western region totals 54.7 million pounds, down 15% or 9.7 million pounds less than last year. The West produced 57.8% of U.S. butter output in August. Prices for bulk butter range from flat to 4 cents under the market, based on the CME with various time frames and averages used.

**NASS DAIRY PRODUCT PRICES**

**U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
OCTOBER 31	1.4690 10,063,704	1.4738 8,732,361	1.0190 14,795,611	1.2968 3,484,118	0.3402 9,003,133

Further data and revisions may be found on the internet at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>

**CHEESE MARKETS**

**NORTHEAST**

The CME Group weekly average prices for barrels and blocks advanced, moving wholesale cheese prices higher. Swiss cuts also moved higher as a result of the increase in the Class III milk price. Cheese demand is good and production is active with cream cheese production very strong. Demand for mozzarella and provolone has increased and cheddar cheese makers are expanding inventories to take advantage of the current milk price. Seasonal declines in milk production continue to limit schedules for some cheese makers.

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

Cheddar 10# Prints	:	1.7275-2.2475
Cheddar Single Daisies	:	1.6850-2.1700
Cheddar 40# Block	:	1.7825-2.0575
Process 5# Loaf	:	1.5700-1.8100
Process 5# Sliced	:	1.5850-1.8950
Muenster	:	1.8025-2.0000
Grade A Swiss Cuts 10 - 14#	:	3.0525-3.3750

**MIDWEST**

The Midwest cheese market is steady. Overall demand lacks the usual holiday season aggressiveness. The opportunity window to fill and ship orders for Thanksgiving use is disappearing fast. It seems like plants have more product to move, including current blocks and barrels. The usual fall tightness in pepper jack and/or colby jack has not been an issue reported this year. While some natural packaging lines need overtime, it just seems the level needed is below recent comparable early November levels. One of the few varieties that buyers needed extra was mozzarella, not a major task to find extra. Process movement is mostly lighter seasonally. Aged cheddar interest is spotty, generally light, and depending on age/price considerations, at least adequate. Plant milk intakes may not have returned to the consistently slowly higher yet. While milk components have increased from lower summer levels, reports indicate many are lagging normal. Traditionally in November, lower seasonal milk receipts and higher holiday fluid and Class II needs tend to limit current cheese production.

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

Process American 5# Loaf	:	1.8525-2.0025
Brick And/Or Muenster 5#	:	2.0300-2.0825
Cheddar 40# Block	:	1.8600-2.5650
Monterey Jack 10#	:	1.9600-2.5650
Blue 5#	:	2.3725-2.7500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9100-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.4250-3.3300

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

	BUTTER	:	CHEESE
		:	
11/01/09	13,914	:	127,069
10/01/09	14,988	:	129,392
CHANGE	-1,074	:	-2,323
% CHANGE	-7	:	-2

**WEST**

Wednesday at the CME Group, Cheddar barrels closed up 1 3/4 cents at \$1.5000. Blocks closed 1 cent higher on Wednesday at \$1.5300. Prices for the week to date compared to last Friday are 1 1/4 cents higher for barrels and 2 cents higher for blocks. Blocks and barrels are at yearly highs. Prices continue to firm. Cheese production is matching demand. Some plants are seeking additional milk supplies with little success. According to USDA, NASS, total cheese production for September in the U.S. is 845.4 million pounds, up 4.4% or 35.8 million pounds from last year. Cumulative output since the first of the year is 7.5 billion pounds, 147 million pounds or 2% more than last year unadjusted. In the Western region for September, production was 344.5 million pounds, up 2.3% from last year. Swiss output for September in the U.S. is 25.3 million pounds, 4.6% more than last year. Swiss production for September 2009 was 2.8% less or 0.7 million pounds less than August 2009.

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

Process 5# Loaf	:	1.6175-1.8750
Cheddar 40# Block	:	1.6375-1.9900
Cheddar 10# Cuts	:	1.8175-2.0375
Monterey Jack 10#	:	1.8275-1.9875
Grade A Swiss Cuts 6 - 9#	:	2.5900-3.0700

**FOREIGN**

The weekly averages for the CME Group barrel and block prices moved higher, resulting in price increases in domestic wholesale prices for foreign type cheeses. Domestic Swiss cuts also moved higher as a result of the Class III milk price increase.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:	:	:
Blue	:	2.6400-4.2900*	1.9225-3.4100*
Gorgonzola	:	3.6900-6.6900*	2.4250-2.6850*
Parmesan (Italy)	:	-0-	3.3300-3.7500*
Romano (Italy)	:	TFEWR	-0-
Provolone (Italy)	:	3.4400-5.8900*	1.9650-2.1225*
Romano (Cows Milk)	:	-0-	3.1125-5.2550*
Sardo Romano (Argentine)	:	2.8500-3.6900	-0-
Reggianito (Argentine)	:	3.2900-3.5300	-0-
Jarlsberg-(Brand)	:	2.9500-4.6900	-0-
Swiss Cuts Switzerland	:	-0-	3.1450-3.4675*
Swiss Cuts Finnish	:	2.5900-2.8500*	-0-

\* = Price change.

FLUID MILK AND CREAM

EAST

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	55	0	61	0
SOUTHEAST STATE	0	0	23	0	112	0

Northeast fluid milk supplies remain tight, but somewhat improved from last week for most areas. One plant reported being shorted on its condensed skim contract, however most balancing plants were able to cover contract minimums. Persistent cool wet weather continues to limit harvest activity and deteriorate pastures. In the Mid Atlantic region, fluid milk availability has improved over last week's supply. Contributing to the improved manufacturing supplies was a lessening of the Class I demand and marginal increases in milk production. Southeast milk production has increased to the point where no spot load purchases were made for import. Last week's I-40 rockslide has caused a detour adding 60 miles to milk transports. Time estimates for repairs to I-40 are between 3-6 months. Milk production increases were also noted in Florida and no loads were imported. Ultra filtration plants are being readied for future exports. Cream supplies are mostly adequate with some tightness noted in New England. Multiples are mostly in the 129-138 range. Class I demand has leveled off and sales are somewhat sluggish in the Southeast region. Condensed skim supplies are fairly tight and demand is good. Most balancing plants are staying on the "wet" side due to limited manufacturing supplies and increased Class II and III seasonal demand.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.7595-1.8823
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.7459-1.7732

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.09 - 1.18
NORTHEAST - CLASS III - SPOT PRICES	- 1.12 - 1.25

MIDWEST

Class I milk use was steady to generally heavier, between the usually stronger first of the month sales and as well as an increase in eggnog production. Bottlers and other manufacturers were busier producing other holiday specialty products including whipping cream, sour cream, and dips. Milk supplies needed for fluid were tighter, between declines in the direct-shipped loads and demand for some other manufactured dairy products. Cream supplies seemed to be a bit tighter as more was being absorbed by Class II. Ice cream production is lighter seasonally though often concentrating on seasonal flavors. Cheese milk interest was about steady to lighter. The available supply was limited and prices were fairly steady on a very light test. Most plants continue to operate on slightly heavier than recent year early November schedules due to the milk received. Milk intake reports still vary, as do component trends in the upper Midwest with receipts about steady to frequently lower. In the south, receipts are showing a steady to generally higher intake level. In the mid-section, fluid receipts are often steady to slightly higher, depending somewhat on producers numbers left after sellouts. After recent rains left soaked fields, sunnier conditions helped harvest progress where conditions allow. Comments continue that crops have not field dried down much. The delayed crop and wet field conditions may have also delayed corn silage from being harvested near peak condition. The recent wet conditions have increased the opportunity for mold in standing crops. Fall tillage is also behind.

WEST

September 2009 POOL RECEIPTS of milk in CALIFORNIA total 2.82 billion pounds, 10.5% lower than last year. The September blend price, at a fat test of 3.59%, is \$11.60, 70 cents higher than August, but \$5.63 less than September 2008. The percentage of receipts used in Class 1 products 17.51%. The September quota price is \$12.74 and the over quota price is \$11.04. These prices are 56 cents higher than August, but \$5.18 less than a year earlier. Cumulative (YTD through September) pool numbers are running 7.3% lower (adjusted) than during the same period in 2008. (NOTE: Decisions whether to/not to pool milk affect receipts and comparisons reported.) The October 2009 4a price (butter/powder) in CALIFORNIA is \$11.54, 46 cents higher than September, but \$2.00 lower than last year. This compares to the Federal Order Class IV price for October 2009 at \$11.86. The October 2009 4b price (cheese) is \$12.69, \$1.29 higher than September but \$3.94 lower than last year. This compares to the Federal Order Class III price for October 2009 at \$12.82. CALIFORNIA milk output is mostly steady and continues to trend 6-8% lower than year ago levels. Competition for milk has increased and buyers are paying \$1-\$2 over class to secure a spotty supply of extra milk. Manufacturers are short of milk and not always willing to give up milk and get further behind on their finished product needs. Plant maintenance is taking place as milk is often directed to the most efficient plants. Weather conditions are seasonal and not affecting milk cows. Class 1 needs are steady to higher with recent issues of supplier changes still evident in the market. ARIZONA milk production is flat and remains well below year ago levels. There are several more herds that will depart due to the CWT program in coming weeks. The impact is more severe because of the low milk output in the state and further compounds the situation. Plants in the state would like more milk to fill contracts, but are finding extra loads almost impossible to locate from nearby states experiencing some of those same issues. Milk production in NEW MEXICO is flat to slightly lower during the week. Processing plants are in fine shape and have extra room to handle more milk. Some plants are taking downtime for maintenance and to prepare for increased intakes as the milk season progresses. Bottler interest is steady to slightly higher. The CREAM market tone is stronger with higher basing points and multiples leading to higher prices. Demand for cream has increased as buyers for cream based holiday items are competing for available cream loads with butter producers. With declines in milk production, many producers are not getting the fat that they had projected. The CME Group butter price closed at \$1.4100, up 6 cents from a week earlier. Cream multiples are unchanged at 118-135 FOB and vary depending on class usage and basing points. Early November weather in the PACIFIC NORTHWEST saw moderate temperatures and some rainfall. Pastures have "greened up" in some lower elevations. Milk production was mostly unchanged compared with recent weeks. Some processors continue to operate at shortened schedules. Limited spot loads of milk are being absorbed quickly. Farmers are actively looking to lock in forage needs for the winter. High quality hay supplies are limited and much has been purchased already. Cash flow problems have some producers lowering quality expectations for hay, although prices are greatly reduced from last year. UTAH AND IDAHO weather warmed up for the week. The warm weather allowed farmers to finish late 4th crop hay harvest. The milk price paid to producers has improved and is helping cost of production break evens. Tight supplies of Supreme quality hay are causing some dairies to lower standards for available supplies. Milk intakes at processing plants remain tight. Some reports of spot loads becoming available have helped to ease demand in limited areas. Supplies are sufficient to fill contracted needs.

**NDM, 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 steady on the mostly price series and the firm market continues. Active condensed skim milk contract obligations at some plants dictate how many loads of NDM can be produced in any given week. Milk intakes are generally lower as the seasonal low point in farm milk production approaches and fluid accounts are still actively drawing on milk supplies. These issues are also affecting milk availability for NDM production. Offers of NDM to the spot market are scant as many producers are wary about biting too deeply into current inventories before farm milk production trends higher. The October Dairy Market News Central/East NDM monthly average for the mostly price series is \$1.2278/lb. compared to \$1.0179/lb. in September 2009 and \$1.0905/lb. in October 2008.

**DAIRY PRODUCTS:** NASS's Dairy Products report shows production of human food NONFAT DRY MILK during September 2009 totaled 87.1 million pounds, down 17.7% from August 2009 production but 1.8% higher than September 2008. Month ending stocks, at 121.7 million pounds, are 14.3% lower than a month ago and 24.6% lower than one year ago. Production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 12.6 million pounds, 17.9% higher than one month ago but 67.6% lower than production one year ago. September 2009 nonfat dry milk production in the Central region totaled 7.2 million pounds, a 14.6% decrease from one month ago, and 0.2% lower than one year ago.

**EAST:** Manufacturing milk supplies remain tight in the East, but not as tight as last week. Drying activity is limited as most balancing plants are staying on the "wet" side due to limited manufacturing supplies and increased Class II and III seasonal demand. Prices for NDM moderated slightly from the previous week, but the market maintains a firm to steady undertone.

**DAIRY PRODUCTS:** The latest NASS Dairy Products report indicates nonfat dry milk production during September 2009 in the Atlantic region totaled 8.0 million pounds, a 4.7% decrease from one year ago and 26.2% lower than one month ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.1200 - 1.5200 MOSTLY: 1.2500 - 1.4000  
HIGH HEAT: 1.1325 - 1.5500

**NONFAT DRY MILK - WEST**

Western low/medium heat prices continue to move higher and the market tone is firm. The market is not fully tested with many trades based on index pricing basis. Manufacturers have limited spot loads to offer as they struggle to meet contract commitments. Some producers are offering spot loads to see what they can garner from the market. Buyers looking for extra loads on the resale market have become less aggressive as coverage has taken place and other have caught their breath in the fast pace of the price increases. Resale loads are available at asking prices around the top end of the range. Drying levels continue to be below projections as less milk is coming into most Western plants, reflecting lower milk production and the placement of milk into cheese production. The temporary 3 month

increase for the CCC product support prices did sunset on October 31 and the support price for NDM reverted back to 80 cents per pound. With current pricing levels and with product committed in the near term, the trade is not expecting to utilize the support program, in some projections not until late in 2010 or well beyond. Western high heat prices moved higher. Trading activity is light and not testing the full extent of the market. Buyers are pulling back a little with less "panic" in the air and able to get contracted loads in a nearly on time basis. Seasonal accounts are taking more powder. Producer stocks are in tight balance. U.S. NDM production in September 2009 totaled 87.1 million pounds, 1.8% higher than last year. NDM production in the Western region in September totaled 71.8 million pounds, up 2.8% from last year. The West produced 83% of the U.S. total in September 2009. U.S. manufacturers' stocks of NDM at the end of September were reported at 121.7 million pounds, 24.6% lower than a year earlier and 14.3% less than August. U.S. skim milk powders (SMP) production in September 2009 totaled 12.6 million pounds, 67.6% less than last year.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.0500 - 1.5000 MOSTLY: 1.1000 - 1.4000  
HIGH HEAT: 1.0950 - 1.4000

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Central dry buttermilk prices are unchanged. Churning activity is lower at some balancing plants this week as sales for use in holiday related products is climbing. Condensed buttermilk sales are also active, with increased interest from accounts that may be able to use various types of 34% protein dairy solids in their products. Dry buttermilk powder production is lower at most locations because of these factors. Inventories are mostly termed snug to tight. The October 2009 Dairy Market News Central/East dry buttermilk monthly average for the range price series is \$1.1831/lb. compared to \$1.0025/lb. in September 2009 and \$0.9566/lb. in October 2008.

**DAIRY PRODUCTS:** NASS Dairy Products reports production of dry buttermilk during September 2009 totaled 5.3 million pounds, 4.2% more than August 2009 production, but 1.7% less than production one year ago. January - September cumulative 2009 dry buttermilk production totals 53.2 million pounds, about equal to production during the same time span in 2008. Month ending stocks of dry buttermilk, at 4.0 million pounds, are 19.5% lower than one month ago and 62.2% lower than one year ago.

**EAST:** The CME Group butter price reached a new yearly high Wednesday, closing at \$1.42. Cream supplies are more readily available in most areas, but spotty in New England, due to limited milk production. Most churns are operating 2-3 days per week limiting the available supplies of buttermilk powder. Most current supplies of buttermilk powder are utilized to fill current orders or used internally with light spot market activity. A firm NDM market continues to support the firm undertone in the dry buttermilk market.

F.O.B. CENTRAL/EAST: 1.2500 - 1.3500

**NDM, 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.

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices continue to trend higher and reflect the impact of increasing NDM prices. The market tone is firm. Buyer demand is fair for the current light offerings. There are limited spot loads being offered with most activity occurring on contracts. Drying is steady to lighter as butter production is in full gear ahead of the holidays yet sales of condensed are taking place. Stocks are light. Buttermilk powder production in September 2009 for the U.S. totals 5.3 million pounds, down 1.7% from last year. Buttermilk stocks at the end of September are 4.0 million pounds, down 62.2% from last year and 19.5% lower than last month.

F.O.B. WEST: 1.1500 - 1.3000 MOSTLY: 1.1500 - 1.2500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 30	\$.9639	19,193,095	0
October 23	\$.9928	11,298,553	0

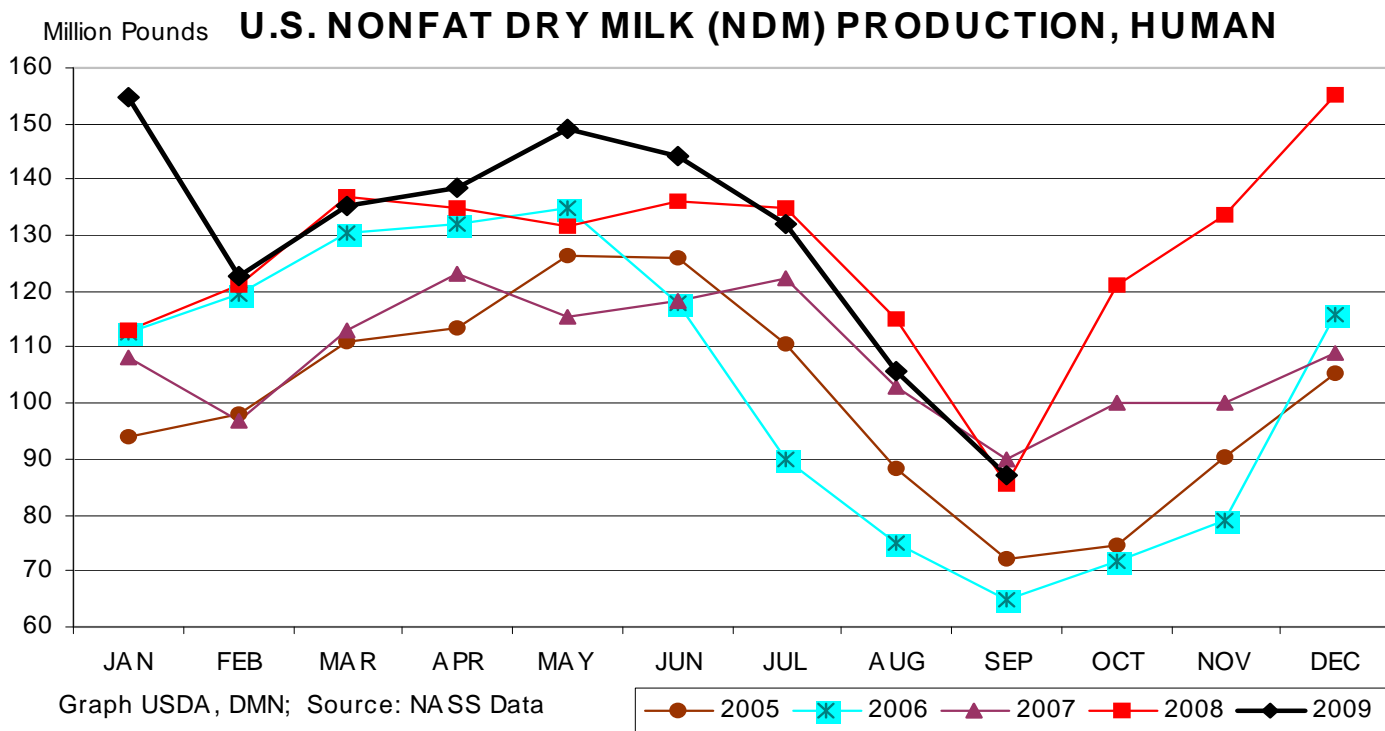
Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food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

**DRY WHOLE MILK - NATIONAL**

Prices are higher for dry whole milk and the market tone is firm. Production is low and most manufacturers are concerned with contract fulfillment in the near term and are looking at the upcoming seasonal rebound in milk production as an opportunity to replenish tight inventories. The latest Oceania whole milk powder auction concluded on November 3, 2009 and average prices per pound for regular whole milk powder from Oceania during the next three contract periods are: January 2010, \$1.5003, February – April 2010, \$1.5309, May 2010 – July 2010, \$1.6511. The October 2009 Dairy Market News dry whole milk monthly average for the range price series is \$1.3780/lb. compared to \$1.2698/lb. in September 2009 and \$1.6057/lb. in October 2008.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during September 2009 totaled 4.2 million pounds, down 19.7% from August 2009 and 7.1% less than September 2008. Cumulative 2009 production through September totals 33.5 million pounds, a 12.2% decrease from 2008 production during the same time frame.

F.O.B. PRODUCING PLANT: 1.4500 - 1.6800



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

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

**DRY WHEY - CENTRAL**

Central dry whey prices are higher. Market demand is steady. Inventories are allowing some plants to offer dry whey to the spot market and loads are reportedly moving readily. Concerns over the continuing strong market trend seem to be prompting some current aggressive buying decisions as a way of controlling future input costs. Availability of condensed whey is uneven this week. Regular maintenance reduced cheese and condensed whey production at a few plants in the region. Other plants report the current prices on dairy solids are deterring spot purchases of condensed whey and slowing the intake on contracted condensed whey loads in some locations. ANIMAL FEED DRY WHEY prices are unchanged to lower on a mixed market. Interest in milk replacer is reported as steady to strong in some locations, weaker in others. The recent price trend on milk replacer has spurred interest among some buyers, and they are getting orders on the books before the next price increase takes effect. The October 2009 Dairy Market News Central dry whey monthly average for the mostly price series is \$0.3295/lb. compared to \$0.3061/lb. in September 2009 and \$0.1869/lb. in October 2008. The October 2009 Dairy Market News animal feed dry whey monthly average for the range price series is \$0.2411/lb. compared to \$0.2021/lb. in September 2009 and \$0.1634/lb. in October 2008.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN AND ANIMAL dry whey during September 2009 totaled 86.9 million pounds, 5.7% lower than August 2009, but 1.1% higher than September 2008. Cumulative production for 2009 through September of HUMAN AND ANIMAL dry whey totals 816.5 million pounds, a 3.1% decrease from 2008 totals during the same time span. Human food dry whey production during September 2009 in the Central region totaled 37.8 million pounds. This dry whey production is 0.9% less than August 2009 production but 4.2% higher than September 2008. September ending stocks of HUMAN FOOD dry whey totaled 48.7 million pounds, 4.6% less than 1 month ago and 20.4% lower than September 2008. ANIMAL FEED dry whey month ending stocks totaled 2.1 million pounds, 21.2% lower than one month ago and 69.5% lower than one year ago.

F.O.B. CENTRAL: .3300 - .3900 MOSTLY: .3325 - .3475  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2000 - .2875

**DRY WHEY - NORTHEAST**

Whey powder prices firmed with the low end of the range moving higher. Most dry whey supplies are committed to fill current contracts or for internal use. Some whey production decreases were noted due to a cheese plant closing for maintenance. Spot market activity is light. A firm undertone continues for the dry whey market with support coming from firm markets for other dry dairy products. The October 2009 Dairy Market News average for Northeast dry whey was \$.3069 compared to \$.2105 in October 2008. DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption in the Atlantic area totaled 19.0 million pounds, or 22.6% of the nation's total for September of 83.9 million pounds. The Atlantic area's production is 2.3% lower than unadjusted production from one month ago, but 5% higher than production one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3000 - .3450

**DRY WHEY - WEST**

Whey prices for the week trended firm to 1/2 cent higher. The monthly average price for the mostly range of western whey in October was .3393 compared to .1793 in October 2008. Interest for whey remains good although supplies are described as tight. Production levels are reduced from last year due to lower farm milk intakes. Current production is being used to fulfill contract obligations with little product being offered to the spot market. According to the NASS Dairy Products report, U.S. human food

whey production in September totaled 83.9 million pounds, 2.8% or 2.3 million pounds more than last year. September 2009 production was down 3.5% or 3.1 million pounds from August 2009. Cumulative total whey output for the first nine months of 2009 is 816.5 million pounds, down 3.1% or 25.8 million pounds less, unadjusted from the same period last year. Western region output of human dry whey for the month totaled 27.1 million pounds, -0.5% or 146,000 pounds less than last year. Western dry whey production amounts to 32.3% of U.S. production.

NONHYGROSCOPIC: .3350 - .3850 MOSTLY: .3450 - .3650

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Dairy solids pricing remains strong this week, and the whey protein concentrate 34% mostly price series moved higher. Tight milk supplies in several areas of the country have reduced milk intakes at some Class III plants, thereby reducing WPC 34% production at some locations. Contract loads of WPC 34% are moving steadily. A few spot loads of WPC 34% from manufacturers were offered out this week. Some of the WPC 34% FOB loads were reportedly offered to established contract buyers, but at spot market prices that tested the current demand for product. Selected buyers reportedly pushed back on some of those offers. Resales of product are noted at over \$0.90. Most producer inventories remain snug for the week. The October 2009 Dairy Market News Central/West whey protein concentrate 34% monthly average for the mostly price series is \$0.7395/lb. compared to \$0.6624/lb. in September 2009 and \$0.3886/lb. in October 2008.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during September 2009 totaled 21.1 million pounds, 7.4% less than August 2009 production and 7.0% less than production of one year ago. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 24.7 million pounds, 2.6% more than August 2009 and 4.7% more than September 2008.

F.O.B. EXTRA GRADE 34% PROTEIN: .7600 - .8550 MOSTLY: .7900 - .8200

**LACTOSE - CENTRAL AND WEST**

The lactose market is strong and prices are mostly higher as November monthly contract prices factor into the market. The price on condensed whey spot loads has followed the general dairy protein market and prices have moved higher. This has been one of the factors used in some decisions to curtail spot load purchases of dairy solids in a few locations. This is, in turn, decreasing lactose production in those locations. Some Western lactose manufacturers report the generally tight milk supplies in the region have decreased cheese plant intakes, thereby decreasing lactose production. Some December monthly contracts are finalized. The October 2009 Dairy Market News monthly average for the Central/West lactose mostly price series is \$0.3181/lb. compared to \$0.2652/lb. in September 2009 and \$0.1825/lb. in October 2008.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during September 2009 decreased 5.9% compared to August 2009 to 58.6 million pounds and was 0.3% lower than September 2008 production. Month ending stocks, at 56.0 million pounds, are 3.7% higher than one month ago, but 41.9% lower than one year ago. Cumulative production for 2009 through September of lactose totals 531.3 million pounds, a 6.4% decrease from 2008 totals during the same time span.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2250 - .4000 MOSTLY: .3000 - .3700

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

CASEIN - NATIONAL

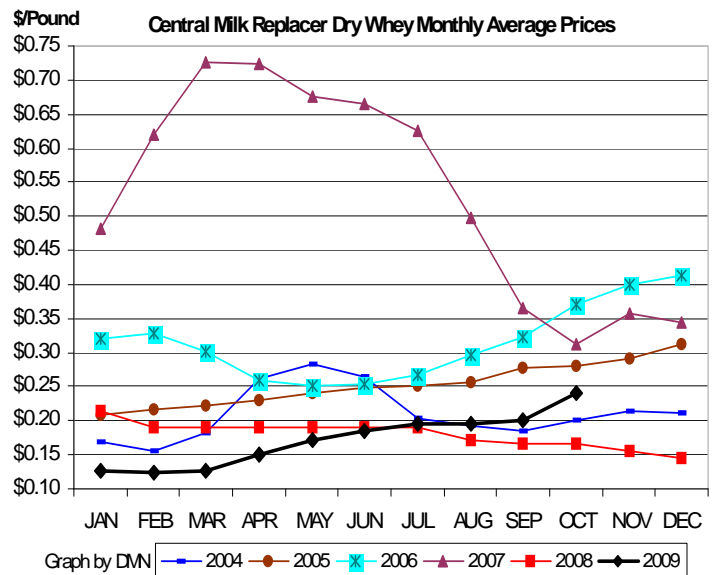
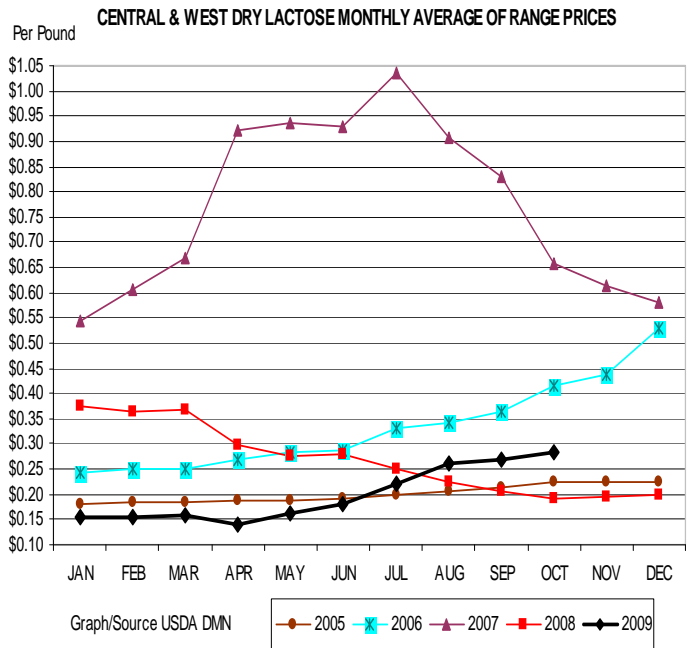
Casein markets are firm with prices unchanged to higher. Strength in prices is occurring due to limited supply and concern by domestic buyers about casein availability in the future. Some buyers are already stating that sourcing product for second quarter 2010 is being priced at or slightly higher than \$4.00. Domestic buyers are fully aware of the production decline in Europe during the most recent season and have concerns on how the Oceania season is developing. Buyers indicate that there is basically no stock available for spot needs. Most domestic buyers have contracted for near term and early 2010 needs, but are very concerned about how to proceed for the balance of 2010. Some buyers feel that the momentum of the current market might generate prices seen in 2008.

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: 2.9000 - 3.6500  
 ACID: 2.9000 - 3.6000

EVAPORATED MILK - NATIONAL

Canned evaporated milk production during September 2009 totaled 47.3 million pounds, up 16.5% from August 2009 but down 11.1% from September 2008. Manufacturers' end-of-month stocks totaled 104.0 million pounds, 3.0% higher than August 2009 and 13.8% higher than one year ago.



**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF NOVEMBER 2 - 6, 2009			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 10/30/09	SAME PERIOD LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfat	-0-	-0-	-0-	132,276	36,942,767	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	132,276	36,942,767	-0-	-0-

**MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)**

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF NOVEMBER 2 - 6, 2009 =	0.0	0.0	COMPARABLE PERIOD IN 2008 =	2.8	150.4
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	8.1	430.0
CUMULATIVE JAN. 1 - NOV. 6, 2009 =	136.7	1,883.0	COMPARABLE CALENDAR YEAR 2008 =	8.1	430.0

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22  
 \*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

**CCC ADJUSTED PURCHASES FOR THE WEEK OF NOVEMBER 2 - 6, 2009 (POUNDS)**

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	BLOCK	BARREL	NONFORTIFIED		
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

**CCC ADJUSTED PURCHASES SINCE 10/1/09 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL**

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	132,276	36,942,767	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	132,276	36,942,767	100.0	100.0

**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

**U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/17/09 & Comparable Week 2008**

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2009-Dairy	N.A.	0.7	7.1	2.6	17.4	3.7	0.5	N.A.	14.8	2.6	50.6	2,304.0	42.3	47.3
2008-Dairy	N.A.	0.4	8.2	2.5	17.0	3.5	0.3	N.A.	14.5	3.0	50.9	2,063.9	40.9	42.1
2009-All cows	N.A.	0.7	8.9	12.7	33.6	20.8	12.7	N.A.	19.9	6.9	119.7	4,874.3		
2008-All cows	N.A.	0.5	10.4	15.0	33.0	20.4	14.1	N.A.	19.1	8.3	124.6	4,898.3		

**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.

**CANADIAN DAIRY BREEDING FEMALE IMPORTS**

WEEK ENDING	WEEKLY	CUMULATIVE	WEEK ENDING	WEEKLY	CUMULATIVE	WEEK ENDING	WEEKLY	2009 CUMULATIVE TOTAL
OCT. 10	154	8,336	OCT. 17	80	8,416	OCT. 24	214	8,630

SOURCE: USDA, APHIS

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

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17\$	21.38	19.83	20.07	18.70	19.22	20.60
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

**FEDERAL MILK ORDER CLASS PRICES FOR 2009 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.74	10.72	9.43	10.36	10.97	10.08	10.26	10.04	10.93	12.35	12.86	
II	10.41	10.25	10.36	10.49	10.71	10.79	10.87	10.86	11.01	11.93		
III	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82		
IV	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86		

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." \$ Revised



**ORGANIC DAIRY MARKET NEWS**Information gathered October 26 - November 6, 2009

---

1 store offered gallons only of whole organic milk, and the final store did not offer any organic gallons.

Offerings of half-gallons were more comprehensive. All but 1 of the 4 stores offered between 2 and 4 brands for most or all varieties of non-flavored half gallons. The highest priced organic half gallons of both whole milk and nonfat, \$3.99, were offered by the same natural food store for milk from a small creamery. The highest price for both reduced and lowfat organic milk, \$5.99, was offered by a regional chain outlet for a store brand. The lowest price for half gallons of all 4 organic varieties, \$3.49, was offered by a regional chain outlet. That outlet also offered the lowest priced organic chocolate half gallons, \$2.99, while the highest price, \$4.69, was listed by a natural food chain outlet.

Organic yogurt in Madison supermarkets for 6 ounce sizes range from a high of \$1.59 for a small brand sold both in the student market and regional big-box market, to a low of \$0.79 for a national brand sold in a local big-box supermarket. In Chicago, the highest price, \$1.49, was for a national brand in a regional market and the 2 natural food markets tied for low price on store brands, \$0.89.

---

**ORGANIC DAIRY FLUID OVERVIEW**

Eastern organic milk producers and processors have been increasingly expressing concern with what they believe is a substantial volume of private label organic fluid milk moving from the West into the East. Part of the concern arises from what is viewed as scale of production variables existing between typical Eastern and Northeastern organic farms, and a number of organic dairy farms in the West. In recent weeks, there has been increasing vocalization of expectations that in the near future, significant actions by private entities will be announced that will affect organic milk processing in the East. Conversations concerning this situation have been characterized as “tumultuous”.

**OCTOBER 2009 DEIP BID ACCEPTANCES**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
<b>NONFAT DRY MILK</b>				
JULY 2009 - SEPTEMBER 2009		17,203		
OCTOBER 1 - 31, 2009		<u>0</u>		
JULY 2009 - OCTOBER 2009		<u>17,203</u>		
<b>CHEESE</b>				
JULY 2009 - SEPTEMBER 2009		775		
10/06/09-C	AFRICA AND MIDDLE EAST	80	NOV - DEC	\$275.00
10/07/09-M	AFRICA AND MIDDLE EAST	41	OCT - MAY	\$303.11
10/09/09-C	AFRICA AND MIDDLE EAST	112	OCT - NOV	\$225.00
10/13/09-M	AFRICA AND MIDDLE EAST	22	OCT - MAY	\$295.00
10/15/09-M	AFRICA AND MIDDLE EAST	44	OCT - MAY	\$350.00
10/19/09-C	AFRICA AND MIDDLE EAST	38	OCT - NOV	\$275.00
10/20/09-C	AFRICA AND MIDDLE EAST	260	NOV - DEC	\$275.00
10/22/09-M	AFRICA AND MIDDLE EAST	19	NOV	\$275.00
10/22/09-C	AFRICA AND MIDDLE EAST	126	OCT - DEC	\$275.00
10/23/09-M	ASIA AND EURASIA	18	NOV	\$250.00
10/23/09-C	AFRICA AND MIDDLE EAST	100	NOV - FEB	\$275.00
10/28/09-C	ASIA AND EURASIA	56	NOV-JAN	\$200.00
OCTOBER 1 - 31, 2009		<u>916</u>		
JULY 2009 - OCTOBER 2009		<u>1,691</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
<b>BUTTERFAT</b>				
JULY 2009 - SEPTEMBER 2009		10,882		
10/05/09-A	ASIA AND EURASIA	1,510	OCT - JAN	\$918.67
10/08/09-B	AFRICA AND MIDDLE EAST	600	JAN - APR	\$300.00
10/09/09-B	AFRICA AND MIDDLE EAST	400	NOV - JAN	\$300.00
10/14/09-B	ASIA AND EURASIA	25	OCT - NOV	\$250.00
10/16/09-B	ASIA AND EURASIA	50	DEC - FEB	\$249.00
10/20/09-B	AFRICA AND MIDDLE EAST	600	FEB - MAY	\$300.00
10/22/09-B	AFRICA AND MIDDLE EAST	500	DEC - MAR	\$300.00
10/26/09-A	AFRICA AND MIDDLE EAST	100	NOV - DEC	\$450.00
10/29/09-A	ASIA AND EURASIA	110	NOV-DEC	\$400.00
OCTOBER 1 - 31, 2009		<u>3,895</u>		
JULY 2009 - OCTOBER 2009		<u>14,777</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
<b>PROGRAM TO DATE</b>				
TOTAL MT				33,671
TOTAL BONUS VALUE				\$15,647,358.68

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call Mark Rowse (202) 720-0624.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2009: Nonfat Dry Milk - 48,176 MT; Cheese - 2,878 MT; Butterfat - 19,235 MT

MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 2009 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 39		:REPORT NUMBER 40		:REPORT NUMBER 41		:REPORT NUMBER 42		:REPORT NUMBER 43		2009	2008
	:-----:		:-----:		:-----:		:-----:		:-----:		Average	Average
	OCT 01 - 02	OCT 05 - 09	OCT 12 - 16	OCT 19 - 23	OCT 26 - 30	or Total	or Total					
CHEESE												
WISCONSIN (WSP, Delivered, LTL)												
-- Process American 5# Loaf	:: 1.7150 - 1.8650	:: 1.7300 - 1.8900	:: 1.7775 - 1.9375	:: 1.7775 - 1.9625	:: 1.8075 - 1.9575	:: 1.8487	:: 2.3102					
-- Brick And/Or Muenster 5#	:: 1.9100 - 1.9675	:: 1.9100 - 1.9975	:: 1.9100 - 2.0450	:: 1.9100 - 2.0600	:: 2.0275 - 2.0300	:: 1.9821	:: 2.4841					
-- Cheddar 40# Block	:: 1.7400 - 2.5650	:: 1.7400 - 2.5650	:: 1.7400 - 2.5650	:: 1.7400 - 2.5650	:: 1.8600 - 2.5650	:: 2.1668	:: 2.4695					
-- Monterey Jack 10#	:: 1.8400 - 2.5650	:: 1.8400 - 2.5650	:: 1.8400 - 2.5650	:: 1.8400 - 2.5650	:: 1.9600 - 2.5650	:: 2.2168	:: 2.4652					
-- Blue 5#	:: 2.2575 - 2.6100	:: 2.2875 - 2.6100	:: 2.3350 - 2.6100	:: 2.3500 - 2.6100	:: 2.3175 - 2.7500	:: 2.4795	:: 2.9891					
-- Mozzarella 5 - 6#	:: 1.7600 - 2.6650	:: 1.7600 - 2.6650	:: 1.7600 - 2.6650	:: 1.7600 - 2.6650	:: 1.8650 - 2.6650	:: 2.2250	:: 2.4583					
-- Grade A Swiss Cuts 6 - 9#	:: 2.1850 - 3.3300	:: 2.3250 - 3.3300	:: 2.3250 - 3.3300	:: 2.3250 - 3.3300	:: 2.3250 - 3.3300	:: 2.8208	:: 3.0633					
NORTHEAST (WSP, Delivered, LTL)												
-- Cheddar 10# Prints	:: 1.5450 - 2.0650	:: 1.5750 - 2.0950	:: 1.6225 - 2.1425	:: 1.6375 - 2.1575	:: 1.6050 - 2.1250	:: 1.8632	:: 2.3116					
-- Cheddar Single Daisies	:: 1.5025 - 1.9875	:: 1.5325 - 2.0175	:: 1.5800 - 2.0650	:: 1.5950 - 2.0800	:: 1.5625 - 2.0475	:: 1.8032	:: 2.2516					
-- Cheddar 40# Block	:: 1.6000 - 1.8750	:: 1.6300 - 1.9050	:: 1.6775 - 1.9525	:: 1.6925 - 1.9675	:: 1.6600 - 1.9350	:: 1.7957	:: 2.2441					
-- Process 5# Loaf	:: 1.4050 - 1.6450	:: 1.4300 - 1.6700	:: 1.4775 - 1.7175	:: 1.5025 - 1.7425	:: 1.4975 - 1.7375	:: 1.5900	:: 2.0668					
-- Process 5# Sliced	:: 1.4200 - 1.7300	:: 1.4450 - 1.7550	:: 1.4925 - 1.8025	:: 1.5175 - 1.8275	:: 1.5125 - 1.8225	:: 1.6400	:: 2.1168					
-- Muenster	:: 1.6200 - 1.8175	:: 1.6500 - 1.8475	:: 1.6975 - 1.8950	:: 1.7125 - 1.9100	:: 1.6800 - 1.8775	:: 1.7770	:: 2.2253					
-- Grade A Swiss Cuts 10 - 14#	:: 2.8125 - 3.1350	:: 2.9525 - 3.2750	:: 2.9525 - 3.2750	:: 2.9525 - 3.2750	:: 2.9525 - 3.2750	:: 3.1004	:: 3.3388					
WEST COAST (WSP, Delivered, LTL)												
-- Process 5# Loaf	:: 1.4800 - 1.7375	:: 1.5050 - 1.7625	:: 1.5525 - 1.8100	:: 1.5775 - 1.8350	:: 1.5725 - 1.8300	:: 1.6738	:: 2.1159					
-- Cheddar 40# Block	:: 1.5200 - 1.8725	:: 1.5500 - 1.9025	:: 1.6000 - 1.9525	:: 1.6150 - 1.9675	:: 1.5825 - 1.9350	:: 1.7561	:: 2.1403					
-- Cheddar 10# Cuts	:: 1.7000 - 1.9200	:: 1.7300 - 1.9500	:: 1.7800 - 2.0000	:: 1.7950 - 2.0150	:: 1.7625 - 1.9825	:: 1.8699	:: 2.2541					
-- Monterey Jack 10#	:: 1.7100 - 1.8700	:: 1.7400 - 1.9000	:: 1.7900 - 1.9500	:: 1.8050 - 1.9650	:: 1.7725 - 1.9325	:: 1.8499	:: 2.2341					
-- Grade A Swiss Cuts 6 - 9#	:: 2.5900 - 3.0700	:: 2.5900 - 3.0700	:: 2.5900 - 3.0700	:: 2.5900 - 3.0700	:: 2.5900 - 3.0700	:: 2.8300	:: 3.1570					
FLUID PRODUCTS												
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)												
-- Northeast - f.o.b	:: 1.6179 - 1.7190	:: 1.5786 - 1.6780	:: 1.5598 - 1.6836	:: 1.6153 - 1.7146	:: 1.6853 - 1.7899	:: 1.6656	:: 2.3158					
-- Upper Midwest - f.o.b	:: 1.5674 - 1.6558	:: 1.5413 - 1.6159	:: 1.5351 - 1.6094	:: 1.5531 - 1.6401	:: 1.6331 - 1.7246	:: 1.6087	:: 2.2478					
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.												
-- Class II	:: 0.90 - 1.10	:: 1.00 - 1.10	:: 1.00 - 1.10	:: 1.03 - 1.10	:: 1.05 - 1.18	:: 1.0643	:: 1.3564					
-- Class III	:: 0.91 - 1.14	:: 1.08 - 1.14	:: 1.08 - 1.15	:: 1.12 - 1.25	:: 1.12 - 1.25	:: 1.1386	:: 1.4127					

MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 2009 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 39	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	2009	2008
	Average					Average	Average
	OCT 01 - 02	OCT 05 - 09	OCT 12 - 16	OCT 19 - 23	OCT 26 - 30	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.0200 - 1.1300	:: 1.0650 - 1.1800	:: 1.0950 - 1.3500	:: 1.1100 - 1.4700	:: 1.1300 - 1.5100	:: 1.2239	:: 1.1032
-- Mostly	:: 1.0400 - 1.1000	:: 1.1075 - 1.1800	:: 1.1500 - 1.2500	:: 1.2000 - 1.4000	:: 1.2500 - 1.4000	:: 1.2278	:: 1.0905
-- High Heat	:: 1.0300 - 1.2200	:: 1.0775 - 1.2800	:: 1.1100 - 1.4000	:: 1.1200 - 1.6000	:: 1.1450 - 1.6000	:: 1.2774	:: 1.2109
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.0000 - 1.0700	:: 1.0000 - 1.2000	:: 1.0300 - 1.3200	:: 1.0350 - 1.4000	:: 1.0450 - 1.4500	:: 1.1712	:: 0.9680
-- Mostly	:: 1.0100 - 1.0500	:: 1.0500 - 1.1000	:: 1.0900 - 1.2200	:: 1.0900 - 1.3000	:: 1.0950 - 1.3500	:: 1.1496	:: 0.9881
-- High Heat	:: 1.0200 - 1.1200	:: 1.0300 - 1.1525	:: 1.0775 - 1.1550	:: 1.0775 - 1.3225	:: 1.0950 - 1.3500	:: 1.1511	:: 1.2148
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3000 - 0.3300	:: 0.3000 - 0.3475	:: 0.3200 - 0.3600	:: 0.3200 - 0.3600	:: 0.3275 - 0.3700	:: 0.3358	:: 0.1899
-- Mostly	:: 0.3100 - 0.3250	:: 0.3175 - 0.3275	:: 0.3225 - 0.3325	:: 0.3250 - 0.3450	:: 0.3300 - 0.3450	:: 0.3295	:: 0.1869
-- West (f.o.b.)	:: 0.3100 - 0.3600	:: 0.3100 - 0.3600	:: 0.3100 - 0.3600	:: 0.3200 - 0.3650	:: 0.3300 - 0.3800	:: 0.3415	:: 0.1791
-- Mostly	:: 0.3200 - 0.3400	:: 0.3200 - 0.3450	:: 0.3200 - 0.3500	:: 0.3300 - 0.3550	:: 0.3400 - 0.3600	:: 0.3393	:: 0.1793
-- Northeast (f.o.b.)	:: 0.2750 - 0.3200	:: 0.2750 - 0.3200	:: 0.2800 - 0.3200	:: 0.2900 - 0.3350	:: 0.2950 - 0.3450	:: 0.3069	:: 0.2105
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.6425 - 0.7325	:: 0.6850 - 0.7550	:: 0.7100 - 0.7750	:: 0.7300 - 0.8050	:: 0.7250 - 0.8550	:: 0.7492	:: 0.3914
-- Mostly	:: 0.6700 - 0.7000	:: 0.6950 - 0.7150	:: 0.7300 - 0.7500	:: 0.7400 - 0.7700	:: 0.7600 - 0.8000	:: 0.7395	:: 0.3886
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2000 - 0.2500	:: 0.2300 - 0.2875	:: 0.2300 - 0.2875	:: 0.2411	:: 0.1634
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.9300 - 1.1200	:: 1.0500 - 1.1300	:: 1.1100 - 1.2500	:: 1.2000 - 1.2500	:: 1.2500 - 1.3500	:: 1.1831	:: 0.9566
-- West (f.o.b.)	:: 0.9700 - 1.0100	:: 1.0000 - 1.0300	:: 1.0350 - 1.2000	:: 1.0800 - 1.2000	:: 1.1200 - 1.2500	:: 1.1024	:: 0.9273
-- Mostly	:: 0.9750 - 0.9950	:: 1.0100 - 1.0200	:: 1.0450 - 1.0750	:: 1.1000 - 1.1500	:: 1.1450 - 1.2000	:: 1.0844	:: 0.9557
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3000 - 1.3700	:: 1.3000 - 1.3700	:: 1.3200 - 1.3700	:: 1.3200 - 1.3700	:: 1.3450 - 1.6500	:: 1.3780	:: 1.6057
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1700 - 0.3600	:: 0.1700 - 0.3800	:: 0.1800 - 0.4000	:: 0.1800 - 0.4000	:: 0.1800 - 0.4000	:: 0.2840	:: 0.1916
-- Mostly	:: 0.2600 - 0.3400	:: 0.2800 - 0.3500	:: 0.2800 - 0.3600	:: 0.2850 - 0.3600	:: 0.2850 - 0.3600	:: 0.3181	:: 0.1825
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.7500 - 3.0800	:: 2.9000 - 3.0800	:: 2.9000 - 3.0800	:: 2.9000 - 3.0800	:: 2.9000 - 3.0800	:: 2.9829	:: 4.9750
-- Nonrestricted - Acid	:: 2.7500 - 3.0000	:: 2.9000 - 3.0000	:: 2.9000 - 3.0000	:: 2.9000 - 3.0000	:: 2.9000 - 3.0000	:: 2.9429	:: 5.1500

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 OCTOBER 2009

COMMODITY	REPORT NUMBER 39	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	2009 * Monthly Average	2008 * Monthly Average
	OCT 1 - 2	OCT 5 - 9	OCT 12 - 16	OCT 19 - 23	OCT 26 - 30		
<b>BUTTER*</b>							
-- GRADE AA							
--Monday		1.2350	1.2425	1.2525	1.3500		
--Tuesday		1.2350	1.2425	1.3000	1.3500		
--Wednesday		1.2375	1.2425	1.3100	1.3500		
--Thursday	1.2350	1.2450	1.2425	1.3200	1.3600		
--Friday	1.2350	1.2375	1.2425	1.3500	1.4100	1.2830	1.7320
--Weekly Average**	1.2430	1.2380	1.2425	1.3065	1.3640		
<b>CHEESE*</b>							
-- BARRELS							
--Monday		1.4200	1.4575	1.4150	1.4925		
--Tuesday		1.4300	1.4575	1.4225	1.4925		
--Wednesday		1.4300	1.4575	1.4500	1.4925		
--Thursday	1.3900	1.4300	1.4575	1.4500	1.4925		
--Friday	1.4200	1.4300	1.4300	1.4925	1.4875	1.4499	1.8025
--Weekly Average**	1.3815	1.4280	1.4520	1.4460	1.4915		
-- 40# BLOCKS							
--Monday		1.4400	1.5050	1.4150	1.5000		
--Tuesday		1.4525	1.5075	1.4300	1.5000		
--Wednesday		1.4600	1.5075	1.4450	1.5000		
--Thursday	1.4200	1.4800	1.4600	1.4550	1.5050		
--Friday	1.4350	1.5025	1.4300	1.5000	1.5100	1.4709	1.7963
--Weekly Average**	1.4185	1.4670	1.4820	1.4490	1.5030		
<b>NONFAT DRY MILK*</b>							
-- EXTRA GRADE							
--Monday		1.1500	1.2200	1.2600	1.2700		
--Tuesday		1.1600	1.2200	1.2600	1.2700		
--Wednesday		1.1800	1.2600	1.2650	1.2700		
--Thursday	1.1500	1.2200	1.2600	1.2700	1.2700		
--Friday	1.1500	1.2200	1.2600	1.2700	1.2700	1.2330	1.0083
--Weekly Average**	1.1120	1.1860	1.2440	1.2650	1.2700		
-- GRADE A							
--Monday		1.1950	1.2900	1.3150	1.3250		
--Tuesday		1.2000	1.2900	1.3150	1.3250		
--Wednesday		1.2200	1.3150	1.3250	1.3250		
--Thursday	1.1800	1.2650	1.3150	1.3250	1.3250		
--Friday	1.1800	1.2800	1.3150	1.3250	1.3350	1.2857	1.0083
--Weekly Average**	1.1420	1.2320	1.3050	1.3210	1.3270		

\* 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.

## OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2009 was unchanged at 175. Compared with October 2008, the index was down 12 points (6.4 percent). The index of prices received by farmers for dairy products advanced 7 points during the month of October 2009 to 106. Compared with October 2008, the index was down 30 points (22.1 percent).

Prices received by farmers in October with changes from September were: for All Milk, \$13.80 per hundredweight (cwt.), up \$.90; for Fluid Grade Milk, \$13.80 per cwt., up \$.90; and for Manufacturing Grade Milk, \$13.00 per cwt., up \$.80.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., OCTOBER 2009 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		Alfalfa hay, baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	SEPTEMBER		OCTOBER		OCTOBER		OCTOBER		OCTOBER	
	2009 <u>2/</u>	2008 <u>2/</u>	2009 <u>4/</u>	2008 <u>2/</u>	2009 <u>4/</u>	2008 <u>2/</u>	2009 <u>7/</u>	2008 <u>8/</u>	2009	2008
CA	11.52	16.93	12.30	16.35	1,200	1,700	45.10	41.40	98.00	200.00
ID	12.20	16.90	13.00	16.70	1,250	2,100	46.00	45.70	115.00	229.00
MI	13.40	19.20	14.40	18.50	1,300	2,150	43.00	51.00	145.00	155.00
MN	13.80	18.80	14.30	18.80	1,310	1,900	46.40	52.70	105.00	135.00
NM	12.80	17.10	13.50	17.10	1,280	2,030	47.00	51.00	141.00	189.00
NY	12.80	19.00	13.80	17.80	1,200	1,900	---	---	145.00	160.00
PA	14.20	20.40	15.40	19.30	1,300	2,000	43.00	51.10	148.00	199.00
TX	13.60	18.50	14.60	18.40	1,200	2,030	40.10	44.60	185.00	190.00
WA	12.30	17.60	13.30	16.20	1,200	2,000	---	---	120.00	230.00
WI	13.50	18.10	14.40	18.80	1,200	1,940	42.30	49.50	100.00	115.00
U.S.	12.90	18.20	13.80	17.80	1,240	1,920	43.70	48.40	109.00	171.00

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., OCTOBER 2009 WITH COMPARISONS

ITEM	OCTOBER 2008	SEPTEMBER 2009 <u>1/</u>	OCTOBER 2009 <u>2/</u>
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test: <u>3/</u>			
All milk	17.80	12.90	13.80
Fluid grade milk	17.80	12.90	13.80
Manufacturing grade milk	18.00	12.20	13.00
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	150	126	135
Prices received by farmers for dairy products	136	99	106
Prices paid by farmers for commodities and services, interest taxes, and wage rates	187	175	175
Prices paid by farmers for production items	195	177	176
Prices paid by farmers for feed	196	180	175
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.02	1.98	2.04

1/ Partially revised. 2/ Preliminary. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

**SOURCE:** "Agricultural Prices," Pr 1 (10-09), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**CORRECTED ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS, NOVEMBER 2009, WITH COMPARISONS <sup>1/</sup>**

The November 2009, the corrected all-city average announced cooperative Class I price was \$18.02 per cwt., \$2.52 higher than the Federal milk order (FMO) Class I price average for these cities. The corrected November cooperative Class I price was \$0.56 higher than the October price, while the Federal order Class I price was \$0.51 higher. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$3.81 in Miami, FL. For November 2008, the all-city average announced cooperative Class I price was \$22.42, \$2.45 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

City	November 2009		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	20.08	16.66	3.42
Baltimore, MD	17.53	15.86	1.67
Boston, MA	17.61	16.11	1.50
Charlotte, NC	19.42	16.26	3.16
Chicago, IL	18.22	14.66	3.56
Cincinnati, OH	18.11	15.06	3.05
Cleveland, OH	17.91	14.86	3.05
Dallas, TX	17.64 *	15.86	1.78 *
Denver, CO	17.06	15.41	1.65
Des Moines, IA	17.32	14.66	2.66
Detroit, MI	17.68	14.66	3.02
Hartford, CT	17.51	16.01	1.50
Houston, TX	18.44 *	16.46	1.98 *
Indianapolis, IN	17.91	14.86	3.05
Kansas City, MO	17.01	14.86	2.15
Louisville, KY	18.32	15.16	3.16
Memphis, TN	19.22	15.76	3.46
Miami, FL	22.67	18.86	3.81
Milwaukee, WI	18.17	14.61	3.56
Minneapolis, MN	16.88	14.56	2.32
New Orleans, LA	20.12	16.66	3.46
Oklahoma City, OK	17.80	15.46	2.34
Omaha, NE	17.07	14.71	2.36
Philadelphia, PA	18.97	15.91	3.06
Phoenix, AZ	15.71	15.21	0.50
Pittsburgh, PA	18.09	14.96	3.13
St. Louis, MO	17.41	14.86	2.55
Seattle, WA	15.51	14.76	0.75
Springfield, MO	17.60	15.26	2.34
Washington, DC	17.53	15.86	1.67
Simple Average	18.02 *	15.50	2.52 *

\* Corrected.

1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

## SEPTEMBER 2009 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 94.6 million pounds in September, 21.9 percent below September 2008 and 6.2 percent below August 2009. **AMERICAN TYPE CHEESE** production totaled 341.2 million pounds, 6.4 percent above September 2008 but 1.1 percent below August 2009. **TOTAL CHEESE** output (excluding cottage cheese) was 845.4 million pounds, 4.4 percent above September 2008 but 0.5 percent below August 2009. **NONFAT DRY MILK** production, for human food, totaled 87.1 million pounds, 1.8 percent above September 2008 but 17.7 percent below August 2009. **DRY WHEY** production, for human food, was 83.9 million pounds, 2.8 percent above September 2008 but 3.5 percent below August 2009. **ICE CREAM** (hard) production totaled 74.3 million gallons, 2.1 percent below September 2008 and 6.1 percent below August 2009.

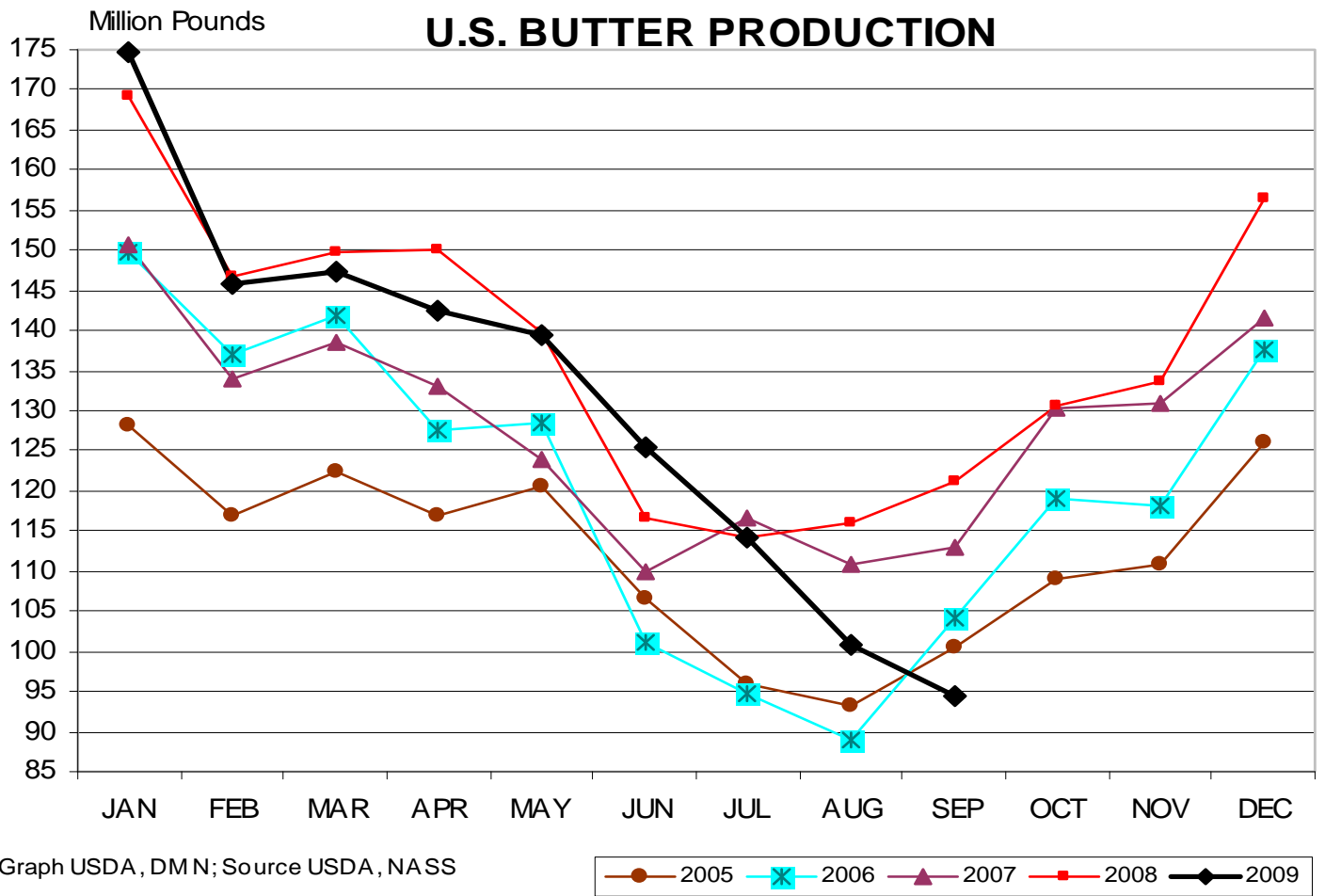
PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 2009	PERCENT CHANGE FROM:			PRODUCT	SEP 2009	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 2008	AUG 2009	YEAR TO DATE 1/		1,000 LBS.	SEP 2008	AUG 2009	YEAR TO DATE 1/
BUTTER	94,571	-21.9	-6.2	-3.2	YOGURT (PLAIN AND FLAVORED)	371,232	12.1	12.9	7.5
CHEESE					DRY WHEY PRODUCTS				
AMERICAN TYPES 2/	341,244	6.4	-1.1	3.7	DRY WHEY, HUMAN FOOD	83,866	2.8	-3.5	---
CHEDDAR	257,395	8.0	-2.1	2.2	DRY WHEY, ANIMAL FEED	2,995	-30.2	-41.7	---
OTHER AMERICAN	83,849	1.7	1.8	---	DRY WHEY, TOTAL 7/	86,861	1.1	-5.7	-3.1
SWISS	25,271	4.6	-2.8	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	10,396	-12.9	-8.2	---	HUMAN FOOD	2,488	-7.8	-5.1	---
CREAM & NEUFCHATEL	76,416	8.7	-0.4	---	ANIMAL FEED	4,094	-3.8	1.9	---
HISPANIC	17,126	1.7	-1.4	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	58,632	-0.3	-5.9	-6.4
TOTAL ITALIAN TYPES	351,024	3.4	0.4	0.6	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	272,341	4.4	-0.7	0.1	HUMAN FOOD 8/	30,774	4.5	-4.6	---
OTHER ITALIAN	78,683	0.2	4.5	2.6	ANIMAL FEED 8/	3,792	4.7	19.7	---
ALL OTHER TYPES	23,916	-8.3	4.1	---	TOTAL 8/	34,566	4.5	-2.5	-4.4
TOTAL	845,393	4.4	-0.5	2.0	25.0-49.9 PERCENT 9/	21,148	-7.0	-7.4	---
COTTAGE CHEESE, CURD 3/	40,141	8.9	0.8	---	50.0-89.9 PERCENT 9/	13,418	29.7	6.6	---
COTTAGE CHEESE, CREAM 4/	31,606	10.9	1.1	9.5	PROTEIN ISOLATES 10/	4,644	7.8	-1.2	---
COTTAGE CHEESE, LOWFAT 5/	34,731	2.1	4.1	0.2	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	47,331	-11.1	16.5	---	ICE CREAM (HARD)	74,285	-2.1	-6.1	-1.2
DRY WHOLE MILK	4,211	-7.1	-19.7	---	ICE CREAM, LOWFAT (HARD)	11,309	2.7	-3.9	---
NONFAT DRY MILK (NDM), HUMAN	87,080	1.8	-17.7	5.4	ICE CREAM, LOWFAT (SOFT)	19,888	4.9	-19.8	---
SKIM MILK POWDERS (SMP) 6/	12,585	-67.6	17.9	-47.1	ICE CREAM, LOWFAT (TOTAL)	31,197	4.1	-14.7	0.4
DRY BUTTERMILK	5,313	-1.7	4.2	---	SHERBET, HARD	4,373	-5.9	2.5	-5.3
SOUR CREAM	92,959	5.0	-1.1	1.9	YOGURT (TOTAL)	5,813	0.5	-13.4	-12.0

## MANUFACTURERS' STOCKS, END OF MONTH 11/

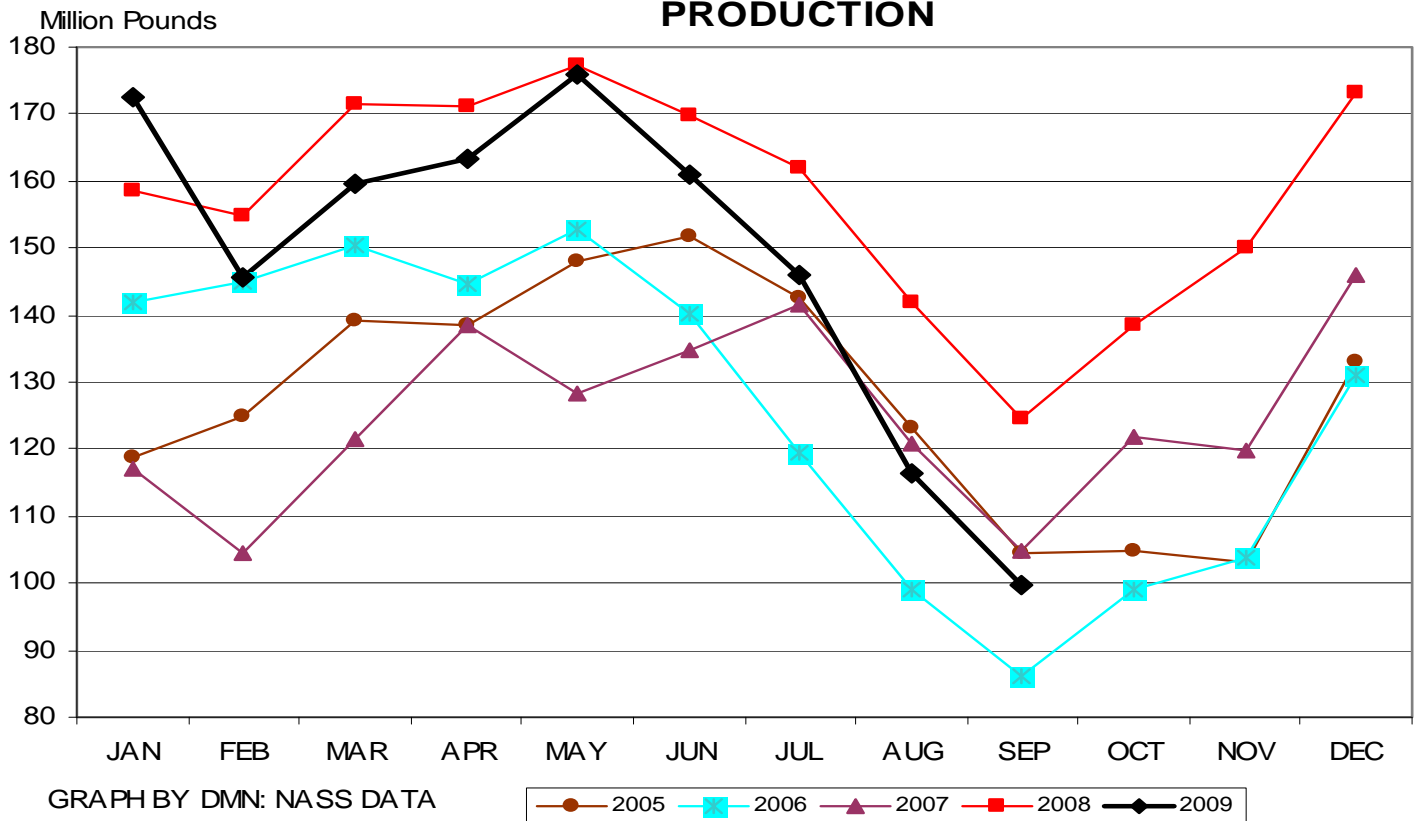
PRODUCT	SEP 2009	PERCENT OF:		PRODUCT	SEP 2009	PERCENT OF:	
	1,000 LBS.	SEP 2008	AUG 2009		1,000 LBS.	SEP 2008	AUG 2009
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	48,719	-20.4	-4.6	HUMAN FOOD 8/	36,775	4.9	5.7
DRY WHEY, ANIMAL FEED	2,115	-69.5	-21.2	ANIMAL FEED 8/	2,362	116.7	9.9
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 12/	13,518	-26.5	-4.0	TOTAL 8/	39,137	8.2	5.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	56,023	-41.9	3.7	25.0-49.9 PERCENT 9/	24,744	4.7	2.6
CANNED EVAP & CONDSO WHOLE MILK	104,009	13.8	3.0	50.0-89.9 PERCENT 9/	14,393	15.0	12.0
DRY BUTTERMILK	4,044	-62.2	-19.5	NONFAT DRY MILK (NDM), HUMAN FOOD	121,692	-24.6	-14.3

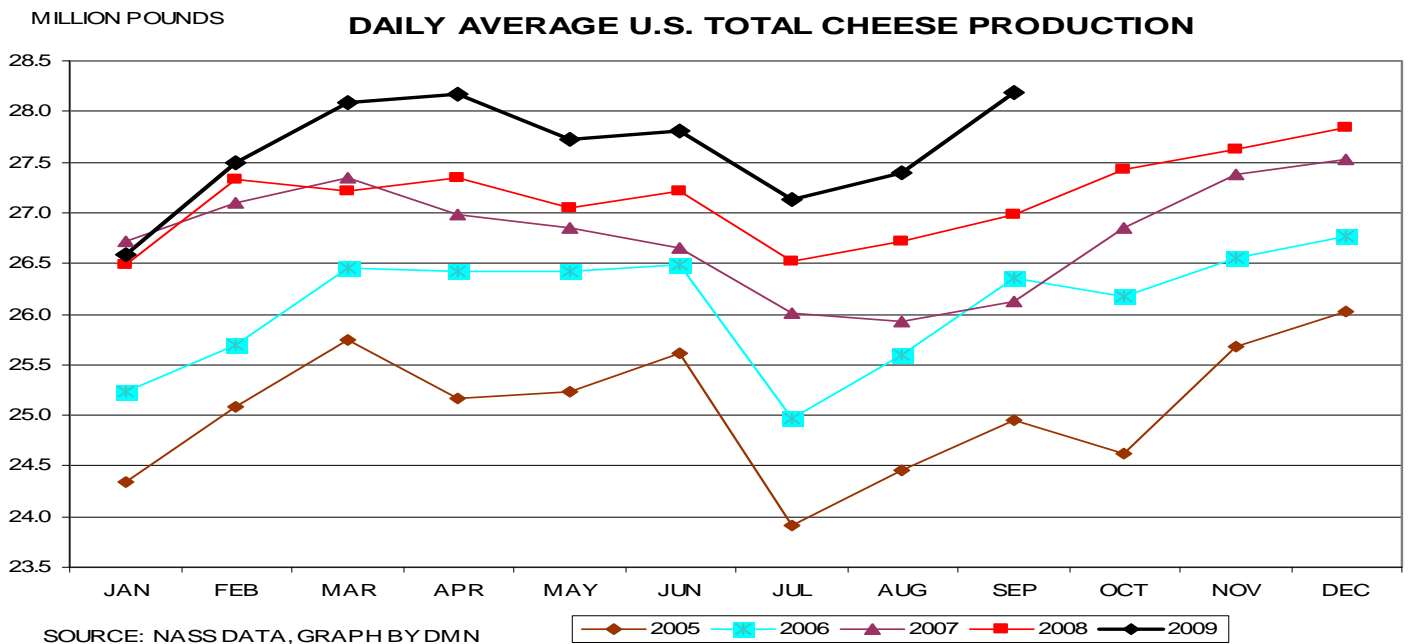
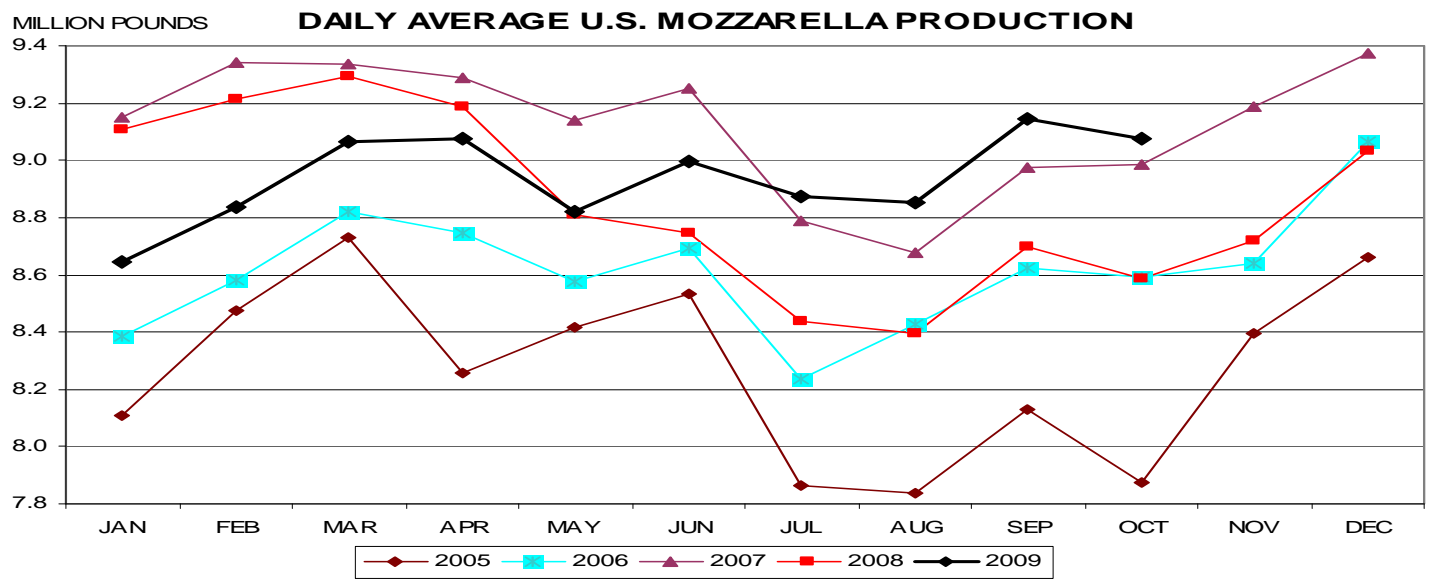
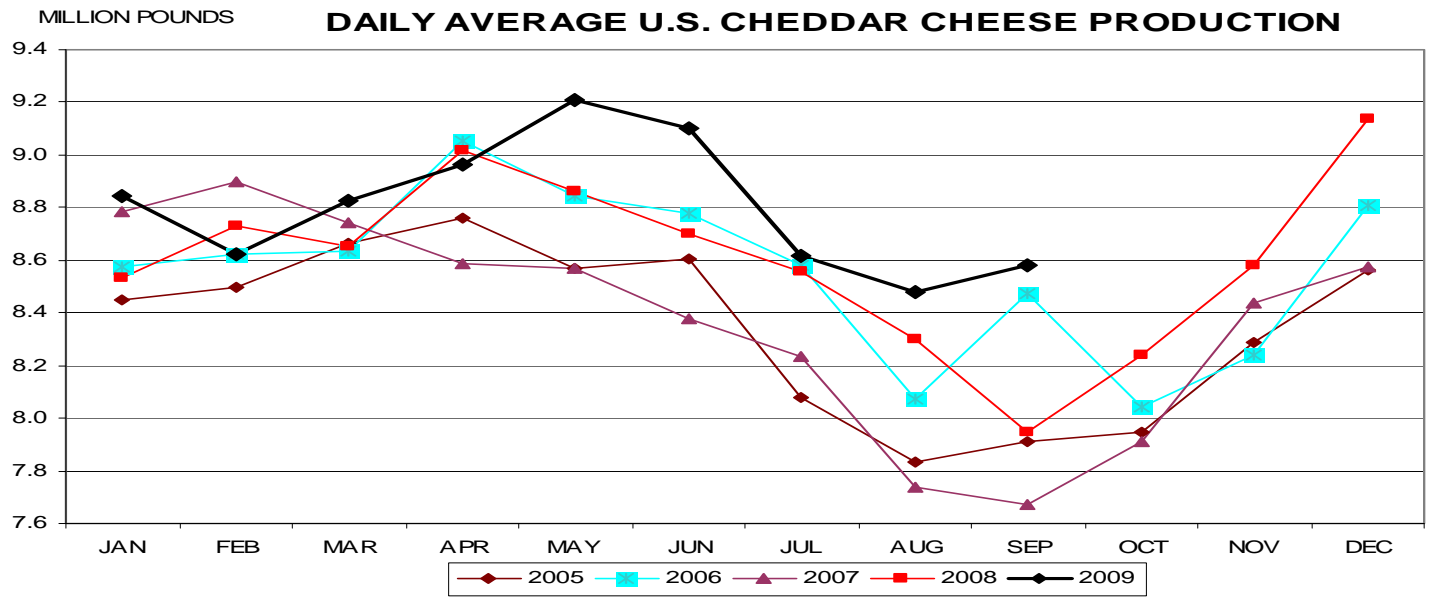
1/ 2009 cumulative as percent change of 2008 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes protein standardized and blends. 7/ Excludes all modified dry whey products. 8/ Whey Protein Concentrate, 25.0 to 89.9 percent. 9/ Whey Protein Concentrate Human and Animal. 10/ Whey Protein Isolates, 90.0 percent or greater. 11/ Stocks held by manufacturers at all points and in transit. 12/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (11-09), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



### U.S. COMBINED NDM (HUMAN) AND SKIM POWDER PRODUCTION





SOURCE: NASS DATA, GRAPH BY DMN

# DAIRY MARKET NEWS

---

## GENERAL NUMBER

Elizabeth Frederick  
(608) 250-3200  
Elizabeth.Frederick@AMS.USDA.GOV

VOLUME: 76

REPORT: 44

DATE: 11/06/09

## NORTHEAST/SOUTHEAST

Eric Graf  
(608) 250-3203  
Eric.Graf@AMS.USDA.GOV

Rick Whipp  
(608) 250-3201  
Rick.Whipp@AMS.USDA.GOV

## CENTRAL

George Koerner  
(608) 250-3205  
George.Koerner@AMS.USDA.GOV

Janet Linder  
(608) 250-3207  
Janet.Linder@AMS.USDA.GOV

## SOUTHWEST

Lester "Butch" Speth  
(608) 250-3202  
Butch.Speth@AMS.USDA.GOV

## NORTHWEST/MOUNTAIN

Donald Nelson  
National Supervisor  
(608) 250-3206  
DonaldO.Nelson@AMS.USDA.GOV

Bob Hunter  
(608) 250-3217  
Robert.Hunter@AMS.USDA.GOV

## INTERNATIONAL

Steven Schneeberger  
(608) 250-3204  
Steven.Schneeberger@AMS.USDA.GOV

## INTERNET ADDRESS

[www.ams.usda.gov/DairyMarketNews](http://www.ams.usda.gov/DairyMarketNews)

## MARKET NEWS PORTAL

[www.marketnews.usda.gov](http://www.marketnews.usda.gov)

## RECORDED INFORMATION SYSTEM

(608) 250-3208

## FAX

(608) 250-3216

---

USDA, Dairy Market News  
122 E Olin Ave Ste 290  
Madison, WI 53713-1475